

Embrace Limited

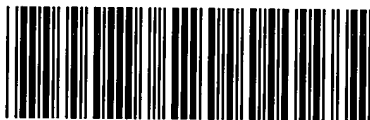
Annual report and financial statements

Registered number 08977236

Year ended

30 June 2015

THURSDAY



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17/12/2015

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COMPANIES HOUSE

Directors and Advisors

Directors

Ted Smith
Derek Mapp
Stephen Seymour
Joshua Swatland
Patricia Lee
David Manson

Company Number

08977236

Registered Office

Two Parklands Business Park
Great Park
Rubery
Birmingham
B45 9PZ

Auditors

KPMG LLP
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

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Directors' report

The directors present their report and financial statements for the year ended 30 June 2015.

Principal activities and review of the business

The principal activity of the company was that of a holding company.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend for the year.

Directors

The following directors have held office since 1 July 2014:

Ted Smith
Derek Mapp (appointed 29 January 2015)
Stephen Seymour
Joshua Swatland
Patricia Lee
David Manson

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Preparation of accounts on Going Concern basis

The Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements in note 1.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



David Manson
Director

Two Parklands Business Park
Great Park
Rubery
Birmingham
B45 9PZ

8 December 2015

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Embrace Limited

We have audited the financial statements of Embrace Limited for the year ended 30 June 2015 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Framework for Smaller Entities (Effective April 2008) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Embrace Limited (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

8 December 2015

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Profit and loss account
for the year ended 30 June 2015

	<i>Note</i>	Year ended 30 June 2015 £'000	3 month period ended 30 June 2014 £'000
Administrative expenses		-	-
Operating profit		-	-
Interest receivable and similar income	3	6,624	1,346
Interest payable and similar charges	4	(7,224)	(1,352)
Loss on ordinary activities before taxation	2	(600)	(6)
Taxation on loss on ordinary activities	5	-	-
Loss for the financial period	11	(600)	(6)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There were no recognised gains or losses during the current year or prior period apart from the loss for the financial periods shown above.

Balance Sheet
at 30 June 2015

	<i>Note</i>	30 June 2015		30 June 2014	
		£'000	£'000	£'000	£'000
Fixed Assets					
Investments	6		-		-
Current assets					
Debtors	7	125,085		85,250	
Creditors: amounts falling due within one year	8	(2,826)		(1,842)	
Net current assets			<u>122,259</u>		<u>83,408</u>
Total assets less current liabilities			<u>122,259</u>		<u>83,408</u>
Creditors: amounts falling due after one year	9		(122,865)		(83,414)
Net liabilities			<u>(606)</u>		<u>(6)</u>
Capital and reserves					
Called up share capital	10		-		-
Profit and loss account	11		(606)		(6)
Shareholders' deficit	12		<u>(606)</u>		<u>(6)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the board of directors on 8 December 2015 and were signed on its behalf by:



David Manson
Director

Company registered number: 08977236

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of accounting

The financial statements are prepared under the historical cost convention, with the exception of freehold land and buildings, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Under FRS1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Going concern

The Company has generated a loss after tax in the year to 30 June 2015 of £600,000 and has net liabilities of £606,000 and is therefore reliant on other Group companies for support. Therefore to assess the company's ability to continue as a going concern, the directors have considered the financial position and performance of both the company and the largest group of which the company is a member and for which consolidated financial statements are prepared. As at 30 June 2015, Embrace Group Limited was the largest such group.

Details of the Group's business activities, together with the factors likely to affect its future trading performance and financial position are set out in the Strategic Report of Embrace Group Limited. In addition to the funding already drawn, as at 30 June 2015, the Group had a further £13 million over two facilities available to be drawn if required.

Consolidation

In accordance with Section 400 of the Companies Act 2006, consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Embrace Group Limited, a company incorporated in England & Wales, which has prepared consolidated financial statements to include the results of the company.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Loss on ordinary activities before taxation

Audit fees for the year ended 30 June 2015 have been borne by a fellow subsidiary undertaking, Embrace All Limited. Fees paid to KPMG LLP and its associates for non-audit services to the company itself are not disclosed because Embrace Group Limited is required to disclose such fees on a consolidated basis.

Notes (continued)

3 Interest receivable and similar income

	Year ended 30 June 2015 £'000	3 month period ended 30 June 2014 £'000
Intercompany interest	6,624	1,346
	<u>6,624</u>	<u>1,346</u>

4 Interest payable and similar charges

	Year ended 30 June 2015 £'000	3 month period ended 30 June 2014 £'000
On bank loans and overdrafts	267	-
Amortisation of issue costs of bank loan	63	-
On loan notes	6,894	1,352
	<u>7,224</u>	<u>1,352</u>

5 Taxation

On the basis of these financial statements, no provision has been made for corporation tax.

6 Fixed asset investments

<i>Cost and net book value</i> At 30 June 2015 and 30 June 2014	Shares in subsidiary undertakings £'000
	-
	<u> </u>

During the year, the company's wholly owned investments in the following companies were sold intragroup:

Subsidiary undertaking	Country of incorporation	Class of shares held
Embrace Care Limited	England and Wales	Ordinary
Embrace Support Limited	England and Wales	Ordinary
Embrace Progression Limited	England and Wales	Ordinary
Embrace Lifestyles Group Limited (formerly European Lifestyles Group Limited)	England and Wales	Ordinary
Healthcare Properties (Oxford) Limited	England and Wales	Ordinary
HCP Stonelea Limited	England and Wales	Ordinary
Healthcare Properties LDK Limited	Guernsey	Ordinary
Esquire Realty Properties UK Limited (formerly Healthcare Properties UK Limited)	Guernsey	Ordinary

In addition, the company acquired the share capital of European Care (West) Limited for £1 during the year and subsequently sold it for £1.

Notes (continued)

6 Fixed asset investments (continued)

Subsidiary undertakings

The company wholly owns the share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Class of shares held
Embrace Care Limited	England and Wales	Ordinary
Embrace Support Limited	England and Wales	Ordinary
Embrace Progression Limited	England and Wales	Ordinary
Embrace Lifestyles Group Limited (formerly European Lifestyles Group Limited)	England and Wales	Ordinary
Esquire Realty Group Limited	Guernsey	Ordinary
Embrace All Limited (formerly European Care (GB) Limited)	England and Wales	Ordinary
Esquire Realty Healthcare Limited	Guernsey	Ordinary
Embrace Realty Scotland Limited (formerly Esquire Realty (Scotland) Limited)	Scotland	Ordinary
Esquire Realty (Trelena) Limited	Guernsey	Ordinary
Esquire Realty (III) Limited	Guernsey	Ordinary
Esquire Realty (A) Limited	Guernsey	Ordinary
Embrace Realty (Central) Limited	England and Wales	Ordinary
Esquire Realty (II) Limited	Guernsey	Ordinary
Embrace Realty (UK) Limited	England and Wales	Ordinary
Embrace Realty (North) Limited	England and Wales	Ordinary
Embrace Realty (Midlands) Limited	England and Wales	Ordinary
Embrace Realty (Derby) Limited	England and Wales	Ordinary
Embrace Realty (Geffen) Limited	England and Wales	Ordinary
Esquire Realty (B) Limited	Guernsey	Ordinary
Embrace Realty (NE) Limited	England and Wales	Ordinary
Esquire Realty (V) Limited	Guernsey	Ordinary
Embrace Realty Scotland (I) Limited (formerly Esquire Realty Scotland (I) Limited)	England and Wales	Ordinary
Embrace Realty (Cavendish) Limited	England and Wales	Ordinary
Embrace Realty Houses (C) Limited	England and Wales	Ordinary
Healthcare Properties (Oxford) Limited	England and Wales	Ordinary
HCP Stonelea Limited	England and Wales	Ordinary
Healthcare Properties LDK Limited	Guernsey	Ordinary
Esquire Realty Properties UK Limited (formerly Healthcare Properties UK Limited)	Guernsey	Ordinary
Embrace (England) Limited	England and Wales	Ordinary
GRWP Gofal Cymru Care Homes South Limited	England and Wales	Ordinary
Embrace (UK) Limited	England and Wales	Ordinary
Embrace (South West) Limited (formerly European Care (SW) Limited)	England and Wales	Ordinary
GRWP Gofal Cymru Lifestyles South Limited	England and Wales	Ordinary
Embrace (South) Limited	England and Wales	Ordinary
GRWP Gofal Cymru Care Homes North Limited	England and Wales	Ordinary
Embrace (Combined) Limited (formerly European Care (Combined) Limited)	England and Wales	Ordinary
Embrace Lifestyles (FL) Limited (formerly European Lifestyles (FL) Limited)	England and Wales	Ordinary
Embrace (Queens) Limited (formerly European Care (Queens) Limited)	Scotland	Ordinary
GRWP Gofal Cymru Lifestyles North Limited	England and Wales	Ordinary
Embrace New Horizon Centre Limited (formerly New Horizon Centre Limited)	England and Wales	Ordinary
Embrace (Geffen) Limited	England and Wales	Ordinary
Embrace (Pirton) Limited	England and Wales	Ordinary
Embrace (Derby) Limited	England and Wales	Ordinary

Notes *(continued)*

6 Fixed asset investments (continued)

Embrace Lifestyles (C) Limited (formerly European Lifestyles (C) Limited)	England and Wales	Ordinary
Embrace (Kler) Limited (formerly European Care (Kler) Limited)	England and Wales	Ordinary
Embrace Lifestyles (B) Limited (formerly European Lifestyles (B) Limited)	England and Wales	Ordinary
Embrace Wellcare Education Limited (formerly European Wellcare Education Limited)	England and Wales	Ordinary
Embrace Lifestyles (A) Limited (formerly European Lifestyles Limited)	England and Wales	Ordinary
Embrace Lifestyles (NE) Limited (formerly European Lifestyles (NE) Limited)	England and Wales	Ordinary
Embrace Wellcare Homes Limited (formerly European Wellcare Homes Limited)	England and Wales	Ordinary
Embrace (Allanbank) Limited (formerly European Care (Allanbank) Limited)	Scotland	Ordinary
Embrace Wellcare Lifestyles Limited (formerly European Wellcare Lifestyles Limited)	England and Wales	Ordinary
Embrace Wellcare (I) Limited (formerly European Wellcare (I) Limited)	England and Wales	Ordinary
Embrace Lifestyles (South West) Limited (formerly European Lifestyles (South West) Limited)	England and Wales	Ordinary
Embrace (North) Limited (formerly European Care (North) Limited)	Scotland	Ordinary
Embrace Realty Care Limited	England and Wales	Ordinary
Embrace Realty Support (Scotland) Limited	Scotland	Ordinary
Embrace Realty (Wellcare) Limited (formerly Healthcare Properties (Wellcare) Limited)	England and Wales	Ordinary
HCP Community Support Services Limited	England and Wales	Ordinary
HCP Wellcare Progressive Lifestyles Limited	England and Wales	Ordinary
Embrace Supported Living Limited ¹	England and Wales	Ordinary
St Anthony's Care Homes Limited ¹	England and Wales	Ordinary
Combined Healthcare Limited ¹	Scotland	Ordinary
Combined Healthcare Management Limited ¹	Scotland	Ordinary
Combined Healthcare (Millport) Limited ¹	Scotland	Ordinary
Suburban & County Care Limited ¹	England and Wales	Ordinary
Codesurge Limited ¹	England and Wales	Ordinary
Guestplan Limited ¹	England and Wales	Ordinary
The Laurels Nursing Home Limited ¹	England and Wales	Ordinary
Kler Limited ¹	Scotland	Ordinary
The Manor House Nursing Home Limited ¹	England and Wales	Ordinary
Hollygarth Care Homes Limited ¹	England and Wales	Ordinary
Stonelea Healthcare Limited ¹	England and Wales	Ordinary
Stonelea Developments Limited ¹	England and Wales	Ordinary
Testactive Limited ¹	England and Wales	Ordinary
Pirton Grange Limited ¹	England and Wales	Ordinary
Redhill Care (Pembroke) Limited ¹	England and Wales	Ordinary
Tricare UK Limited ¹	England and Wales	Ordinary
Redhill Care (Willow) Limited ¹	England and Wales	Ordinary
Cornerstone Acquisitions Limited ¹	England and Wales	Ordinary
Cornerstone Service Support Limited ¹	England and Wales	Ordinary
Cynedve Limited ¹	England and Wales	Ordinary
Plas Gwynfa Limited ¹	England and Wales	Ordinary
Paceglobe Limited ¹	England and Wales	Ordinary
Future Life Limited ¹	England and Wales	Ordinary
Tylane Limited ¹	England and Wales	Ordinary
Rectory House Limited ¹	England and Wales	Ordinary
European Wellcare Group Limited ¹	England and Wales	Ordinary

Notes (continued)

6 Fixed asset investments (continued)

European Lifestyles Education (Manchester) Limited ¹	England and Wales	Ordinary
European Care Limited ¹	England and Wales	Ordinary

The company directly owns shares in Embrace All Limited and Embrace Realty Group Limited. All other companies listed above are owned indirectly through Embrace All Limited or Embrace Realty Group Limited.

¹ Dormant companies.

7 Debtors

	30 June 2015 £'000	30 June 2014 £'000
Amounts owed by parent and fellow subsidiary undertakings	125,085	85,250
	<u>125,085</u>	<u>85,250</u>

8 Creditors: amounts falling due within one year

	30 June 2015 £'000	30 June 2014 £'000
Term loan	2,333	-
Amounts owed to parent and fellow subsidiary undertakings	493	490
Accruals and deferred income	-	1,352
	<u>2,826</u>	<u>1,842</u>

Notes (continued)

9 Creditors: amounts falling due after one year

	30 June 2015 £'000	30 June 2014 £'000
Loan notes	91,398	83,414
Term loan	31,467	-
	122,865	83,414
	122,865	83,414

The term loan, which will be fully repaid by March 2020 has an interest rate of 2.5% above LIBOR.

Analysis of financial liabilities

Not wholly repayable within five years other than by instalments	60,676	55,390
Wholly repayable within five years	64,522	28,024
	125,198	83,414
Included in current liabilities	(2,333)	-
	122,865	83,414
	122,865	83,414

Loan maturity analysis

In more than one year but not more than two years	2,333	-
In more than two years but not more than five years	59,856	28,024
In more than five years	60,676	55,390
	122,865	83,414
	122,865	83,414

10 Called up share capital

	30 June 2015 £	30 June 2014 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1
	1	1
	1	1

11 Profit and loss account

	£'000
At beginning of year	(6)
Loss for the year	(600)
	(606)
At end of year	(606)

Notes *(continued)*

12 Reconciliation of movements in shareholders' deficit

	Year ended 30 June 2015 £'000	3 month period ended 30 June 2014 £'000
Loss for the financial year	(600)	(6)
Opening shareholders deficit	(6)	-
	(606)	(6)
Closing shareholders' deficit	(606)	(6)

13 Remuneration of directors

The directors of the company are paid by Embrace All Limited. Details of their remuneration are disclosed in that company's financial statements.

14 Related party disclosures

Värde Partners issued loan notes to the company of £27,391,000 on 16 April 2014. On the same date, D. E. Shaw & Co also issued loan notes to the company of £27,391,000.

Värde Partners and D. E. Shaw & Co entered into a term loan agreement of £38,000,000 on 16 April 2014, of which £10,000,000 remains undrawn.

Värde Partners and D. E. Shaw & Co provided additional shareholder finance of £35 million from 3 March 2015 to 31 March 2015. Interest of £111,233 was paid to each party.

The Directors of the company issued loan notes to the company on 16th April 2014 for the following amounts: Ted Smith £219,393, Patricia Lee £168,764, David Manson £161,815. Interest at 8% has accrued and at 30 June 2015 the following amounts were outstanding: Ted Smith £240,551, Patricia Lee £185,039, David Manson £177,420.

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirements to make disclosure of transactions with entities that are part of the group on the grounds that the voting rights in the company are 100% controlled within the group headed by Embrace Group Limited and the company is included in the consolidated financial statements.

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Directors regard Embrace Group Limited, a company registered in England and Wales, as the immediate and ultimate parent company of Embrace Limited. Embrace Group Limited is beneficially owned by funds managed by Värde Partners and D. E. Shaw & Co and therefore the directors consider there to be no ultimate controlling party of the group.

16 Post balance sheet events

There are no post balance sheet events requiring disclosure under FRS 21.