AH Kettering 1 Limited

Annual report and financial statements

Registered number 10856080

31 March 2018

Contents

Directors' report

The Directors present their first Directors' report and financial statements for the period of circa 38 weeks ended 31 March 2018.

Principal activities

The Company was incorporated on 7 July 2017.

The principal activity of the Company is the development of a care home for future operation.

Proposed dividend

The Directors do not recommend the payment of a dividend.

Directors

The Directors who held office during the period were as follows:

I Matthews	(appointed 25 August 2017)
MF Proctor	(appointed 7 July 2017)
JMB Strowbridge	(appointed 7 July 2017)

Political contributions

The Company made no political donations or incurred any political expenditure during the period.

Disclosure of information 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 auditor, KPMG LLP was appointed and KPMG LLP will therefore continue in office.

By order of the board

Ian Matthews

I Matthews
Director

3 Cygnet Drive
Swan Valley
Northampton
NN4 9BS

21 December 2018

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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate 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 the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of AH Kettering 1 Limited

Opinion

We have audited the financial statements of AH Kettering 1 Limited ("the company") for the period ended 31 March 2018 which comprise the Profit and loss account and other comprehensive income, the Balance sheet, the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of AH Kettering 1 Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Nick Plumb

Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

21 December 2018

Profit and loss account and other comprehensive income

for the period from 7 July 2017 to 31 March 2018

	Note	9 months to 31 March 2018 £
Turnover	2	-
Administrative expenses		(10,672)
Operating loss		(10,672)
Interest payable and similar expenses	5	(66,565)
Loss before taxation	2-5	(77,237)
Tax on loss on ordinary activities	6	-
Loss for the financial period		(77,237)
Other comprehensive income for the period, net of income tax		-
Total comprehensive income for the period		(77,237)

Balance sheet
as at 31 March 2018

	Note	2018 £	£
Fixed assets			
Tangible assets	*7*		**2,036,917**
Current assets			
Debtors	*8*	**89,349**	
Cash at bank and in hand		**178,391**	
		267,740	
Creditors: amounts falling due within one year	*9*	**(85,329)**	
Net current assets			**182,411**
Total assets less current liabilities			**2,219,328**
Creditors: amounts falling due after more than one year	*10*		**(2,229,000)**
Net liabilities			**(9,672)**
Capital and reserves			
Called up share capital	*11*		**1,000**
Capital contribution reserve	*11*		**66,565**
Profit and loss account			**(77,237)**
Shareholders' deficit			**(9,672)**

These financial statements were approved by the board of Directors on 21 December 2018 and were signed on its behalf by:

MFP

MF Proctor
Director

Company registration number: 10856080

Statement of changes in equity

	Called up share capital £	Capital Contribution Reserve £	Profit and loss account £	Total equity £
Balance at 7 July 2017 – on incorporation	1	-	-	1
Total comprehensive income for the period				
Profit or loss	-	-	(77.237)	(77,237)
Total comprehensive income for the period	-	-	(77.237)	(77.237)
Transactions with owners, recorded directly in equity				
Issue of shares	999	-	-	999
Waiver of loan note interest	-	66,565	-	66,565
Total contributions by and distributions to owners	999	66,565	-	67,564
Balance at 31 March 2018	**1,000**	**66,565**	**(77,237)**	**(9,672)**

Notes
(forming part of the financial statements)

1 Accounting policies

AH Kettering 1 Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking is Xanadu Investments Limited. The consolidated financial statements of Xanadu Investments Limited are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries; and
- Key management personnel compensation.

As the consolidated financial statements of Xanadu Investments Limited include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosure:

- The disclosure required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. In the opinion of the Directors, no critical judgements or estimates have been made in the application of accounting policies, which have a significant effect on the financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The company meets its day to day working capital requirements through its positive cash balances. Notwithstanding the net liabilities as at 31 March 2018 the financial statements have been prepared on a going concern basis which the directors believe to be appropriate. As disclosed in note 10 the Company has £2,229,000 of loan notes which are repayable in February 2020. Early repayment of the loan notes will only be made where agreed by all parties and hence where this would not prejudice the Company's going concern position. The Company's forecasts and projections, taking account the care home development plan, show that the company is expected to have a sufficient level of financial resources available through current facilities. Therefore the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.9 below.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Tangible fixed assets (continued)

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

- buildings 50 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.8 Impairment excluding stock and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGUs") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Impairment excluding stock and deferred tax assets (continued)

Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Turnover

Turnover represents the sale of properties acquired or developed by the Company, or the trading income from care home operation.

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases are recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

Turnover is derived entirely in the UK from the principal activities of the Company.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	9 months to 31 March 2018 £
Auditor's remuneration	-

No auditor's remuneration has been charged to the profit and loss account as this is borne by the Company's intermediate parent undertaking. Auditor's remuneration borne by the Company's parent undertaking, in respect of the audit of these financial statements is £4,167.

4 Directors' remuneration

No remuneration was paid to the Directors by the Company during the current financial period. The Directors were the only employees.

5 Interest payable and similar expenses

	9 months to 31 March 2018 £
Interest on loan notes	66,565

Notes *(continued)*

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	9 months to 31 March 2018 £
Current tax	
Current tax on income for the period	-
Total tax	-

Reconciliation of effective tax rate

	9 months to 31 March 2018 £
Loss for the period	(77,237)
Total tax expense	-
Loss excluding taxation	(77,237)
Tax using the UK corporation tax rate of 19%	(14,675)
Tax losses carried forward	2,028
Non-deductible expenses	12,647
Total tax expense included in profit or loss	-

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015. A reduction to 17% was substantively enacted in September 2016. This will reduce the Company's current tax charge accordingly.

The Company has unrecognised deferred tax assets of £2,028 arising on UK corporation tax losses. These assets have not been recognised due to uncertainty over the timing of future recovery.

7 Tangible fixed assets

	Land and assets under construction £
Cost and net book value	
On incorporation	-
Additions	2,036,917
Balance at 31 March 2018	2,036,917

Depreciation is not charged on land and assets under construction.

Notes *(continued)*

8 Debtors

	2018
	£
Amounts owed by group undertakings	64,104
Other debtors and prepayments	25,245
	25,245

9 Creditors: amounts falling due within one year

	2018
	£
Other creditors and accruals	85,329

10 Creditors: amounts falling due after more than one year

	2018
	£
Loan notes	2,229,000

Loan notes are repayable in February 2020 unless early repayment is agreed between the parties.

The loan notes are unsecured and have a coupon of 5%. No interest was paid during the period following a waiver by holders, see note 11.

11 Capital and reserves

Share capital	2018
	£
Allotted, called up and fully paid	
1,000 ordinary shares of £1 each	1,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 25 August 2017, the Company allotted 999 ordinary shares of £1 each to shareholders at a consideration price of £1 per share.

	Capital contribution reserve
On incorporation	-
Waiver of interest on loan notes	66,565
Balance at 31 March 2018	66,565

Capital Contribution reserve

During the year interest arising on loan notes of £66,565 was waived.

Notes *(continued)*

12 Ultimate controlling interest

The directors consider that the ultimate controlling interest in the company is held by John Strowbridge, who is the ultimate majority shareholder through his personal investment company, Xanadu Investments Limited. The only group in which the results of the Company are consolidated is that headed by Xanadu Investments Limited.