Company Registration No. 01948041

NOTTINGHAM REHAB LIMITED

Report and Financial Statements

31 March 2008

NOTTINGHAM REHAB LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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NOTTINGHAM REHAB LIMITED

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Isherwood
I J Bolton
K Chapman
C D Hinton
P E Jolly
P B Maudsley

SECRETARY

I J Bolton

REGISTERED OFFICE
Burley House
Bradford Road
Burley-in-Wharfedale
West Yorkshire
LS29 7DZ

SOLICITORS
Hammonds
2 Park Lane
Leeds
LS3 1ES

AUDITORS
Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

NOTTINGHAM REHAB LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2008.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The activity of the Company is the provision of healthcare services and products.

The directors are satisfied with the result for the year and consider that there is scope to develop the business in future years. The loss on ordinary activities before taxation for the year amounted to £927,000 (2007: profit £746,000). No interim dividend was paid during the year (2007: £2,473,000). The directors do not recommend the payment of a final dividend in respect of the current year (2007: £nil).

On-time collections and deliveries, being the key performance indicators that management consider to be important, were over 95% (2007: 95%). Maintaining these service levels is imperative for the continued growth and development of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is reliant on a small number of contracts for substantially all of its revenues. There can be no guarantee that each of the contracts will be successfully renewed when the current contract terms expire. However, the company is the market leader within the industry, and thereby it is well placed to renew its current contracts and successfully bid for any new contracts that are put to tender.

The group's treasury function manages exposure to foreign exchange, interest rate and other financial risks. During the year the group renewed the revolving credit facility for five years on improved terms in respect of interest margins and covenants. The facility increased from £200m to £250m.

DIRECTORS

The directors who served during the year were as follows:

P J Isherwood
I J Bolton
K Chapman
D B Dutton (resigned 2 October 2007)
C D Hinton (appointed 1 July 2008)
D A Johnson (resigned 31 July 2007)
P E Jolly
P B Maudsley

DISABLED EMPLOYEES

It is company policy to give full and fair consideration to applications from disabled persons. Opportunities also exist for employees who become disabled to continue their employment or be trained for other suitable positions. Opportunities for promotion are open to all employees irrespective of disablement.

EMPLOYEE CONSULTATION

Information is provided to employees regarding the company and factors affecting its performance through normal management channels and regular consultation.

SUPPLIER PAYMENT POLICY

The company's policy in respect of payments to suppliers is to agree the terms of payment with suppliers in advance, to ensure that suppliers are made aware of those terms and abide by such terms.

The trade creditors at 31 March 2008 represent 44 creditor days (2007: 55 days) based on the total amounts invoiced by suppliers during the year.

DIRECTORS' REPORT (continued)

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions at S234ZA of the Companies Act 1985.

A resolution to reappoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

I J Bolton
Secretary

25 July 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOTTINGHAM REHAB LIMITED

We have audited the financial statements of Nottingham Rehab Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds
25 July 2008

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2008

		Note	2008 £'000	2007 £'000
TURNOVER			52,341	48,703
Cost of sales			(36,398)	(36,991)
Gross Profit			15,943	11,712
Selling and distribution costs			(7,463)	(3,442)
Administration expenses	- exceptional	3	(3,364)	(861)
	- goodwill amortisation		(226)	(226)
	- other		(5,817)	(6,437)
Total administration expenses			(9,407)	(7,524)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4	(927)	746
Tax on loss / profit on ordinary activities		5	(640)	(281)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		15	(1,567)	465

There are no recognised gains or losses in either year other than the profit for that year, accordingly no statement of total recognised gains and losses has been presented.

The above results arise from continuing operations.

The accompanying notes form an integral part of this profit and loss account.

BALANCE SHEET
31 March 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Intangible assets	7	1,526	4,025
Tangible assets	8	4,268	3,177
Investments	9	1,462	-
		7,256	7,202
CURRENT ASSETS			
Stocks	10	8,501	7,377
Debtors	11	15,991	15,688
Cash at bank and in hand		1,487	3,345
		25,979	26,410
CREDITORS: amounts falling due within one year	12	(33,274)	(32,191)
NET CURRENT LIABILITIES		(7,295)	(5,781)
TOTAL ASSETS LESS CURRENT LIABILITIES		(39)	1,421
Provisions for liabilities	13	(343)	(236)
NET (LIABILITIES)/ASSETS		(382)	1,185
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Profit and loss account	15	(382)	1,185
EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS	16	(382)	1,185

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the Board of Directors on 25 July 2008.

Signed on behalf of the Board of Directors

C D Hinton
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

1. ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below, all of which have been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom law and accounting standards.

The financial statements of the subsidiary company has not been consolidated with those of the company as it is exempt under Section 228 of the Companies Act 1985 as the company is a wholly owned subsidiary of a company incorporated in the United Kingdom. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption from the requirement of FRS 1 "Cash Flow Statements (Revised 1996)", since its ultimate parent company, Findel plc, produces consolidated financial statements which are available to the public.

Turnover

Turnover consists of the invoiced value for goods and services exclusive of VAT and other sales taxes. Revenue is recognised on despatch of goods and arises on a single class of business being the provision of healthcare services and products, wholly within the United Kingdom.

Pensions

For defined benefit schemes, the pension scheme assets are measured using fair values whilst the pension scheme liabilities are measured using a projected unit method and discounted using an appropriate discount rate. The company is unable to identify its share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis and, consequently, has taken the exemption afforded by FRS 17 to treat the pension schemes as if they were defined contribution schemes. Disclosures in relation to the scheme are included at Note 18.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated deprecation. Depreciation is calculated to write off all tangible fixed assets, except land, evenly over their estimated useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit.

The rates used are:

Short leasehold property	-	period of lease
Plant and equipment	-	10 to 25 years

Goodwill

Goodwill arising on the acquisition of subsidiaries and businesses, representing the excess of the fair value of the consideration over that of the separable net assets acquired, is capitalised and written off over its useful economic life of twenty years.

Fixed asset investments

Fixed asset investments are stated at cost, less provision for impairment where appropriate.

Stock

Stocks are stated at the lower of cost and net realisable value. Cost of finished goods is the invoiced value of materials plus labour and factory overheads based on normal levels of production. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving and defective items where appropriate.

Acquisitions

The results of the trade and assets acquired are included for the period from the date on which control passed. Acquisitions are accounted for under the acquisition method.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the leases.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Both current and deferred tax are measured using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration	2008 £'000	2007 £'000
Directors' emoluments	140	256
Number of directors accruing pension benefits under money purchase schemes:	1	1
Emoluments of highest paid director	140	165

There are no accrued pension entitlements at the year end (2007 £nil).

	2008 No.	2007 No.
Average number of persons employed		
Administration	155	123
Production, selling and distribution	215	291
	370	414

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	7,261	7,617
Social security costs	717	693
Pension costs	253	212
	8,231	8,522

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

3. EXCEPTIONAL ITEMS REPORTED WITHIN OPERATING (LOSS) / PROFIT

	2008 £'000	2007 £'000
Stock rationalisation costs	-	861
Onerous contract charges	364	-
Goodwill impairment	3,000	-
	3,364	861

The impairment of goodwill of £3,000,000 recorded in the year arose due to the decision not to renew certain historic contracts. These exceptional items have reduced the tax charge for the year by £109,000 (2007: £258,000).

4. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £'000	2007 £'000
(Loss) /profit on ordinary activities before taxation is stated after charging:		
Amortisation of goodwill	226	226
Depreciation of owned tangible fixed assets	569	415
Operating lease rentals – property	866	597
Auditors remuneration		
- Audit fees	18	19

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £'000	2007 £'000
UK corporation tax – current year	559	185
UK corporation tax – prior year	(26)	-
	533	185
Deferred tax – current year	103	97
Deferred tax – prior year	4	(1)
Total tax on profit on ordinary activities	640	281

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	(927)	746
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2007 – 30%)	(278)	224
Effects of:		
Expenses not deductible/income not taxable	964	58
Movement on deferred tax	(127)	(97)
Adjustment in respect of prior years	(26)	-
Current tax charge	533	185

Factors affecting the future tax charge

The company will benefit from reduced rates of corporation tax from April 2008.

6. DIVIDENDS

	2008 £'000	2007 £'000
Interim dividend paid during the year ended 31 March 2008 of £nil per ordinary share (2007: £1,236,500)	-	2,473

7. FIXED ASSETS – INTANGIBLE

	Goodwill £'000
Cost	
At 1 April 2007	4,517
Additions during the year	727
As at 31 March 2008	5,244
Amortisation	
At 1 April 2007	492
Provided during the year	226
Impairment loss	3,000
At 31 March 2008	3,718
Net book value	
At 31 March 2008	1,526
At 31 March 2007	4,025

7. FIXED ASSETS – INTANGIBLE (CONTINUED)

On 17 March 2008, the company acquired the trade, assets and liabilities of Moving Solutions Limited for consideration of £170,000.

The following table sets out the provisional book and fair values of the net assets acquired and the resultant goodwill arising on the acquisition.

	Book value and fair value £000s
Tangible fixed assets	12
Stocks	26
Trade and other receivables	57
Cash and cash equivalents	9
Trade creditors and accruals	(661)
Net assets	(557)
Goodwill	727
Consideration	170
Satisfied by	
Cash	170

The goodwill arising on the acquisition of Moving Solutions is attributable to the staff acquired with the business, the enhanced profitability of the business and the anticipated future operating synergies from the combination, all of which are specifically excluded in the identification of intangible assets on acquisition by the relevant accounting standards.

8. FIXED ASSETS - TANGIBLE

	Short leasehold property £'000	**Plant and equipment £'000**	**Total £'000**
Cost			
At 1 April 2007	232	4,301	4,533
Additions	-	1,660	1,660
At 31 March 2008	232	5,961	6,193
Depreciation			
At 1 April 2007	53	1,303	1,356
Charge for the year	8	561	569
At 31 March 2008	61	1,864	1,925
Net book value			
At 31 March 2008	171	4,097	4,268
At 31 March 2007	179	2,998	3,177

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

9. FIXED ASSET INVESTMENTS

	2008 £'000	2007 £'000
At 1 April 2007	-	-
Additions	1,462	-
At 31 March 2008	1,462	-

On 4 April 2007, the entire share capital of Synergy Managed Equipment Services Limited ("SMES") was acquired for a consideration of £1,462,000. Subsequent to the acquisition, the name of the company was changed from SMES to NRS Mobility Care Limited.

The Company's subsidiary undertaking is as follows:

	Details of investments	Proportion held by Company	Nature of business
NRS Mobility Care Limited (formerly Synergy Managed Equipment Services Limited)	Ordinary	100%	Managed equipment services

10. STOCKS

	2008 £'000	2007 £'000
Finished goods	8,501	7,377

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

Amounts falling due within one year:	2008 £'000	2007 £'000
Trade debtors	8,011	8,510
Amounts due from group companies	5,169	4,804
Corporate Taxation	-	216
Prepayments and accrued income	2,811	2,158
	15,991	15,688

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Trade creditors	4,565	4,727
Amounts due to group companies	26,786	26,553
Corporation tax	118	-
Other creditors	934	470
Accruals and deferred income	871	441
	33,274	32,191

13. PROVISIONS FOR LIABILITIES

	Deferred tax £'000
At 1 April 2007	236
Charged to the profit and loss account	107
At 31 March 2008	343

The deferred tax liability is made up as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	343	236

From 1 April 2008, the main rate of UK corporation tax has been reduced to 28% from 30%. As a result the company's deferred tax liability has been revalued at 28%, being the rate at which the liability is expected to reverse. This has resulted in a tax credit to the profit & loss account of £24,000.

There is no unprovided deferred tax in the current or prior financial year.

14. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised, allotted and called-up and fully paid		
2 ordinary shares of £1 each	-	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

15. RESERVES

Profit and loss reserve:	£'000
At 1 April 2007	1,185
Retained loss for the year	(1,567)
At 31 March 2008	(382)

16. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS

	2008 £'000	2007 £'000
(Loss) / Profit for the financial year	(1,567)	465
Dividends paid (note 6)	-	(2,473)
Net (decrease)/increase in equity shareholders' funds	(1,567)	(2,008)
Opening equity shareholders' funds	1,185	3,193
Closing equity shareholders' (deficit) / funds	(382)	1,185

17. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

a) Guarantees

The company, together with certain other wholly owned subsidiary undertakings of Findel plc, has entered into an unsecured guarantee of certain borrowing facilities of Findel plc subject to a maximum of £250,000,000 (2007 - £200,000,000). The amount of such borrowings by Findel plc at 31 March 2008 was £235,000,000 (2007 - £200,000,000).

The company, its parent and certain of its fellow subsidiary undertakings have entered into cross-guarantees at the request of certain of the group's bankers. The full amount of the contingent liability at 31 March 2008 was £nil (2007 - £nil).

b) Annual commitments under operating leases for land and buildings

	2008 £'000	2007 £'000
Annual operating lease commitments expiring:		
Within one year	66	188
In the second to fifth year	426	291
In more than five years	464	118
	956	597

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

18. PENSIONS

Certain employees of the company are eligible to become members of the two UK defined benefit schemes (the "Novara Defined Benefit Schemes"). These are defined benefit, multi-employer schemes, the assets of which are held in a separate trustee administered fund. Contributions are based on pension costs across all participating companies in the group scheme and upon the advice of a professionally qualified actuary. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

A full actuarial valuation was carried out at 6 April 2004 this showed that the market value of the scheme's assets was £11.4m and that the actuarial value of these assets represented 71% of the benefits that had accrued to members. The next valuation is due at 6 April 2007 due by April 2008.

For the purposes of FRS 17 the actuarial valuation carried out on the Novara Defined Benefit Schemes as at 6 April 2007 was updated to 31 March 2008 by a qualified independent actuary.

The major assumptions used by the actuary were as set out in the table above. The assets in the schemes and expected rate of return were:

	2008		2007		2006	
	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000
Equities	8.00%	16,034	8.00%	16,074	8.00%	13,211
Bonds	4.60%	2,208	4.75%	2,258	4.50%	4,572
Other	5.25%	315	5.25%	841	4.50%	47
Total market value of Assets		18,557		19,173		17,830
Present value of schemes' liabilities		(21,383)		(24,247)		(24,602)
Deficit in the schemes		(2,826)		(5,074)		(6,772)
Related deferred tax asset		791		1,522		2,032
Net pension liability		(2,035)		(3,552)		(4,740)

19. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Findel plc, the company has taken advantage of the exemption in FRS8 "Related party disclosures" not to disclose transactions with other members of the group headed by Findel plc.

There were no other related party transactions in the current and preceding year.

20. ULTIMATE PARENT COMPANY

The immediate parent company is Findel Education 2002 Ltd, registered in England and Wales. The ultimate parent company is Findel plc, registered in England and Wales. This is the largest and smallest group into which the company is consolidated. Copies of those group financial statements have been delivered to, and are available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.