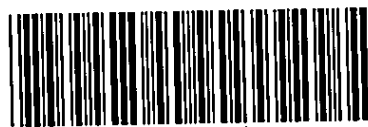


Ferguson Care Limited

Annual Report and financial statements
for the year ended 31 December 2008

Registered number: 2582268

TUESDAY



AN35LBXY

A17

28/07/2009

213

COMPANIES HOUSE

Ferguson Care Limited

Annual report and financial statements for the year ended 31 December 2008

Contents

	Page
Directors and advisors	1
Directors' report for the year ended 31 December 2008	2
Independent auditors' report to the members of Ferguson Care Limited	5
Profit and loss account for the year ended 31 December 2008.....	6
Statement of total recognised gains and losses for the year ended 31 December 2008.....	7
Note of historical cost profit and losses for the year ended 31 December 2008.....	7
Balance sheet as at 31 December 2008.....	8
Notes to the financial statements for the year ended 31 December 2008	9

Ferguson Care Limited

Directors and advisors

Executive Directors

Ted Smith
Christine Cameron
David Manson

Secretary

Scott Morrison
Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Registered Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors

Barlow Lyde & Gilbert
Beaufort House
15 St Botolph Street
London
EC3A 7NJ

Pinsent Masons
3 Colmore Circus
Birmingham
B4 6BH

DLA Piper (UK) Solicitors LLP
3 Noble Street
London
EC2V 7EE

Registered Office

Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Ferguson Care Limited

Directors' report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activities

The principal activity of the Company continues to be care delivery.

Review of business and future developments

On 18 July 2008, the group of companies owned by Craegmoor Topco Limited acquired the entire share capital of Craegmoor Limited, the prior ultimate parent undertaking of the Company, hence Craegmoor Topco Limited is now the ultimate parent company in the United Kingdom.

Both the level of continuing business and the year end position were satisfactory. The Directors have put measures in place that they believe will improve the Company's performance in the forthcoming financial year.

Results and dividends

The profit and loss account shows a profit after tax for the year of £9,000 (2007: loss £(551,000)). The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: £Nil).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Craegmoor Topco Limited, its ultimate parent company, and are not managed separately. Accordingly, the principal risks and uncertainties of the Craegmoor Topco Limited Group, which include those of the Company, are discussed in the Directors' Report of Craegmoor Topco Limited which does not form part of this report.

Key Performance Indicators ("KPIs")

The Directors of Craegmoor Topco Limited manage the Craegmoor Group's operations on a group-wide basis. For this reason, the Directors of the Company believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Craegmoor Topco Limited Group, which includes the Company, is discussed in the Directors' Report of Craegmoor Topco Limited which does not form part of this report.

Directors

The following directors have held office for the whole year and at the date of this report, unless otherwise stated:

Ted Smith

Charles Cameron

Christine Cameron

David Manson

Resigned 20 February 2009

Changes in fixed assets

Movements in tangible fixed assets during the year are set out in note 8 to the financial statements.

Ferguson Care Limited

Directors' report for the year ended 31 December 2008 (continued)

Financial instruments

The Company's financial instruments primarily comprise debtors and creditors with other group companies arising directly from its operations. No trading in financial instruments has been undertaken.

There are no significant risks arising directly from the Company's financial instruments. However, the Company is reliant on the ongoing support of the Craegmoor Group, which has long term financing and overdraft facilities in place. The Board of Craegmoor Topco Limited, the ultimate UK parent undertaking, has reviewed and agreed the policies for managing the risks related to these facilities as set out below:

Liquidity risk:

The Group has secured long term financing and overdraft facilities with financial institutions, which have high credit ratings that are designed to ensure the Group has sufficient available funds for operations. The majority of the £216,682,000 of debt, in the form of loan notes and bank loans (but excluding preference shares and finance leases), is repayable in July 2018.

Interest rate and cash flow risk:

The Group has entered into interest rate swaps to ensure certainty over future interest cash flows. As a consequence, 77% of the Group's borrowings are at fixed rates of interest.

Credit risk:

A fellow subsidiary company, Craegmoor Facilities Company Limited, bears the credit risk for the Company.

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

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 those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Ferguson Care Limited

Directors' report for the year ended 31 December 2008 (continued)

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The Company has elected, in accordance with section 386 of the Companies Act 1985, to dispense with the obligation to appoint auditors annually.

By order of the Board:

A handwritten signature in black ink, appearing to read 'D. Manson', followed by a horizontal line.

David Manson
Director
19 June 2009

Independent auditors' report to the members of Ferguson Care Limited

We have audited the financial statements of Ferguson Care Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 December 2008 and of its profit 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
19 June 2009

Ferguson Care Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover		226	205
Administrative expenses		(217)	(180)
Operating profit	4	9	25
Loss on disposal of tangible fixed assets	5	-	(186)
Interest payable and similar charges	6	-	(390)
Profit / (loss) on ordinary activities before taxation		9	(551)
Tax on profit / (loss) on ordinary activities	7	-	-
Profit / (loss) for the financial year	13	9	(551)

All activities relate to continuing operations.

Ferguson Care Limited

Statement of total recognised gains and losses for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Profit / (loss) for the financial year		9	(551)
Unrealised surplus on revaluation of properties	8	295	-
Total recognised gains / (losses) for the year		304	(551)

Note of historical cost profit and losses for the year ended 31 December 2008

	2008 £'000	2007 £'000
Reported profit / (loss) on ordinary activities before taxation	9	(551)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	5	1
Historical cost profit / (loss) on ordinary activities before taxation	14	(550)
Historical cost profit / (loss) for the financial year	14	(550)

Ferguson Care Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	8	583	294
Current assets			
Debtors	9	3,731	3,703
		3,731	3,703
Creditors: amounts falling due within one year	10	(1,107)	(1,094)
Net current assets		2,624	2,609
Total assets less current liabilities		3,207	2,903
Creditors: amounts falling due after more than one year	11	(933)	(933)
Net assets		2,274	1,970
Capital and reserves			
Called up share capital	12	-	-
Revaluation reserve	13	441	146
Profit and loss account	13	1,833	1,824
Total shareholders' funds	14	2,274	1,970

The financial statements on pages 6 to 16 were approved by the Board of Directors on 19 June 2009 and signed on its behalf by:

D.M. — —

David Manson
Director

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 2008

1 Principal accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, is set out below:

Turnover

Turnover represents amounts invoiced and accrued for care services provided during the period in the UK, net of credit notes and excluding Value Added Tax. Where services are invoiced in advance the related income is deferred to match the period in which the service is provided. The directors consider that the company's turnover all derives from one class of business.

Tangible fixed assets

The cost of fixed assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use. Freehold land and buildings are revalued by independent, professionally qualified valuers every five years. This represents a change in the application of the policy which previously was to revalue properties on a 5 year rolling basis. These valuations are carried out on an existing use, open market value basis, and in the intervening years are updated by the Directors with the assistance of independent professional advice as required.

Increases in the revalued amounts of land and buildings are credited to revaluation reserves.

Freehold land is not depreciated. Subsequent to a revaluation, depreciation is based on revalued amounts. Depreciation on tangible fixed assets other than land is calculated to write off their cost, less estimated residual values, by equal annual instalments on the following bases:

Freehold buildings	- over 50 years
Building improvements	- over 10 years
Equipment	- over 7 years
Furniture and fittings	- over 3, 5 or 10 years
Computer equipment	- over 3 or 5 years

Provision is made for any impairment in the period in which it arises. The impairment is calculated by comparing the carrying value to the recoverable amount as required by FRS 11, "Impairment of fixed assets and goodwill". The recoverable amount of land and buildings is taken to be the higher of realisable value and value in use. Value in use is determined by reference to the expected future cash flows of the care home, discounted at a risk weighted cost of capital determined from time to time based on the capitals structure of the group. Realisable value is determined by independent, professional valuers on an existing use, open market value basis.

Provisions for impairment in the carrying value of land and buildings are charged against revaluation reserves in the balance sheet to the extent that they relate to a reversal of prior increases. Impairments to below historical cost are charged to the profit and loss account.

Corporation tax

UK Corporation Tax is provided at amounts expecting to be paid (or recovered) using the tax rates and bases that have been enacted, or substantially enacted by the balance sheet date. Corporation tax payable is reduced wholly or in part by the surrender of losses by fellow group companies. Payments made, if any, to surrendering companies for losses are reflected in the tax charge.

Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is only recognised to the extent that the transfer of economic benefits in the future is deemed to be more likely than not. Deferred tax assets and liabilities recognised are not discounted.

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Principal accounting policies (continued)

Cash flow statement

The Company is a wholly owned subsidiary of Craegmoor Topco Limited, and the cash flows of the Company are included in the consolidated group cash flow statement of that company. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a cash flow statement.

2 Directors' emoluments

The emoluments of the Directors were paid by Craegmoor Healthcare Company Limited, a fellow subsidiary of Craegmoor Topco Limited. The Directors were also directors of a number of other fellow subsidiaries during the year ended 31 December 2008 and 31 December 2007 and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the emoluments of the Directors are disclosed within the accounts of Craegmoor Healthcare Company Limited.

3 Employee information

The average monthly number of persons (including Executive Directors) employed during the year was:

	2008	2007
Analysis by function	Number	Number
Nursing	9	13
Ancillary	1	1
Administration	4	4
	14	18

Staff costs (for the above persons)	£'000	£'000
Management charge in lieu of staff costs	133	141

The above disclosures are in respect of employees that carried out work in connection with the Company's operations during the year. However, these persons are employed by a fellow subsidiary company.

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

4 Operating profit

	2008 £'000	2007 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	12	8
Management charge from fellow subsidiaries	205	172

The audit fee for the Company for the year ended 31 December 2008 of £2,000 (2007: £2,000) is borne by a fellow subsidiary company and included within the management charge.

The management charges from fellow subsidiary undertakings, Craegmoor Facilities Company Limited and Craegmoor Healthcare Company Limited, relate to an allocation of operating costs incurred on behalf of the Company and its fellow subsidiaries.

5 Loss on disposal of tangible fixed assets

	2008 £'000	2007 £'000
Loss on disposal of tangible fixed assets realised during the year	-	186

6 Interest payable and similar charges

	2008 £'000	2007 £'000
On amounts owed to group undertakings	-	390

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

7 Tax on profit / (loss) on ordinary activities

The tax for the period differs from the standard effective rate of corporation tax in the UK for the year ended 31 December 2008 of 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit / (loss) on ordinary activities	9	(551)
Profit / (loss) on ordinary activity multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	3	(165)
Effects of:		
Expenses not deductible for tax purposes	2	58
Short term timing differences	-	(8)
Transfer pricing adjustments and balancing payment	41	142
Group relief received not paid for	(46)	(27)
Current tax charge	-	-

Factors affecting current and future tax charges

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief or utilise available losses. The total amount unprovided for at 28% is £123,000 (2007: £41,000 at 28%).

In accordance with the Craegmoor Topco Group accounting policy a deferred tax asset has not been recognised due to the uncertainty over the recoverability of the following:

	2008 £'000	2007 £'000
Accelerated capital allowances	59	59
Short term timing differences	-	6
	59	65

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
At 1 January 2008	329	19	348
Additions	-	6	6
Revaluations	243	-	243
At 31 December 2008	572	25	597
Accumulated depreciation			
At 1 January 2008	49	5	54
Charge for the year	8	4	12
Revaluations	(52)	-	(52)
At 31 December 2008	5	9	14
Net book value			
At 31 December 2008	567	16	583
At 31 December 2007	280	14	294

In accordance with FRS15 and the Craegmoor Group's accounting policy, the land and buildings occupied by the Company, were revalued by external valuers, Christie & Co., Chartered Surveyors and Valuers, as at 18 July 2008, being the date the Craegmoor Limited group was acquired by the Craegmoor Topco Limited group. These valuations were carried out on the basis of existing use value in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors.

Where appropriate, the entire portfolio will be revalued every five years, the next valuation being 18 July 2013, together with interim revaluations every three years.

For all properties in the Company's portfolio, the Directors have performed "value in use" calculations on an existing use open market value basis in accordance with the requirements of FRS 11, "Impairments of fixed assets and goodwill". The valuations considered the expected future performance of the entities based upon all known conditions. A risk weighted average cost of capital of 10.87% (2007: 10.0%) was used in these calculations.

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Tangible fixed assets (continued)

The impact of these valuation techniques can be summarised as follows:

	2008	2007
	£'000	£'000
External valuations		-
Upward valuations – credited to revaluation reserve	295	-
Included in the statement of total recognised gains and losses	295	-

If freehold land and buildings had not been revalued they would have been included at the following amounts:

	2008	2007
	£'000	£'000
Cost	213	213
Aggregate depreciation based on cost	(47)	(44)
Net book value based on cost	166	169

9 Debtors

	2008	2007
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	3,731	3,703

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Amounts due to group undertakings	1,107	1,094

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

11 Creditors: amounts falling due after more than one year

	2008	2007
	£'000	£'000
Amounts owed to group undertakings	933	933

12 Called up share capital

	2008	2007
	£'000	£'000
Authorised		
1,000 (2007: 1000) ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
100 (2007: 100) ordinary shares of £1 each	-	-

13 Reserves

	Profit and loss account	Revaluation reserve
	£'000	£'000
At 1 January 2008	1,824	146
Unrealised surplus on revaluation of properties	-	295
Profit for the financial year	9	-
At 31 December 2008	1,833	441

14 Reconciliation of movement in total shareholders' funds

	2008	2007
	£'000	£'000
Profit for the financial year	9	(551)
Unrealised surplus on revaluation of properties	295	-
Net increase / (decrease) in total shareholders' funds	304	(551)
Opening total shareholders' funds	1,970	2,521
Closing total shareholders' funds	2,274	1,970

15 Post balance sheet events

The Directors do not consider there have been any material events since the year end requiring disclosure in accordance with FRS 21 "Events after the Balance Sheet Date".

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

16 Contingent liabilities

There is a fixed and floating charge over the assets of the Company and certain of its fellow subsidiaries in respect of an external loan undertaken by an intermediate parent undertaking. Amounts drawn down on the facility of £207,000,000 amounted to £179,023,000 inclusive of accrued interest, as at 31 December 2008.

As at 31 December 2007 there was a fixed and floating charge over the assets of the Company and certain of its fellow subsidiaries in respect of an external loan undertaken by an intermediate parent undertaking. At December 2007, amounts drawn down on the facility of £245,000,000 amounted to £235,544,000, inclusive of accrued interest.

17 Capital commitments

As at 31 December 2008 the Company had no capital commitments (2007: £Nil).

18 Related party transactions

The Company has taken advantage of the exemption granted under paragraph 3(c) of FRS 8 and not disclosed any transactions with other group companies where they are more than 90% owned by a common parent.

19 Immediate and ultimate parent companies

The Directors regard Craegmoor Holdings Limited, a company registered in England and Wales, as the immediate parent company of Ferguson Care Limited, and Craegmoor Topco Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. The ultimate controlling party is Advent Miro (Cayman) Limited.

Craegmoor Topco Limited is the parent company of the largest and smallest group in which Ferguson Care Limited is consolidated. Copies of Craegmoor Topco Limited's consolidated financial statements may be obtained from its registered office; Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.