

Highway (Burnley) Limited

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

Registered number: 2693859

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Highway (Burnley) Limited

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

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Highway (Burnley) Limited

Directors and advisors

Executive Directors

Ted Smith
Christine Cameron
Peter Cavanagh
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

Highway (Burnley) Limited

Directors' report for the year ended 31 December 2008

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

Principal activities

The Company was principally engaged in 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.

During the year the company has not traded and the Directors have completed the disposal of the remaining assets.

Future developments

The company is not expected to recommence trading in the foreseeable future.

Results and dividends

The profit and loss account shows a loss after tax for the year of £122,000 (2007: profit £43,000). 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
Christine Cameron
Charles Cameron
Peter Cavanagh
David Manson

Resigned 20 February 2009

Highway (Burnley) 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 held by the Group, 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:

The credit risk of the Company is borne by a fellow subsidiary undertaking, Craegmoor Facilities Company Limited.

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.

Highway (Burnley) Limited

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

Statement of disclosure of information to auditors

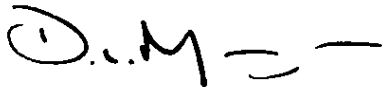
In the case of each of the persons who are directors at the time when the report is approved the following applies:

- 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
1 June 2009

Independent auditors' report to the members of Highway (Burnley) Limited

We have audited the financial statements of Highway (Burnley) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 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

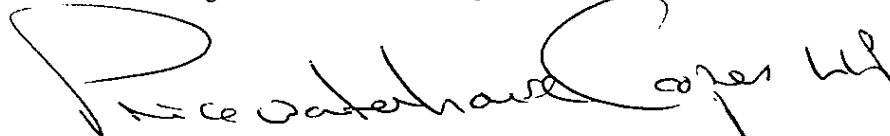
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
1 June 2009

Highway (Burnley) Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover		-	292
Administrative expenses		-	(249)
Operating profit	5	-	43
Loss on disposal of tangible fixed assets	6	(122)	-
(Loss) / profit on ordinary activities before taxation		(122)	43
Tax on profit on ordinary activities	7	-	-
(Loss) / profit for the financial year	12	(122)	43

All activities relate to discontinued operations.

Highway (Burnley) Limited

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

	2008 £'000	2007 £'000
(Loss) / profit for the financial year	(122)	43
Reversal of prior periods' revaluations on impaired properties	-	(619)
Total recognised losses for the financial year	(122)	(576)

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

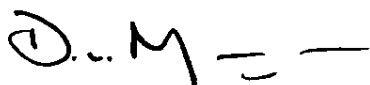
	2008 £'000	2007 £'000
(Loss) / profit on ordinary activities before taxation	(122)	43
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	-	13
Historical cost (loss) / profit on ordinary activities before taxation	(122)	56
Historical cost (loss) / profit for the financial year	(122)	56

Highway (Burnley) Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Current assets			
Assets held for resale	8	-	189
Debtors	9	315	248
		315	437
Creditors: amounts falling due within one year	10	(84)	(84)
Net current assets		231	353
Net assets		231	353
Capital and reserves			
Called up share capital	11	-	-
Revaluation reserve	12	-	137
Profit and loss account	12	231	216
Total shareholders' funds	13	231	353

The financial statements on pages 6 to 14 were approved by the Board of Directors on 1 June 2009 and signed on its behalf by:



David Manson
Director

Highway (Burnley) Limited

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

1 Principal accounting policies

Basis of accounting

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 more important 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.

Assets held for resale

Assets held for resale comprise assets previously used as fixed assets that are transferred once a decision has been made to dispose of them and work has begun on the disposal process. Assets held for resale are stated at their net book value at the point of transfer from fixed assets.

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.

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 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.

3 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.

Highway (Burnley) Limited

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

4 Employee information

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

Analysis by function	2008 Number	2007 Number
Nursing	-	9
Ancillary	-	1
Administration	-	7
	-	17

Staff costs (for the above persons)	£'000	£'000
Management charge in lieu of staff costs	-	162

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.

5 Operating profit

	2008 £'000	2007 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	-	27
Management charges from fellow subsidiaries	-	222

The audit fee for the Company for the year ended 31 December 2008 of £1,000 (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, Craegmoor Facilities Company No.2 Limited and Craegmoor Healthcare Company Limited, relate to an allocation of operating costs incurred on behalf of the Company and its fellow subsidiaries.

6 Loss on disposal of tangible fixed assets

	2008 £'000	2007 £'000
Loss on disposal of tangible fixed assets realised during the year	122	-

Highway (Burnley) Limited

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

7 Tax on (loss) / profit 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
(Loss) / profit on ordinary activities	(122)	43
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	(35)	13
Effects of:		
Expenses not deductible for tax purposes	35	7
Capital allowances for the year less than of depreciation	-	2
Short term timing differences	-	(1)
Transfer pricing adjustments and balancing payments	4	3
Group relief received not paid for	(4)	(24)
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 taxation 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 £Nil (2007: £38,000 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	-	16
Short term timing differences	-	1
	-	17

Highway (Burnley) Limited

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

8 Assets held for resale

	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
At 1 January 2008	253	69	322
Additions	-	9	9
Disposals	(253)	(78)	(331)
At 31 December 2008	-	-	-
Accumulated depreciation			
At 1 January 2008	73	60	133
Disposals	(73)	(60)	(133)
At 31 December 2008	-	-	-
Net book value			
At 31 December 2008	-	-	-
At 31 December 2007	180	9	189

9 Debtors

	2008 £'000	2007 £'000
Amounts owed by group undertakings	315	248

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 £'000	2007 £'000
Amounts owed to group undertakings	84	84

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

Highway (Burnley) Limited

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

11 Called up share capital

	2008 £'000	2007 £'000
Authorised		
1,000 (2007: 1,000) ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
2 (2007: 2) ordinary shares of £1 each	-	-

12 Reserves

	Profit and loss account £'000	Revaluation reserve £'000
At 1 January 2008	216	137
Loss for the financial year	(122)	-
Transfer relating to disposal of previously revalued properties	137	(137)
At 31 December 2008	231	-

13 Reconciliation of movement in total shareholders' funds

	2008 £'000	2007 £'000
(Loss) / profit for the financial year	(122)	43
Reversal of prior periods' revaluations on impaired properties	-	(619)
Net decrease in shareholders' funds	(122)	(576)
Opening total shareholders' funds	353	929
Closing total shareholders' funds	231	353

14 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.

Highway (Burnley) Limited

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

15 Capital commitments

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

16 Immediate and ultimate parent companies

The Directors regard Cranley Limited, a company registered in England and Wales, as the immediate parent company of Highway (Burnley) 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 Highway (Burnley) 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.