

**RIDGMONT CARE HOMES
LIMITED**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 MAY 2005



RIDGMONT CARE HOMES LIMITED

FINANCIAL STATEMENTS

For the period ended 31 MAY 2005

Company registration number: 3002120

Registered office: 145 Cannon Street
London
EC4N 5BQ

Directors: J P Flaherty
M D Gosling
C M Jap
J Storey

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

RIDGMONT CARE HOMES LIMITED

FINANCIAL STATEMENTS

For the period ended 31 MAY 2005

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RIDGMONT CARE HOMES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the period ended 31-May 2005.

Principal activity

The company owned and operated care homes. On 26 March 2005, the company was acquired by Cannon Capital AV Limited. On that date, the trade and assets were transferred out of the company into fellow subsidiaries of Cannon Capital AV Limited.

Business review

There was a profit for the period after taxation amounting to £13,774,000 (2004: £1,858,000). The directors do not recommend the payment of a dividend (2004: £2,312,000).

Directors

The directors of the company who served during the period and when these financial statements were approved, together with all the relevant appointments and resignations, are:

R Storey (resigned 1 April 2005)
C D Elliot (resigned 1 April 2005)
A Savage (resigned 1 April 2005)
J P Flaherty (appointed 1 April 2005)
M D Gosling (appointed 1 April 2005)
C M Jap (appointed 1 April 2005)
J Storey (appointed 1 April 2005)

None of the directors had any interest in any of the classes of shares issued by the company.

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RIDGMONT CARE HOMES LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton UK LLP were appointed auditors on 31 May 2005 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985.

ON BEHALF OF THE BOARD

C M Jap
Director



27 September 2005

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RIDGMONT CARE HOMES LIMITED**

We have audited the financial statements of Ridgmont Care Homes Limited for the year ended 31 May 2005 which comprise the principal accounting policies, the profit and loss account, the balance sheet statement of total recognised gains and losses and notes 1 to 18. 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. 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 opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RIDGMONT CARE HOMES LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

27 September 2005

RIDGMONT CARE HOMES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold buildings	50 years
Leasehold	the term of the lease
Fixtures, fittings and equipment	5 to 25 years
Motor vehicles	4 years
Computers	4 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment is calculated by comparing the carrying value of the net assets of each care home to the recoverable amounts, as required by FRS 11, Impairment of Fixed Assets and Goodwill. Provision is made for any impairment in the period in which it arises.

LEASING AND HIRE PURCHASE CONTRACTS

Assets held under hire purchase contracts and finance leases are capitalised in the balance sheet and depreciated over their useful lives. The capital element of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of rental obligations are charged to the profit and loss account over the period of the lease.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

RETIREMENT BENEFITS SCHEMES

The pension costs represent payments to individuals' private money purchase pension schemes. The pension cost charge represents contributions payable in the year.

RIDGMONT CARE HOMES LIMITED**PROFIT AND LOSS ACCOUNT**

For the period ended 31 MAY 2005

	Note	14 months ended 31 May 2005 £'000	Year ended 27 March 2004 £'000
Turnover	1	16,949	15,326
Cost of sales		<u>(11,013)</u>	<u>(10,279)</u>
Gross profit		5,936	5,047
Administrative expenses		(5,088)	(2,977)
Exceptional gain	1	-	1,401
Profit on sale of fixed assets		<u>14,659</u>	
Operating profit		15,507	3,471
Interest payable and similar charges	2	(2,170)	(1,531)
Interest receivable and similar income		<u>437</u>	<u>35</u>
Profit on ordinary activities before taxation	1	13,774	1,975
Tax on profit on ordinary activities	5	<u>-</u>	<u>(117)</u>
Profit on ordinary activities after taxation		13,774	1,858
Dividends	6	-	(2,312)
Profit/(loss) retained and transferred to from reserves	13	<u>13,774</u>	<u>(454)</u>

All transactions arise from discontinued operations.

There were no recognised gains or losses other than the profit for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

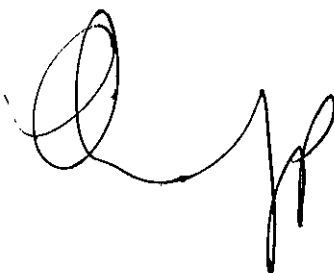
RIDGMONT CARE HOMES LIMITED

BALANCE SHEET AT 31 MAY 2005

	Note	At 31 May 2005 £'000	At 27 March 2004 £'000
Fixed assets			
Tangible assets	7	-	34,500
		-	34,500
Current assets			
Debtors	8	29,120	1,912
Cash at bank and in hand		-	1,096
		29,120	3,008
Creditors: amounts falling due within one year	9	(1,352)	(4,511)
Net current assets/(liabilities)		27,768	(1,503)
Total assets less current liabilities		27,768	32,997
Creditors: amounts falling due after more than one year	10	-	(19,993)
		27,768	13,994
Capital and reserves			
Called up share capital	12	216	216
Share premium account	13	2,703	2,703
Revaluation reserve	13	-	11,075
Profit and loss account	13	24,849	-
Total shareholders' funds	14	27,768	13,994

The financial statements were approved by the Board of Directors on 27 September 2005.

C M Jap - Director



The accompanying accounting policies and notes form an integral part of these financial statements.

RIDGMONT CARE HOMES LIMITED

OTHER PRIMARY STATEMENTS

For the period ended 31 MAY 2005

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	14 months ended 31 May 2005 £	Year ended 27 March 2004 £
Profit for the financial year	13,774	1,858
Unrealised surplus on revaluation and buildings	-	11,075
Total gains and losses recognised since last financial statements	<u>13,774</u>	<u>12,933</u>

NOTE ON HISTORICAL GAINS AND LOSSES

	14 months ended 31 May 2005 £	Year ended 27 March 2004 £
Profit for the year after taxation	13,774	1,858
Realisation of previously recognised revaluation gains	11,075	-
Historical cost profit before taxation	<u>24,849</u>	<u>1,858</u>
Historical cost profit/(loss) transferred to reserves	<u>24,849</u>	<u>(454)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

RIDGMONT CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 MAY 2005

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover represents amounts receivable for services rendered in the operation of care homes within the United Kingdom.

All turnover arises from discontinued activities.

The profit on ordinary activities before taxation is stated after:

	14 months ended 31 May 2005 £'000	Year ended 27 March 2004 £'000
Auditors' remuneration:		
Audit services	-	19
Non-audit services	-	10
Depreciation:		
Tangible fixed assets owned	427	413
Tangible fixed assets held under finance leases and hire purchase contracts	31	20
Profit on disposal of fixed assets	14,659	-
Exceptional gain - reversal of impairment on revaluation of land and buildings	-	(1,401)

The auditors remuneration (for audit and non-audit services), is borne by Cannon Capital Ventures Limited, and is shown as part of the charge in the accounts of that company.

2 INTEREST PAYABLE AND SIMILAR CHARGES

	14 months ended 31 May 2005 £'000	Year ended 27 March 2004 £'000
Interest payable	2,160	-
Interest charged by parent undertaking	10	1,526
Finance charges payable under hire purchase contracts	-	5
	<u>2,170</u>	<u>1,531</u>

RIDGMONT CARE HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 MAY 2005

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	14 months ended 31 May 2005 £'000	Year ended 27 March 2004 £'000
Bank interest receivable	41	35
Interest receivable from group undertakings	396	-
	437	35

4 DIRECTORS AND EMPLOYEES

Staff costs during the period were £10,160,000 (2004: £9,522,000).

The average number of employees of the company at the end of the period was nil (2004: 930).

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the period and represents:

	14 months ended 31 May 2005 £'000	Year ended 27 March 2004 £'000
Corporation tax at 30% (2004: 30%)	-	16
Adjustments in respect of prior year	-	(73)
Deferred tax	-	174
	-	117
Profit on ordinary activities before tax	13,774	1,975
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2004: 30%)	4,132	592
Effect of:		
Profit on disposal of assets in excess of chargeable gain	(4,398)	-
Group relief from other group companies	331	-
Expenses not deductible for tax purposes	-	23
Capital allowances for the period in excess of depreciation	(65)	(47)
Utilisation of tax losses	-	(127)
Reversal of impairment loss	-	(425)
Current tax charge for period	-	16

RIDGMONT CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 MAY 2005

6 DIVIDENDS

	14 months ended 31 May 2005 £'000	Year ended 27 March 2004 £'000
Equity dividends on ordinary shares	-	2,312

7 TANGIBLE FIXED ASSETS

	Freehold land and building £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 28 March 2004	33,169	3,269	121	36,559
Additions	141	303	12	456
Disposals	(33,310)	(3,572)	(133)	(37,015)
At 31 May 2005	-	-	-	-
Depreciation				
At 28 March 2004	3	2,025	31	2,059
Provided in the period	113	314	31	458
Disposals	(116)	(2,339)	(62)	(2,517)
At 31 May 2005	-	-	-	-
Net book amount at 31 May 2005	-	-	-	-
Net book amount at 27 March 2004	33,166	1,244	90	34,500

8 DEBTORS

	At 31 May 2005 £'000	At 27 March 2004 £'000
Trade debtors	-	952
Amounts owed by other group undertakings	29,120	558
Prepayments and accrued income	-	337
Other debtors	-	2
Deferred taxation	-	63
	29,120	1,912

RIDGMONT CARE HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 MAY 2005

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 May 2005 £	At 27 March 2004 £
Trade creditors	-	230
Amounts owed to group undertakings	1,352	534
Corporation tax	-	16
Other taxation and social security	-	287
Accruals and deferred income	-	507
Obligations under finance leases and hire purchase contracts	-	33
Dividends proposed	-	2,312
	<u>1,352</u>	<u>4,511</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 31 May 2005 £'000	At 27 March 2004 £'000
Obligations under hire purchase contracts	-	38
Amounts owed to parent undertaking	-	18,965
	<u>-</u>	<u>19,003</u>
Due within one to two years:		
Obligations under hire purchase contracts	-	26
Amounts owed to parent undertaking	-	368
	<u>-</u>	<u>394</u>
Due within two to five years:		
Obligations under hire purchase agreements	-	12
Amounts owed to parent undertaking	-	18,597
	<u>-</u>	<u>18,609</u>

RIDGMONT CARE HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 MAY 2005

11 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 31 May 2005 or 27 March 2004.

	Amount provided	
	2005	2004
	£'000	£'000
Decelerated capital allowances	<u>-</u>	<u>63</u>

The movement in the deferred tax asset during the period is as follows:

	£'000
At 28 March 2004	63
Disposals	<u>(63)</u>
At 31 May 2005	<u>-</u>

12 SHARE CAPITAL

	At 31 May 2005	At 27 March 2004
	£'000	£'000
Authorised 21,640,003 ordinary shares of 1p each	<u>216</u>	<u>216</u>
Allotted, called up and fully paid 21,640,003 ordinary shares of 1p each	<u>216</u>	<u>216</u>

13 SHARE PREMIUM ACCOUNT AND RESERVES

	Revaluation reserve £'000	Share premium account £'000	Profit and loss account £'000
At 28 March 2004	11,075	2,703	-
Profit for the period	-	-	13,774
Transfer between reserves	<u>(11,075)</u>	<u>-</u>	<u>11,075</u>
At 31 May 2005	<u>-</u>	<u>2,703</u>	<u>24,849</u>

RIDGMONT CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 MAY 2005

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£'000	£'000
Profit for the financial period	13,774	1,858
Dividends	-	(2,312)
	13,774	(454)
Other recognised gains and losses	-	11,075
Shareholders' funds at 28 March 2004	13,994	3,373
Shareholders' funds at 31 May 2005	27,768	13,994

15 CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £nil (2004: £40,000).

16 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 May 2005 or 27 March 2004.

17 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

18 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of the company is Cannon Capital Ventures Limited. The financial statements of Cannon Capital Ventures Limited will be available from the registered office.