

**Leeland Limited**

**Directors' report and financial  
statements**

**Registered number 3215790**

**31 December 2006**

WEDNESDAY



\*AA68KU9L\*

A36

31/10/2007

594

COMPANIES HOUSE

## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditors' report to the members of Leeland Limited	4
Profit and loss account	6
Balance sheet	7
Reconciliation of movements in shareholders' funds	8
Notes	9

## Directors' report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2006

### Principal activity

The principal activity of the company is the operation of care homes for elderly and disabled people

### Results and dividends

The results for the year are shown in the profit and loss account on page 6 The directors do not recommend the payment of an equity dividend (2005 £nil)

### Directors

The directors during the year under review were

A G Heywood  
N J Mitchell  
D J Kay

### Employment policies

The company encourage staff involvement through a process of communication and participation This involves the provision of information through normal management channels and the group newsletter 'For All Seasons' in which employees have also been encouraged to present their suggestions and views

The company gives full consideration to application for employment from disabled persons where the requirement of the job can be adequately fulfilled by a handicapped or disabled person

Where existing employees become disabled, it is the company's policy wherever practicable to provide continued employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate

### Ownership

On 31 August 2006, the entire share capital of Healthcare Beteiligungs GmbH (formerly Allianz Healthcare Beteiligungs GmbH), a parent company, was acquired by Fino GmbH, an intermediate holding company in the group headed by Delta Commercial Property LP, an entity incorporated in the Isle of Man From this date the ultimate parent is Delta Commercial Property LP

On 19 December 2006 the entire share capital of the company was acquired by Fino GmbH a company registered in Germany

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

## Directors' report (*continued*)

### Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company will be proposed at the next Annual General Meeting

By order of the board

  
D J Kay  
Secretary

Emerson Court  
Alderley Road  
Wilmslow  
Cheshire  
SK9 1NX

29/10/ 2007

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments 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

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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

## KPMG LLP

St James' Square  
Manchester  
M2 6DS  
United Kingdom

### **Independent auditors' report to the members of Leeland Limited**

We have audited the financial statements (the 'financial statements') of Leeland Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibility for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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.

## Independent auditors' report to the members of Leeland Limited (*continued*)

### Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended, and
- 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

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor

*29/10/2007*

# **Profit and loss account**

*for the year ended 31 December 2006*

	<i>Note</i>	<b>2006 £000</b>	<b>2005 £000</b>
<b>Turnover</b>	<b>2</b>	<b>1,302</b>	<b>1,302</b>
Cost of sales		(1,036)	(989)
<b>Operating profit</b>		<b>266</b>	<b>313</b>
Interest receivable		2	1
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>268</b>	<b>314</b>
Tax on profit on ordinary activities	<b>6</b>	<b>92</b>	<b>(93)</b>
<b>Retained profit for the financial year</b>	<b>12</b>	<b>360</b>	<b>221</b>

The company has no recognised gains or losses in the current or prior year other than those reported above

All amounts relate to continuing operations



**Balance sheet**  
*at 31 December 2006*

	<i>Note</i>	<b>2006</b>	<b>2005</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible assets	7	131	120
<b>Current assets</b>			
Debtors	8	1,762	1,455
		<u>1,762</u>	<u>1,455</u>
<b>Creditors</b> amounts falling due within one year	9	(997)	(1,039)
		<u>765</u>	<u>416</u>
<b>Net current assets</b>			
		<u>896</u>	<u>536</u>
<b>Total assets less current liabilities</b>			
		<u>896</u>	<u>536</u>
<b>Provisions for liabilities and charges</b>	10	(4)	(4)
		<u>892</u>	<u>532</u>
<b>Net assets</b>			
		<u>892</u>	<u>532</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	892	532
		<u>892</u>	<u>532</u>
<b>Shareholders' funds</b>			
		<u>892</u>	<u>532</u>

These financial statements were approved by the board of directors on 29/10/2007 and were signed on its behalf by



**N J Mitchell**  
*Director*

**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 December 2006*

	2006 £000	2005 £000
Opening shareholders' funds	532	311
Profit for the financial year	360	221
	<hr/>	<hr/>
Closing shareholders' funds	892	532
	<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and within the requirements of the Companies Act 1985

The accounts have been prepared on a going concern basis, notwithstanding that the group's current banking facilities with Credit Suisse (£1 348 billion), RBS (£165 million), and Allianz (£60 million), require repayment on 1 September 2008, 31 August 2008 and 30 August 2008 respectively. In considering the appropriateness of the adoption of the going concern assumption the directors have taken into account the terms of a letter received from the Company's indirect holding company, Delta Commercial Property LP, stating that its intention is to provide funding in order to meet this debt repayment if and to the extent that alternative funding is not available on acceptable terms from an external/third party bank or lender

#### ***Related party transactions***

The directors have taken advantage of the exemption in FRS 8, Paragraph 3(c) and as the company is a wholly owned subsidiary of Fino Propco Holdco Limited have not disclosed related party transactions with parent and fellow subsidiary undertakings

#### ***Cash flow statement***

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as at 31 December 2006 it was a wholly owned subsidiary undertaking of Fino Propco Holdco Limited, and its cash flows are included within the consolidated cash flow statement of that company

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows

Short leasehold interests	-	over the period of the lease
Fixtures and fittings	-	15-20% per annum

#### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

#### ***Deferred taxation***

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

## Notes (continued)

### 1 Accounting policies (continued)

#### Guarantees

The company has not adopted amendments to FRS 26 in relation to financial guarantee contracts which apply for periods commencing on or after 1 January 2006

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other related parties which are subsidiaries of its ultimate parent, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee

### 2 Turnover

Turnover represents the amounts derived from the provision of healthcare services to customers and all arose in the United Kingdom

### 3 Profit on ordinary activities before tax

	2006 £000	2005 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Operating lease rentals for land and buildings	204	194
Depreciation - owned assets	29	21
	<hr/>	<hr/>

The auditors' remuneration of £1,000 (2005 £1,000) for audit services was borne by another group undertaking. Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

### 4 Directors' remuneration

None of the directors received any remuneration from the company during the current or prior year

**Notes** *(continued)*

**5 Staff numbers and costs**

The average number of persons employed by the company during the year, including both full and part time staff, analysed by category, was as follows

	Number of employees	
	2006	2005
Care and domestic	67	66
Administration	4	4
	<hr/>	<hr/>
	71	70
	<hr/>	<hr/>

The aggregate payroll costs of these persons was as follows

	2006	2005
	£000	£000
Wages and salaries	617	585
Social security costs	36	36
	<hr/>	<hr/>
	653	621
	<hr/>	<hr/>

## Notes (continued)

### 6 Taxation

	2006		2005
	£000	£000	£000
<i>UK corporation tax</i>			
Current tax on income for the year	-		92
Adjustments in respect of prior periods	(92)		-
	<hr/>		<hr/>
Total current tax		(92)	92
<i>Deferred tax (see note 10)</i>			
Origination/reversal of timing differences		-	1
		<hr/>	<hr/>
Tax on profit on ordinary activities		(92)	93
		<hr/>	<hr/>

#### *Factors affecting current tax charge*

The current tax charge for the year is lower (2005 lower) than the standard rate of corporation tax in the UK of 30% (2005 30%). The differences are reconciled below

	2006	2005
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	268	314
	<hr/>	<hr/>
Current tax at 30% (2005 30%)	80	94
<i>Effects of</i>		
Permanent differences	1	1
Accelerated capital allowances	-	(3)
Group relief for nil consideration	(81)	-
Adjustments in respect of prior periods	(92)	-
	<hr/>	<hr/>
Total current tax charge	(92)	92
	<hr/>	<hr/>

On 21 March 2007, it was announced that the standard rate of corporation tax in the UK was to be changed to 28% and capital allowance legislation impacting on the calculation of the deferred tax provision of the company will be introduced for taxable periods arising on or after 1 April 2008. For the purposes of the financial statements for the year ended 31 December 2006, the standard rate of corporation tax and capital allowance legislation applicable prior to 31 March 2008 has been applied on the basis that these were enacted at 31 December 2006.

## Notes (continued)

### 7 Tangible fixed assets

	Short leasehold interests £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At beginning of year	322	217	539
Additions	5	35	40
At end of year	327	252	579
<b>Depreciation</b>			
At beginning of year	319	100	419
Charge for the year	-	29	29
At end of year	319	129	448
<b>Net book value</b>			
At 31 December 2006	8	123	131
At 31 December 2005	3	117	120

### 8 Debtors

	2006 £000	2005 £000
Trade debtors	11	-
Amounts owed by group undertakings	1,712	1,419
Other debtors	39	36
	1,762	1,455

Other debtors includes £35,000 (2005 £32,000) which relates to rent security deposits that are not expected to be recovered within the next year

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Bank Overdraft	-	9
Trade creditors	13	13
Amounts owed to other group undertakings	867	828
Corporation tax	-	92
Other taxes and social security	16	7
Accruals and deferred income	91	55
Other creditors	10	35
	<u>997</u>	<u>1,039</u>

### 10 Provisions for liabilities and charges

	Deferred taxation £000
At beginning and end of year	4

The elements of deferred taxation are as follows

	2006 £000	2005 £000
Difference between accumulated depreciation and capital allowances	4	4

### 11 Share capital

	2006		2005	
	No	£	No	£
<b>Authorised</b>				
Ordinary shares of £1 each	100	100	100	100
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	2	2	2	2
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 12 Profit and loss account

	£000
At beginning of year	532
Retained profit for the year	360
	<u>892</u>
At end of year	<u>892</u>



## Notes (continued)

### 13 Commitments

	Land and buildings	
	2006	2005
	£000	£000
Operating leases that expire In over five years	210	200

### 14 Contingent liabilities

During the year Fino SeniorCo Limited, an intermediate parent undertaking, drew down £1,396,809,000 of debt, under three credit facility arrangements. Fino SeniorCo Limited, together with the majority of its subsidiary undertakings have irrevocably and unconditionally, jointly and severally

- guaranteed all payment and obligations under the individual credit facility agreements,
- indemnified the lenders, counterparties and administrative parties against loss on liability suffered as a result of a payment obligation becoming unenforceable, invalid or illegal

At 31 December 2006 the total outstanding under the three credit facility agreements was £1,399,074,000. The bank loans are secured by the properties held by the Fino Propco Holdco group.

### 15 Ultimate parent

The company's immediate parent company is Four Seasons Health Care Group Limited.

On 31 August 2006 the entire share capital of Healthcare Beteiligungs GmbH (formerly Allianz Healthcare Beteiligungs GmbH) a company registered in Germany and parent company was acquired by Fino GmbH, an intermediate holding company ultimately owned by Delta Commercial Property LP, an entity registered in the Isle of Man.

The largest group in which the results of the company are consolidated is that headed by Fino Propco Holdco Limited. The consolidated financial statements of this company are available to the public and may be obtained from Ogier Corporate Services (Jersey) Limited, Whiteley Chambers, Don Street, St Helier, Jersey, JE4 9WG.