

Leeland Limited

**Directors' report and financial
statements**

Registered number 3215790

31 December 2010

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Directors' report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2010

Principal activity

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

Business and financial review

Details of key performance indicators including available beds, occupancy levels and average fee rates of the Fino Propco Holdco group, of which the company is a member, can be found in the financial statements of Fino Propco Holdco Limited. Copies of these financial statements can be obtained from the address given in note 14

Principal risks and uncertainties

There is a risk management program in place which is designed to identify, manage and mitigate business risk. This program is overseen by the group's Chief Executive Officer. Further details can be found in the financial statements of Fino Propco Holdco Limited

Going concern

The directors have a reasonable expectation that the company, together with its intermediate parent company FSHC (Jersey) Holdings Limited, have adequate resources to continue in operational existence for the foreseeable future. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis. Please refer to note 1 for further detail

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 (2009 £nil)

Directors

The directors during the year under review were

P Calveley

N J Mitchell (resigned 1 April 2010)

D J Kay

B R Taberner (appointed 26 March 2010)

Employment policies

The company encourage staff involvement through a process of communication and participation. This involves the provision of information through normal management channels including regular manager briefing letters, annual conferences and meetings

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

Environmental policy

The group has an environmental policy statement which includes policies for procurement, transport and estate management. Further details can be found in the financial statements of Four Seasons Health Care Limited

Directors' report (*continued*)

Details of ultimate ownership

The ultimate parent undertaking is FSHC (Guernsey) Holdings Limited, an entity incorporated in Guernsey

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

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board


D J Kay
Secretary

Emerson Court
Alderley Road
Wilmslow
Cheshire
SK9 1NX

22 June 2011

Statement of Directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Leeland Limited

We have audited the financial statements of Leeland Limited for the year ended 31 December 2010 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and to express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Leeland Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

28 June 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	1,367	1,325
Cost of sales		(1,247)	(1,197)
Operating profit		120	128
Profit on ordinary activities before taxation	3	120	128
Tax on profit on ordinary activities	6	-	-
Retained profit for the financial year	11	120	128

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 2010

	<i>Note</i>	2010	2009
		£000	£000
Fixed assets			
Tangible assets	7	145	157
Current assets			
Debtors	8	2,926	2,519
Cash		-	1
		<u>2,926</u>	<u>2,520</u>
Creditors, amounts falling due within one year	9	<u>(1,623)</u>	<u>(1,349)</u>
Net current assets		<u>1,303</u>	<u>1,171</u>
Total assets less current liabilities		<u>1,448</u>	<u>1,328</u>
Net assets		<u>1,448</u>	<u>1,328</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	1,448	1,328
Shareholder's funds		<u>1,448</u>	<u>1,328</u>

The financial statements include the notes on pages 9 to 15

These financial statements were approved by the board of directors on 22 June 2011 and were signed on its behalf by

B R Taberner

B R Taberner
Director

Reconciliation of movements in shareholder's funds
for the year ended 31 December 2010

	2010 £000	2009 £000
Opening shareholder's funds	1,328	1,200
Profit for the financial year	120	128
	<hr/>	<hr/>
Closing shareholder's funds	1,448	1,328
	<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 2006

Going concern

In presenting the financial statements on a going concern basis, the directors have considered the company's business activities together with factors likely to affect future performance and financial position. These include cash flows, and the risks and uncertainties relating to the company's business activities, particularly in light of the government's Comprehensive Spending Review.

The company, together with its intermediate parent company FSHC (Jersey) Holdings Limited and fellow subsidiary undertakings (collectively the "FSHC Jersey Group") is party to a number of financing arrangements. The group has carefully considered its cash flows and financial covenants for at least twelve months from the date of signing the financial statements. These have been appraised in light of the uncertainty in the current economic climate and, as such, conservative assumptions for working capital performance have been used to determine the level of financial resources available to the company and the FSHC Jersey Group.

The FSHC Jersey Group's forecasts and projections, sensitised to take into account all reasonably foreseeable changes in trading performance, show that the FSHC Jersey Group has sufficient funding and covenant headroom within its current financing arrangements which do not mature until September 2012.

The directors are considering, together with certain of the group's lenders and shareholder representatives, a number of possible capital structures to ensure that appropriate levels of funds will be in place after September 2012 to match the group's financing requirements. These include various debt facilities available to the group, new equity from existing shareholders, as well as potential funding from new investors.

After making appropriate enquiries, the directors have a reasonable expectation that the company and the FSHC Jersey Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of these financial statements.

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 FSHC (Guernsey) Holdings 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 2010 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

Notes (continued)

1 Accounting policies (continued)

Leases

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

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 substantively enacted by the balance sheet date

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.

Guarantees

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 net of VAT derived from the provision of healthcare services to customers and all arose in the United Kingdom.

3 Profit on ordinary activities before tax

	2010 £000	2009 £000
<i>Profit on ordinary activities before taxation is stated after charging.</i>		
Operating lease rentals for land and buildings	232	224
Depreciation - owned assets	45	41

The auditor's remuneration of £900 (2009 £1,050) 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	
	2010	2009
Care and domestic	62	68
Administration	4	4
	<hr/>	<hr/>
	66	72
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	2010	2009
	£000	£000
Wages and salaries	715	692
Social security costs	37	37
	<hr/>	<hr/>
	752	729
	<hr/>	<hr/>

Notes (continued)

6 Taxation

	2010 £000	2009 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting current tax charge

The current tax charge for the year is lower (2009 lower) than the standard rate of corporation tax in the UK (28%, 2009 28%) due principally to the availability of current year losses in other group companies. The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	120	128
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	34	36
<i>Effects of</i>		
Expenses not deductible for tax purposes	1	1
Capital allowances in excess of depreciation	(2)	10
Group relief for nil consideration	(33)	(47)
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

Factors that may affect future current and total tax charge

The corporation tax applicable to the company was 28% in the current period. From 1 April 2011 the corporation tax rate payable by the company reduced to 26% with further 1% reductions each year until 2014/15 (stabilising at a rate of 23%). As the change in rate of corporation tax was not enacted as at 31 December 2010 deferred tax has not been accounted for at the new rate and the impact of the change is not expected to be material.

Notes (continued)

7 Tangible fixed assets

	Short leasehold interests £000	Fixtures and fittings £000	Total £000
Cost			
At beginning of year	322	397	719
Additions	-	33	33
	<hr/>	<hr/>	<hr/>
At end of year	322	430	752
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	319	243	562
Charge for the year	-	45	45
	<hr/>	<hr/>	<hr/>
At end of year	319	288	607
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2010	3	142	145
	<hr/>	<hr/>	<hr/>
At 31 December 2009	3	154	157
	<hr/>	<hr/>	<hr/>

8 Debtors

	2010 £000	2009 £000
Trade debtors	5	22
Amounts owed by group undertakings	2,877	2,453
Other debtors	44	44
	<hr/>	<hr/>
	2,926	2,519
	<hr/>	<hr/>

Other debtors includes £38,000 (2009 £38,000) which relates to rent security deposits that are not expected to be recovered within the next year

The amounts owed by group undertakings are interest free, unsecured and repayable on demand

Notes (continued)

9 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Bank loans and overdrafts	3	-
Trade creditors	17	13
Amounts owed to other group undertakings	1,478	1,228
Other taxes and social security	8	9
Other creditors	81	63
Accruals and deferred income	36	36
	<u>1,623</u>	<u>1,349</u>

The amounts due to group undertakings are interest free, unsecured and repayable on demand

10 Share capital

	2010		2009	
	No	£	No	£
<i>Issued and fully paid</i>				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

11 Profit and loss account

	£000
At beginning of year	1,328
Retained profit for the year	120
At end of year	<u>1,448</u>

12 Commitments

	2010 £000	2009 £000
Operating leases that expire		
In over five years – land and buildings	<u>239</u>	<u>231</u>

13 Contingent liabilities

The company, together with its parent and fellow subsidiary undertakings is party to a number of financing arrangements. The implications of this are explained more fully in note 1.

Notes (continued)

14 Ultimate parent

The company's immediate parent company is Mericourt Limited

The ultimate parent undertaking is FSHC (Guernsey) Holdings Limited, an entity registered in Guernsey

The largest group in which the results of the company are consolidated is that headed by FSHC (Guernsey) Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from Ogier Corporate Services (Jersey) Limited, Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG

The smallest 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, Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG