

Ringdane Limited

**Directors' report and financial
statements**

Registered number 3277059

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 Four Seasons Health Care group, of which the company is a member, can be found in the financial statements of Four Seasons Health Care Limited. Copies of these financial statements can be obtained from the address given in note 13

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 Four Seasons Health Care 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 encourages 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 applications 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.

Details of ultimate ownership

The ultimate parent undertaking is FSHC (Guernsey) Holdings Limited, a company incorporated in Guernsey.

Directors' report *(continued)*

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 Ringdane Limited

We have audited the financial statements of Ringdane 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 Ringdane 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	10,491	10,043
Cost of sales		(10,302)	(9,529)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	189	514
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit for the financial year	10	189	514
		<hr/>	<hr/>

All amounts relate to continuing operations

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

Balance sheet
at 31 December 2010

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	6	2,495	2,571
Current assets			
Debtors	7	5,618	5,384
Cash at bank and in hand		6	4
		<u>5,624</u>	<u>5,388</u>
Creditors: amounts falling due within one year	8	<u>(4,541)</u>	<u>(4,570)</u>
Net current assets		<u>1,083</u>	<u>818</u>
Total assets less current liabilities		<u>3,578</u>	<u>3,389</u>
Net assets		<u>3,578</u>	<u>3,389</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	3,578	3,389
Shareholder's funds		<u>3,578</u>	<u>3,389</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	2009
	£000	£000
Opening shareholder's funds	3,389	2,875
Profit for the year	189	514
	<hr/>	<hr/>
Closing shareholder's funds	3,578	3,389
	<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 Four Seasons Health Care 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
Equipment and fixtures	- 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

Post retirement benefits

Four Seasons Health Care Limited operates defined contribution pension schemes on behalf of its subsidiary companies. The assets of the schemes are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account of the company represents the contributions payable to the schemes in respect of the accounting period

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

Notes (continued)

3 Profit on ordinary activities before tax

	2010 £000	2009 £000
<i>Profit on ordinary activities before tax is stated after charging:</i>		
Operating lease rentals for plant and machinery	1	1
Operating lease rentals for land and buildings	1,874	1,829
Depreciation	463	399
	<u> </u>	<u> </u>

The auditor's remuneration of £1,300 (2009 £1,500) 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 Staff numbers and costs

	2010 £000	2009 £000
Wages and salaries	5,896	5,585
Social security costs	390	366
Pension costs	1	-
	<u> </u>	<u> </u>
	6,287	5,951
	<u> </u>	<u> </u>

The directors received no emoluments during the current or prior year.

The average number of employees during the year was

	Number of employees 2010	2009
Healthcare	454	466
Administration	16	16
	<u> </u>	<u> </u>
	470	482
	<u> </u>	<u> </u>

Notes (continued)

5 Taxation

Tax on profit on ordinary activities

	2010 £000	2009 £000
Current tax		
UK corporation tax in respect of current year	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	-	-

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
Profit on ordinary activities before tax	189	514
Current tax at 28% (2009 28.0%)	53	144
Expenses not deductible for tax purposes	17	18
Capital allowances in excess of depreciation	(4)	94
Group relief without payment	(66)	(256)
Total current tax charge (see above)	-	-

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)

6 Tangible fixed assets

	Short leasehold interests £000	Equipment and fixtures £000	Total £000
Cost			
At beginning of year	2,065	3,345	5,410
Additions	-	389	389
Reclassification	(18)	18	-
Disposal	(2)	-	(2)
At end of year	2,045	3,752	5,797
Depreciation			
At beginning of year	1,102	1,737	2,839
Charge for the year	41	422	463
At end of year	1,143	2,159	3,302
Net book value			
At 31 December 2010	902	1,593	2,495
At 31 December 2009	963	1,608	2,571

7 Debtors

	2010 £000	2009 £000
Trade debtors	524	669
Amounts owed by group undertakings	4,705	4,425
Other debtors	389	290
	5,618	5,384

Other debtors and other creditors include an amount of £186,000 (2009 £211,000) of which £24,000 is due within one year, representing brokers' fees due for arranging facilities on completed sale and leaseback transactions

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

Notes (continued)

8 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	172	154
Amounts owed to group undertakings	3,626	3,648
Tax and social security costs	10	95
Other creditors	591	532
Accruals and deferred income	142	141
	<u>4,541</u>	<u>4,570</u>

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

9 Share capital

	2010		2009	
	No of shares	£	No of shares	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

10 Profit and loss account

	2010 £000
At beginning of year	3,389
Retained profit for the financial year	189
	<u>3,578</u>
At end of year	<u>3,578</u>

11 Capital commitments

The annual commitment under non-cancellable operating leases for land and buildings is as follows

	2010 £000	2009 £000
After five years – land and buildings	<u>1,965</u>	<u>1,885</u>

12 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)

13 Ultimate parent

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

The ultimate parent undertaking is FSHC (Guernsey) Holdings Limited, a company incorporated 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 Four Seasons Health Care Limited. The consolidated financial statements of this company are available to the public and may be obtained from Emerson Court, Alderley Road, Wilmslow, Cheshire, SK9 1NX