

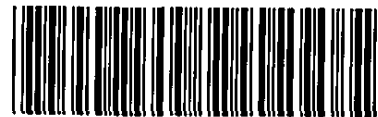
Ringdane Limited

**Directors' report and financial
statements**

Registered number 3277059

31 December 2009

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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 2009

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 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 Four Seasons Health Care Limited

Going concern

As disclosed in note 1 the company, together with its intermediate parent company FSHC (Jersey) Holdings Limited, successfully negotiated an extension to the maturity date of the group's debt from 3 September 2010 to 3 September 2012. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis

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 (2008 £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 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 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

From 9 December 2009 the ultimate parent undertaking has been 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

28 September 2010

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 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

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 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 Ringdane Limited

We have audited the financial statements of Ringdane Limited for the year ended 31 December 2009 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 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 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 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 -site at www.frc.org.uk/apb/scope/UKNP.

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 2009 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.

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.

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

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 September 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £000	2008 £000
Turnover	2	10,043	9,687
Cost of sales		(9,529)	(9,291)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	514	396
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit for the financial year	11	514	396
		<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 2009

	<i>Note</i>	2009 £000	2008 £000
Fixed assets			
Tangible assets	6	2,571	2,556
Current assets			
Debtors	7	5,384	4,783
Cash at bank and in hand		4	10
		<hr/>	<hr/>
Creditors: amounts falling due within one year	8	<hr/> 5,388 (4,570) <hr/>	<hr/> 4,793 (4,263) <hr/>
Net current assets		<hr/> 818 <hr/>	<hr/> 530 <hr/>
Total assets less current liabilities		<hr/> 3,389 <hr/>	<hr/> 3,086 <hr/>
Creditors: amounts falling due after one year	9	<hr/> - <hr/>	<hr/> (211) <hr/>
Net assets		<hr/> 3,389 <hr/>	<hr/> 2,875 <hr/>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	3,389	2,875
		<hr/>	<hr/>
Shareholders' funds		<hr/> 3,389 <hr/>	<hr/> 2,875 <hr/>

These financial statements were approved by the board of directors on **28** September 2010 and were signed on its behalf by

B. R Taberner

B R Taberner
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2009

	2009 £000	2008 £000
Opening shareholders' funds	2,875	2,479
Profit for the year	514	396
Closing shareholders' funds	3,389	2,875

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

The company, together with its intermediate parent company FSHC (Jersey) Holdings Limited ("FSHC Jersey") and fellow subsidiary undertakings of FSHC Jersey (collectively the "FSHC Jersey Group"), is party to a number of financing agreements. Under the terms of the financing agreements the company has guaranteed the performance of the FSHC Jersey Group's obligations and the settlement of its liabilities as defined in those financing agreements.

On 9 December 2009, the FSHC Jersey Group completed a significant restructuring of its financing agreements. This restructuring involved the acquisition by FSHC Jersey of Fino Propco Holdco Limited and its subsidiaries and the release of approximately £960 million of the existing debt combined with an equity investment in the FSHC Jersey Group. The remaining c£790m of debt was due for repayment on 3 September 2010. On 10 September 2010 the directors of the FSHC Jersey Group successfully negotiated an extension to the maturity date of this debt from 3 September 2010 to 3 September 2012. Under the terms of the extension the interest rate payable has increased from LIBOR plus 0.4% to LIBOR plus 3.75% - 10.0% on the first £600m of debt and new interest rate hedging arrangements have been entered into. The terms for the balance of the debt are materially unchanged. The stable platform afforded by this extended maturity date provides a number of options for the directors of the FSHC Jersey Group to consider regarding the long term financing and capital structure of the FSHC Jersey Group.

Notwithstanding the restructuring process, the company and the wider FSHC Jersey Group has continued to trade satisfactorily and continues to have adequate working capital for its operational needs. The FSHC Jersey Group's sensitised forecast, taking account of the updated terms of its debt facility, indicates that it should be able to operate within the requirements of the amended financing agreements. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

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 2009 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

	2009 £000	2008 £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	1,829	1,785
Depreciation	399	357
	<u> </u>	<u> </u>

The auditors' remuneration of £1,500 (2008 £1,400) 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

	2009 £000	2008 £000
Wages and salaries	5,585	5,149
Social security costs	366	389
Pension costs	-	3
	<u> </u>	<u> </u>
	5,951	5,541
	<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 2009	2008
Healthcare	466	449
Administration	16	16
	<u> </u>	<u> </u>
	482	465
	<u> </u>	<u> </u>

Notes (continued)

5 Taxation

Tax on profit on ordinary activities

	2009 £000	2008 £000
Current tax		
UK corporation tax in respect of current year	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting current tax charge

The current tax charge for the year is lower (2008 lower) than the standard rate of corporation tax in the UK (28%, 2008 28.5%) due principally to the availability of current year losses in other group companies. The differences are explained below

	2009 £000	2008 £000
Profit on ordinary activities before tax	514	396
	<u>514</u>	<u>396</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of (28% 2008 28.5%)	144	112
Expenses not deductible for tax purposes	18	19
Difference between depreciation and capital allowances	94	82
Group relief without payment	(256)	(213)
	<u>-</u>	<u>-</u>
Total current tax charge (see above)	<u>-</u>	<u>-</u>

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 is to reduce to 27% with further 1% reductions each year until 2014/15 (stabilising at a rate of 24%). As the change in rate of corporation tax was not enacted as at 31 December 2009 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	2,931	4,996
Additions	-	414	414
	<hr/>	<hr/>	<hr/>
At end of year	2,065	3,345	5,410
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	1,060	1,380	2,440
Charge for the year	42	357	399
	<hr/>	<hr/>	<hr/>
At end of year	1,102	1,737	2,839
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2009	963	1,608	2,571
	<hr/>	<hr/>	<hr/>
At 31 December 2008	1,005	1,551	2,556
	<hr/>	<hr/>	<hr/>

7 Debtors

	2009 £000	2008 £000
Trade debtors	669	635
Amounts owed by group undertakings	4,425	3,844
Other debtors	290	304
	<hr/>	<hr/>
	5,384	4,783
	<hr/>	<hr/>

Other debtors and other creditors include an amount of £235,000 (2008 £235,000) 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

	2009 £000	2008 £000
Trade creditors	154	170
Amounts owed to group undertakings	3,648	3,294
Tax and social security costs	95	89
Other creditors	532	93
Accruals and deferred income	141	617
	<u>4,570</u>	<u>4,263</u>

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

9 Creditors: amounts falling due after one year

	2009 £000	2008 £000
Other creditors	-	211
	<u>-</u>	<u>211</u>

10 Share capital

	2009		2008
	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>

11 Profit and loss account

	2009 £000
At beginning of year	2,875
Retained profit for the financial year	514
	<u>3,389</u>
At end of year	<u>3,389</u>

Notes (continued)

12 Capital commitments

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

	2009 £000	2008 £000
After five years – land and buildings	<u>1,885</u>	<u>1,579</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.

14 Ultimate parent

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

From 9 December 2009 the ultimate parent undertaking has been 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.

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