

**LAKEWOOD LIMITED**

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 JULY 2007**



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**LAKEWOOD LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTOR</b>	S Lakhami
<b>SECRETARY</b>	Mrs I Lakhami
<b>COMPANY NUMBER</b>	4076355
<b>REGISTERED OFFICE</b>	435 St Mary's Lane Upminster Essex RM14 3NY
<b>AUDITORS</b>	Tenon Audit Limited Registered Auditor 88-96 Market Street West Preston PR1 2EU
<b>BANKERS</b>	Barclays Bank Plc PO Box 544 54 Lombard Street London EC3V 9EX  Bank of Scotland 3 Mid New Cutlins Edinburgh EH11 4DH  Deutsche Bank AG London Winchester House 1 Great Winchester Street London EC2N 2DB
<b>SOLICITORS</b>	DLA Piper Scotland LLP Rutland Square Edinburgh EH1 2AA

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**LAKEWOOD LIMITED**

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## **LAKEWOOD LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JULY 2007**

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The director presents his report and the financial statements for the year ended 31 July 2007

#### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

So far as the director is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **PRINCIPAL ACTIVITIES**

The company's principal activities are the operation and leasing of nursing homes.

#### **BUSINESS REVIEW**

The director is satisfied with the performance of the company during the year.

Turnover has decreased marginally from the prior year due to a reduced occupancy level at the company's operated home.

During the previous year the company undertook a refinancing exercise in order to provide additional funding which has enabled the group as a whole to further expand its operations. The new financing was provided at an interest rate of 1.3% above the funder's base rate. The director will monitor interest rates and will take adequate steps to ensure that the company is not in a position where it cannot meet its interest payments. All properties were subject to third party revaluations and these costs, together with loan redemption costs, loan arrangement fees and other refinancing costs led to an increase in administrative expenses reported in the profit and loss account in the prior year. These costs amounted to £101,000 and have not recurred in the current year. The director believes that the company is well placed to report continued profits in the year to 31 July 2008.

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**LAKEWOOD LIMITED**

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**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 JULY 2007**

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**BUSINESS REVIEW (Continued)**

The company undertook rent reviews for some of its leased properties during the year ended 31 July 2006 in accordance with the terms of those leases. For the operated home, occupancy levels are monitored as a key performance indicator of the business. As noted above there has been an average reduction in occupancy levels arising due to the loss of a block contract with the local funding authority. Staffing levels are constantly monitored to ensure that the minimum specified levels are always met as part of the service levels provided by the company.

**RESULTS**

The profit for the year, after taxation, amounted to £29,649 (2006 - £125,868).

**DIRECTOR**

The director who served during the year was

S Lakhani

**AUDITORS**

The auditors, Tenon Audit Limited, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on

**- 7 MAR 2008**

and signed on its behalf



Mrs I Lakhani  
Secretary

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**LAKEWOOD LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO LAKEWOOD LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts of Lakewood Limited for the year ended 31 July 2007 set out on page 4, together with the financial statements of the company for the year ended 31 July 2007 prepared under section 226 of the Companies Act 1985.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

**BASIS OF OPINION**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 12 have been properly prepared in accordance with that provision.

*Tenon Audit Limited*

**TENON AUDIT LIMITED**

Registered Auditor

88-96 Market Street West  
Preston  
PR1 2EU

Date

**- 7 MAR 2008**

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**LAKEWOOD LIMITED**

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**ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2007**

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	Note	2007 £	2006 £
<b>GROSS PROFIT</b>		<b>1,657,368</b>	<b>1,739,341</b>
Administrative expenses		<u>(1,308,064)</u>	<u>(1,364,737)</u>
<b>OPERATING PROFIT</b>	2	<b>349,304</b>	<b>374,604</b>
Interest receivable		25,679	15,841
Interest payable	4	<u>(345,334)</u>	<u>(264,577)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>29,649</b>	<b>125,868</b>
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	11	<u><b>29,649</b></u>	<u><b>125,868</b></u>

All amounts relate to continuing operations

The notes on pages 7 to 12 form part of these financial statements

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**LAKEWOOD LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2007**

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	2007 £	2006 £
PROFIT FOR THE FINANCIAL YEAR	29,649	125,868
Unrealised surplus on revaluation of tangible fixed assets	-	1,681,013
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>29,649</u>	<u>1,806,881</u>

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**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2007**

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	2007 £	2006 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	29,649	125,868
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22,705	17,946
	<hr/>	<hr/>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>52,354</u>	<u>143,814</u>
	<hr/>	<hr/>
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	<u>52,354</u>	<u>143,814</u>

The notes on pages 7 to 12 form part of these financial statements



**LAKEWOOD LIMITED**

**ABBREVIATED BALANCE SHEET  
AS AT 31 JULY 2007**

	Note	£	2007 £	£	2006 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	6		7,136,900		7,188,113
Fixed asset investments			100		100
			<u>7,137,000</u>		<u>7,188,213</u>
<b>CURRENT ASSETS</b>					
Debtors	7	1,604,224		558,188	
Cash at bank and in hand		168,817		151,592	
		<u>1,773,041</u>		<u>709,780</u>	
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(730,489)</u>		<u>(881,170)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>1,042,552</u>		<u>(171,390)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,179,552</u>		<u>7,016,823</u>
<b>CREDITORS: amounts falling due after more than one year</b>	9		<u>(5,198,032)</u>		<u>(4,064,952)</u>
<b>NET ASSETS</b>			<u><u>2,981,520</u></u>		<u><u>2,951,871</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		100		100
Revaluation reserve	11		3,101,501		3,124,206
Profit and loss account	11		<u>(120,081)</u>		<u>(172,435)</u>
<b>SHAREHOLDERS' FUNDS</b>	12		<u><u>2,981,520</u></u>		<u><u>2,951,871</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on

**- 7 MAR 2008**



**S Lakhani**  
Director

The notes on pages 7 to 12 form part of these financial statements

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## **LAKEWOOD LIMITED**

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### **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JULY 2007**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### **1.2 CASH FLOW**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

##### **1.3 TURNOVER**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### **1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%	straight line
Plant & machinery	-	20%	reducing balance
Motor vehicles	-	20%	reducing balance

##### **1.5 INVESTMENTS**

Investments in subsidiaries are valued at cost less provision for impairment.

##### **1.6 OPERATING LEASES**

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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**LAKEWOOD LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 JULY 2007**

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**1. ACCOUNTING POLICIES (continued)****1.7 INVESTMENT PROPERTIES**

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The director considers that this accounting policy results in the financial statements giving a true and fair view. The affect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the director, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where the deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

**2. OPERATING PROFIT**

The operating profit is stated after charging

	2007 £	2006 £
Depreciation of tangible fixed assets - owned by the company	54,392	56,267
Auditors' remuneration	6,400	3,000
	<u>60,792</u>	<u>59,267</u>

During the year, no director received any emoluments (2006 - £NIL)

**3. STAFF COSTS**

Staff costs were as follows

	2007 £	2006 £
Wages and salaries	963,556	949,906
Social security costs	77,415	77,870
	<u>1,040,971</u>	<u>1,027,776</u>

The average monthly number of employees, including the director, during the year was as follows

	2007 No.	2006 No.
Nursing staff and management	64	67
	<u>64</u>	<u>67</u>

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**LAKEWOOD LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 JULY 2007**

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**4. INTEREST PAYABLE**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<b>345,334</b>	<b>264,577</b>

**5 TAXATION****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>29,649</b>	<b>125,868</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2006 - 19%)	<b>5,633</b>	<b>23,915</b>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	<b>2,952</b>	<b>663</b>
Capital allowances for year in excess of depreciation	<b>(8,358)</b>	<b>(14,181)</b>
Utilisation of tax losses	<b>(227)</b>	<b>(7,387)</b>
Group relief	<b>-</b>	<b>(3,010)</b>
<b>CURRENT TAX CHARGE FOR THE YEAR (see note above)</b>	<b>-</b>	<b>-</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges

# LAKEWOOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JULY 2007

### 6. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Furniture, fittings and equipment £	Total £
<b>COST OR VALUATION</b>				
At 1 August 2006	7,150,000	12,692	112,824	7,275,516
Additions	-	1,087	2,092	3,179
At 31 July 2007	<u>7,150,000</u>	<u>13,779</u>	<u>114,916</u>	<u>7,278,695</u>
<b>DEPRECIATION</b>				
At 1 August 2006	8,506	6,120	72,777	87,403
Charge for the year	44,612	1,352	8,428	54,392
At 31 July 2007	<u>53,118</u>	<u>7,472</u>	<u>81,205</u>	<u>141,795</u>
<b>NET BOOK VALUE</b>				
At 31 July 2007	<u>7,096,882</u>	<u>6,307</u>	<u>33,711</u>	<u>7,136,900</u>
At 31 July 2006	<u>7,141,494</u>	<u>6,572</u>	<u>40,047</u>	<u>7,188,113</u>

Included in land and buildings is freehold land at valuation of £3,116,667 (2006 - £3,116,667), (cost £1,997,331 (2006 - £1,997,331)) which is not depreciated

Included within the net book value of land and buildings above are investment properties at valuation, amounting to £3,900,000

### 7. DEBTORS

	2007 £	2006 £
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Other debtors	33,335	34,668
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	82,347	89,130
Amounts owed by group undertakings	1,457,607	370,030
Other debtors	10,055	8,940
Called up share capital not paid	100	100
Prepayments and accrued income	20,780	55,320
	<u>1,604,224</u>	<u>558,188</u>

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**LAKEWOOD LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 JULY 2007**

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**8. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Bank loans and overdrafts	94,938	239,264
Trade creditors	23,983	20,316
Amounts owed to group undertakings	553,911	584,500
Social security and other taxes	21,128	20,625
Other creditors	6,618	4,337
Accruals and deferred income	29,911	12,128
	<u>730,489</u>	<u>881,170</u>

**9. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2007 £	2006 £
Bank loans	<u>5,198,032</u>	<u>4,064,952</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2007 £	2006 £
Repayable by instalments	<u>4,753,181</u>	<u>3,107,896</u>

Bank loans are secured on the company's freehold land and buildings. These are repayable by monthly instalments, the maturity date being 20 April 2013. Interest is payable quarterly in arrears and is charged at a margin of 1.3% p.a. above Deutsche Bank AG's base rate. At the balance sheet date the interest rate payable stood at 6.34%.

**10. SHARE CAPITAL**

	2007 £	2006 £
<b>AUTHORISED</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>ALLOTED, CALLED UP AND FULLY PAID</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

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**LAKEWOOD LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 JULY 2007**

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**11. RESERVES**

	Revaluation reserve £	Profit and loss account £
At 1 August 2006	3,124,206	(172,435)
Profit retained for the year	-	29,649
Transfer between Revaluation reserve and P&L account	(22,705)	22,705
At 31 July 2007	<u>3,101,501</u>	<u>(120,081)</u>

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2007 £	2006 £
Opening shareholders' funds	2,951,871	1,144,990
Profit for the year	29,649	125,868
Other recognised gains and losses during the year	-	1,681,013
Closing shareholders' funds	<u>2,981,520</u>	<u>2,951,871</u>

**13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is a subsidiary of The Holmes Care Limited, incorporated in England and Wales. The company's ultimate parent company is The Holmes Care (Group) Limited, incorporated in England and Wales. Copies of consolidated accounts for this company are available from Companies House.

The company is controlled by S Lakhani.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with members of the group headed by The Holmes Care (Group) Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group.