

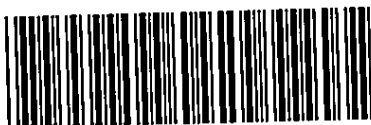
Craegmoor No. 2 Limited

Annual Report

for the year ended 31 December 2007

Registered number 4229516

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Craegmoor No. 2 Limited

Annual report for the year ended 31 December 2007

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Craegmoor No. 2 Limited

Directors and advisors

Executive Directors

Ted Smith
Charles Cameron
David Manson

Secretary

BLG (Professional Services) Limited
Beaufort House
15 St Botolph Street
London
EC3A 7NJ

Registered Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors

Barlow Lyde & Gilbert
Beaufort House
15 St Botolph Street
London
EC3A 7NJ

Registered Office

Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Bankers

Bank of Scotland
155 Bishopsgate
London
EC2M 3YB

Craegmoor No. 2 Limited

Directors' report for the year ended 31 December 2007

The Directors present their report and the audited financial statements for the year ended 31 December 2007

Principal activity

The principal activity of the Company is the raising of finance to support the ongoing activities of other companies within the Craegmoor Limited Group

Review of business and future developments

Both the level of business and the year end position were satisfactory, despite the overall loss for the year

Results and dividends

The profit and loss account shows a loss after tax for the year of £9,498,000 (2006 £6,102,000) The Directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006 £Nil)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Craegmoor Limited, its ultimate parent company, and are not managed separately Accordingly, the principal risks and uncertainties of the Craegmoor Limited Group, which include those of the Company, are discussed in the Directors' Report of Craegmoor Limited which does not form part of this report

Key Performance Indicators ("KPIs")

The Directors of Craegmoor Limited manage the group's operations on a group-wide basis For this reason, the Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company The development, performance and position of the Craegmoor Limited Group, which includes the Company, is discussed in the Directors' Report of Craegmoor Limited which does not form part of this report

Directors

The following Directors have held office for the whole year unless otherwise stated

Ted Smith

Denise Keating

Resigned 28 September 2007

Charles Cameron

David Manson

Appointed 1 November 2007

Financial instruments

The Company's financial instruments primarily comprise debtors and creditors with other group companies arising directly from its operations and long term unsecured loan notes No trading in financial instruments has been undertaken

There are risks arising directly from the Company's financial instruments in the form of liquidity, interest rate and cashflow risks arising from the Company's loan notes In addition, the Company is reliant on the ongoing support of the Craegmoor Group, which has other long term financing and overdraft facilities in place The Board of Craegmoor Limited, the ultimate parent undertaking, has reviewed and agreed the policies for managing the risks related to these facilities as set out below

Liquidity risk

The Group has secured long term financing and overdraft facilities with financial institutions, which have high credit ratings that are designed to ensure the Group has sufficient available funds for operations The £352,299,000 of debt, in the form of loan notes and bank loans (but excluding finance leases), is repayable between 1 and 6 years Of the total outstanding debt, £232,900,000 is repayable on 17 March 2009

Interest rate and cash flow risk

The Group has entered into interest rate swaps to ensure certainty over future interest cash flows As a consequence, 68% (2006 95%) of the Group's borrowings are at fixed rates of interest A further 28% (2006 nil) of the Group's borrowings are variable but benefit from an interest rate cap

Craegmoor No. 2 Limited

Directors' report for the year ended 31 December 2007 (continued)

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those 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 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 confirm that they have complied with the above requirements in preparing the financial statements

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 the financial statements comply with the Companies Act 1985. 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

Statement of disclosure of information to auditors

Each of the persons who are Directors at the date that this report is approved confirm that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The Company has elected, in accordance with section 386 of the Companies Act 1985, to dispense with the obligation to appoint auditors annually

By order of the Board



Charles Cameron

Director

14 April 2008

Independent auditors' report to the members of Craegmoor No. 2 Limited

We have audited the financial statements of Craegmoor No 2 Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

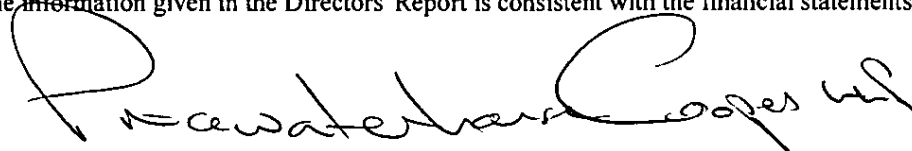
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
14 April 2008

Craegmoor No. 2 Limited

Profit and loss account for the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Interest payable and similar charges	5	(10,536)	(9,283)
Interest receivable and similar income	6	888	658
Loss on ordinary activities before taxation	7	(9,648)	(8,625)
Tax on loss on ordinary activities	8	150	2,523
Loss for the financial year	15	(9,498)	(6,102)

All activities relate to continuing operations

The Company has no recognised gains and losses other than the loss shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

Craegmoor No. 2 Limited

Balance sheet as at 31 December 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Investments	9	104,706	103,818
Creditors amounts falling due within one year	10	(45,834)	(30,666)
Total assets less current liabilities		58,872	73,152
Creditors amounts falling due after more than one year	11	(103,830)	(108,612)
Net liabilities		(44,958)	(35,460)
Capital and reserves			
Called up share capital	13	316	316
Share premium account	14	2,835	2,835
Profit and loss account	15	(48,109)	(38,611)
Total shareholders' deficit	16	(44,958)	(35,460)

The financial statements on pages 5 to 17 were approved by the Board of Directors on 14 April 2008 and signed on its behalf by



Charles Cameron
Director

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, is set out below.

Consolidation

The Company has taken advantage of the exemption under section 228(1) of the Companies Act, not to prepare and file consolidated accounts. The results of the Company are included within the group accounts of Craegmoor Limited, its ultimate parent undertaking, which is incorporated in the United Kingdom. In accordance with section 228(1), the Company will deliver to the registrar, copies of these group accounts.

Corporation tax

UK Corporation Tax is provided at amounts expecting to be paid (or recovered) using the tax rates and bases that have been enacted or substantially enacted by the balance sheet date. Corporation tax payable is reduced wholly or in part by the surrender of losses by fellow group companies. Payments made, if any, to surrendering companies for losses are reflected in the tax charge.

Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is only recognised to the extent that the transfer of economic benefits in the future is deemed to be more likely than not. Deferred tax assets and liabilities recognised are not discounted.

Cash flow statement

The Company is a wholly owned subsidiary of Craegmoor Limited, and the cash flows of the Company are included in the consolidated group cash flow statement of that company. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a cash flow statement.

Fixed asset investments

The carrying value of fixed asset investments is based on historic cost less provisions for impairment where necessary in accordance with FRS 11. Any provisions for impairment in the carrying value of fixed assets to below cost are charged to the profit and loss account.

Borrowing costs

The bank arrangement fees and similar charges associated with the loan note issue are initially capitalised and then written off to the profit and loss account in accordance with FRS 4 "Capital instruments" at a constant rate on the carrying value over the expected term of the instrument. Unamortised issue costs are netted off the associated debt instrument at the year-end.

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

2 Related party transactions

The Company has taken advantage of the exemption granted under paragraph 3(c) of FRS 8 and not disclosed any transactions with other group companies where they are more than 90% owned by a common parent

3 Directors' emoluments

The emoluments of the Directors were paid by Craegmoor Healthcare Company Limited, a fellow subsidiary of Craegmoor Limited. The Directors were also directors of a number of other fellow subsidiaries during the year ended 31 December 2007 and 31 December 2006 and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the emoluments of the Directors are disclosed within the accounts of Craegmoor Healthcare Company Limited.

4 Employee information

The Company has no employees other than the Directors

5 Interest payable and similar charges

	2007	2006
	£'000	£'000
Interest on loan notes	10,536	9,237
Amortisation of loan notes issue costs	-	46
	10,536	9,283

6 Interest receivable and similar income

	2007	2006
	£'000	£'000
Interest on loans to group undertakings	888	658

7 Loss on ordinary activities before taxation

The audit fee in respect of the Company for the year ended 31 December 2007 of £2,000 (2006 £1,000) has been borne by a fellow subsidiary company

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

8 Tax on loss on ordinary activities

	2007 £'000	2006 £'000
Current taxation		
Group relief and balancing payments at 30% (2006 30%)	-	(2,879)
Adjustment in respect of prior years	(150)	356
Tax credit	(150)	(2,523)

The tax for the year differs from the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £'000	2006 £'000
Loss on ordinary activities	(9,648)	(8,625)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(2,894)	(2,588)
Effects of		
Expenses not deductible for tax purposes	2,305	752
Transfer pricing adjustment and balancing payments	(761)	(1,043)
Chargeable gains	-	441
Utilisation of Schedule DIII losses	-	(441)
Unutilised losses	1,350	-
Adjustment in respect of prior years	(150)	356
Current tax credit	(150)	(2,523)

In accordance with the Company's accounting policy a deferred tax asset has not been recognised due to the uncertainty over the recoverability of the following

	2007 £'000	2006 £'000
Losses	4,711	1,124

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

9 Fixed asset investments

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2007	99,247	8,908	108,155
Additions	-	888	888
At 31 December 2007	99,247	9,796	109,043
Impairment in value			
At 1 January and 31 December 2007	4,337	-	4,337
Net book value			
At 31 December 2007	94,910	9,796	104,706
At 31 December 2006	94,910	8,908	103,818

During the financial year interest of £888,000 (2006 £658,000) accrued on loans made to subsidiary undertakings

Interests in group undertakings

A list of the Company's principal interests in group undertakings is included in note 20

10 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to group undertakings	30,516	30,516
Loan notes (Note 11)	15,318	-
Corporation tax payable	-	150
	45,834	30,666

Amounts owed to group undertakings are interest free and are payable on demand

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Loan notes	103,830	108,612
Loan notes		
	2007	2006
	£'000	£'000
2013 Unsecured fixed rate Loan Notes	103,830	97,178
2008 Unsecured fixed rate Loan Notes	15,318	11,434
	119,148	108,612

2013 Unsecured fixed rate Loan Notes

Unsecured loan notes were issued by the Company on 27 July 2001 with a nominal value of £76,785,000. Loan notes with a nominal value of £8,830,000 were redeemed on 19 November 2003 and further loan notes with a nominal value of £206,000 were repaid on 10 January 2005. The remaining loan notes with a nominal value of £67,749,000 are due to be repaid in 2013. The loan notes bear interest at a fixed rate of 6.75%. Interest that accrued on the principal amount from 27 July 2002 to 28 September 2005 has been capitalised and added to the principal amount of the loan notes on which interest accrues. During the year accrued interest amounted to £6,652,000 (2006 £6,192,000). The total accrued interest at 31 December 2007 on these loan notes is £36,081,000 (2006 £29,429,000). Originally the first payment was due to be made on 28 March 2006 in respect of the period from 29 September 2005, but this has now been deferred such that the first payment will be due in March 2009. The costs incurred in association with the issue of the loan notes totalled £1,117,000. All issue costs were amortised as at 31 December 2006.

2008 Unsecured fixed rate Loan Notes

On 11 March 2006, unsecured loan notes were issued by the Company with a nominal value of £8,250,000 and further loan notes with a nominal value of £139,000 were issued on 6 October 2006. The loan notes bear interest at a fixed rate of 10%. Interest is capitalised on 31 December every year until redemption and added to the principal amount of the loans on which interest shall accrue. During the year this amounted to £902,000 (2006 £661,000). In addition to the interest, the loans are subject to a 100% premium payable on redemption and this is being charged to the profit and loss account over the term of the notes. During the year this charge amounted to £2,982,000 (2006 £2,384,000). The loan notes are due to be repaid on 31 December 2008.

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

12 Analysis of financial liabilities

The disclosures contained in this note should be read in conjunction with the discussion of the Company's objectives, policies and strategies with regard to financial instruments as disclosed in the Directors' Report on pages 2 and 3. Short term debtors and creditors arising directly from the Company's operations are excluded from the following disclosures.

The interest rate profile of the Company's financial liabilities, excluding amounts due to group undertakings, at 31 December 2007 was

Financial Liabilities	Floating rate £'000	Fixed rate £'000	Total £'000	Weighted average interest rate %	Weighted average period fixed rate Years
Sterling - financial liabilities					
At 31 December 2007	-	119,148	119,148	9.91	5.37
At 31 December 2006	-	108,612	108,612	9.97	6.37

Bank loans, overdrafts and other borrowings repayable as follows:

	2007 £'000	2006 £'000
Less than one year	15,318	-
Between one and two years	-	11,434
Over five years	103,830	97,178
	119,148	108,612

At 31 December 2007 the Company had no undrawn committed borrowing facilities (2006: £Nil)

Currency exposures

As at 31 December 2007 and 31 December 2006 the Company had no currency exposures

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

12 Analysis of financial liabilities (continued)

Fair values of financial assets and liabilities

The comparison of fair and book values of all the Company's financial assets and liabilities is set out below

	2007		2006	
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
Financial instruments held or issued to finance the Company's operations				
Intra-group loans receivable	9,796	9,796	8,908	8,908
Intra-group loans payable	(30,516)	(30,516)	(30,516)	(30,516)
Short term external borrowings	(15,318)	(15,318)	-	-
Long term external borrowings	(103,830)	(103,830)	(108,612)	(108,612)
	(139,868)	(139,868)	(130,220)	(130,220)

The following methods and assumptions were used in estimating the fair values for financial instruments

Short term borrowings, cash and deposits approximate to their short maturities

Long term borrowings Bonds – quoted closing market value

13 Called up share capital

	2007	2006
	£'000	£'000
Authorised:		
600,000 (2006 600,000) Ordinary shares of £1 each	600	600
3,400,000 (2006 3,400,000) 'A' Ordinary shares of 10 pence each	340	340
	940	940
Allotted, called up and fully paid.		
422 (2006 422) Ordinary shares of £1 each	1	1
3,150,176 (2006 3,150,176) 'A' Ordinary shares of 10 pence each	315	315
	316	316

14 Share premium account

	2007	2006
	£'000	£'000
Premium arising on issue of 'A' Ordinary shares	2,835	2,835

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

15 Profit and loss account

	£'000
At 1 January 2007	(38,611)
Loss for the financial year	(9,498)
At 31 December 2007	(48,109)

16 Reconciliation of movement in shareholders' deficit

	2007	2006
	£'000	£'000
Loss for the financial year	(9,498)	(6,102)
Net increase in shareholders' deficit	(9,498)	(6,102)
Opening equity shareholders' deficit	(35,460)	(29,358)
Closing equity shareholders' deficit	(44,958)	(35,460)

17 Contingent liabilities

The Company had no contingent liabilities as at 31 December 2007 (2006 £Nil)

18 Capital commitments

There are no capital commitments as at 31 December 2007 (2006 £Nil)

19 Post balance sheet events

On 1 April 2008 the UK Corporation Tax rate changed to 28% from 30%

20 Parent undertakings

The Directors regard Craegmoor Limited, a Company registered in England and Wales, as the immediate and ultimate parent undertaking of Craegmoor No 2 Limited. Craegmoor Limited is the parent company of the largest and smallest group in which Craegmoor No 2 Limited is consolidated. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

20 Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held %
Alphabet Childrens (Fostering) Services Limited ⁵	England & Wales	Ordinary £1 shares	100
Alphabet Childrens Services Limited ⁵	England & Wales	Ordinary £1 shares	100
Apdale Limited ¹⁶	England & Wales	Ordinary £1 shares	100
Autism TASC Services Limited ¹²	England & Wales	Ordinary £1 shares	100
Boughton Manor Nursing Homes Limited ⁶	England & Wales	Ordinary £1 shares	100
Challenge Care Limited ¹⁶	England & Wales	Ordinary £1 shares	100
Comfort Services Limited ⁵	England & Wales	Ordinary £1 shares	100
Concept Care Limited ⁶	England & Wales	Ordinary £1 shares	100
Conquest Care Homes (March) Limited ⁵	England & Wales	Ordinary £1 shares	100
Conquest Care Homes (Norfolk) Limited ⁵	England & Wales	Ordinary £1 shares	100
Conquest Care Homes (Peterborough) Limited ⁵	England & Wales	Ordinary £1 shares	100
Conquest Care Homes (Soham) Limited ⁵	England & Wales	Ordinary £1 shares	100
Cotswold Care Services Ltd ¹⁶	England & Wales	Ordinary £1 shares	100
Craegmoor Facilities Company Limited ¹²	England & Wales	Ordinary £1 shares	100
Craegmoor Facilities Company No 2 Limited ⁹	England & Wales	Ordinary £1 shares	100
Craegmoor Finance (No 2) PLC ⁵	England & Wales	Ordinary £1 shares	100
Craegmoor Finance PLC ⁵	England & Wales	Ordinary £1 shares	100
Craegmoor Funding PLC ⁵	England & Wales	Ordinary £1 shares	100
Craegmoor Funding (No 2) Limited ⁵	Cayman Islands	Ordinary £1 shares	100
Craegmoor Group Limited ¹⁰	England & Wales	Ordinary £1 shares	100
Craegmoor Healthcare Company Limited ¹²	England & Wales	Ordinary £1 shares	100
Craegmoor Holdings Limited ⁷	England & Wales	Ordinary £1 shares	100
Craegmoor Homes Limited ⁹	England & Wales	Ordinary £1 shares	100
Craegmoor Investments Limited ⁹	England & Wales	Ordinary £1 shares	100
Craegmoor Service Company No 2 Limited ⁹	England & Wales	Ordinary £1 shares	100
Craegmoor Supporting You Limited ¹²	England & Wales	Ordinary £1 shares	100
Cranley Limited ⁹	England & Wales	Ordinary £1 shares	100
Ferguson Care Limited ⁵	England & Wales	Ordinary £1 shares	100
Greymount Properties Ltd ¹¹	England & Wales	Ordinary £1 shares	100
Grovedraft Limited ¹⁶	England & Wales	Ordinary £1 shares	100
GWS Claremont Limited ¹⁶	England & Wales	Ordinary £1 shares	100
Health & Care Services (NW) Limited ¹	England & Wales	Ordinary £1 shares	100
Health & Care Services (UK) Limited ⁵	England & Wales	Ordinary £1 shares	100
Health & Care Services Humbs Limited ¹	England & Wales	Ordinary £1 shares	100
Health & Care Services Yorks Limited ¹	England & Wales	Ordinary £1 shares	100
Heddfan Care Limited ¹⁵	England & Wales	Ordinary £1 shares	100
Highway (Burnley) Limited ¹¹	England & Wales	Ordinary £1 shares	100
Hometrack Ltd ⁹	England & Wales	Ordinary £1 shares	100
Independent Community Living (Holdings) Limited ¹³	England & Wales	Ordinary £1 shares	100
Independent Community Living Limited ⁸	England & Wales	Ordinary £1 shares	100
Innova Health Care Limited ³	England & Wales	Ordinary £1 shares	100

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

20 Interests in group undertakings (continued)

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held %
Inputrelate Limited ¹²	England & Wales	Ordinary £1 shares	100
Irvine Care Limited ³	England & Wales	Ordinary £1 shares	100
J C Care Limited ¹²	England & Wales	Ordinary £1 shares	100
Johnston Care Limited ¹⁶	England & Wales	Ordinary £1 shares	100
La Pierre Care Homes Limited ¹⁶	England & Wales	Ordinary £1 shares	100
Lansdowne Road Limited ¹⁵	England & Wales	Ordinary £1 shares	100
London Parkcare Limited ⁵	England & Wales	Ordinary £1 shares	100
Lothlorien Community Limited ¹⁵	England & Wales	Ordinary £100 shares	100
Parkcare Homes (No 2) Limited ¹²	England & Wales	Ordinary £1 shares	100
Parkcare Homes Limited ⁵	England & Wales	Ordinary £1 shares	100
R J Homes Limited ¹⁵	England & Wales	Ordinary £1 shares	100
Sapphire Care Services Limited ¹²	England & Wales	Ordinary 'A' £1 shares Ordinary 'B' £1 shares	100 100
Southbank Private Nursing Home Limited ⁶	England & Wales	Ordinary £1 shares	100
Specialised Courses Offering Purposeful Education Limited ²	England & Wales	Ordinary £1 shares	100
Speciality Care (Addison Court) Limited ³	England & Wales	Ordinary £1 shares	100
Speciality Care (Care Homes) Limited ⁵	England & Wales	Ordinary £1 shares	100
Speciality Care (Cedar Grove) Limited ³	England & Wales	Ordinary £1 shares	100
Speciality Care (EMI) PLC ³	England & Wales	10p ordinary shares 10p convertible preference - shares	100 100
Speciality Care (Learning Disabilities) Limited ⁵	England & Wales	Ordinary £1 shares	100
Speciality Care (Medicare) Limited ¹⁴	England & Wales	Ordinary £1 shares	100
Speciality Care (Rehab) Limited ⁵	England & Wales	Ordinary £1 shares	100
Speciality Care (REIT Homes) Limited ³	England & Wales	Ordinary £1 shares	100
Speciality Care (Rest Care) Limited ⁶	England & Wales	Ordinary £1 shares	100
Speciality Care (Rest Homes) Limited ³	England & Wales	Ordinary £1 shares	100
Speciality Care (UK Lease Homes) Limited ³	England & Wales	Ordinary £1 shares	100
Speciality Care Limited ⁹	England & Wales	10p ordinary shares £1 cumulative redeemable preference shares	100 100
Speciality Equestrian Centre Limited ³	England & Wales	Ordinary £1 shares	100
Speciality Healthcare Limited ⁵	England & Wales	Ordinary £1 shares	100
Spring Crescent Limited ¹⁶	England & Wales	Ordinary £1 shares	100

Craegmoor No. 2 Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

20 Interests in group undertakings (continued)

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held %
Strathmore Care Services Limited ¹⁶	England & Wales	Ordinary £1 shares	100
Strathmore College Limited ¹⁶	England & Wales	Ordinary £1 shares	100
Treehome Limited ¹⁶	England & Wales	Ordinary £1 shares	100
Ty-Craig Nursing Home Limited ⁶	England & Wales	Ordinary £1 shares	100
Yorkshire Care Homes Limited ⁴	England & Wales	Ordinary £1 shares	100
Yorkshire Parkcare Company Limited ⁵	England & Wales	Ordinary £1 shares	100

¹ Owned by Health & Care Services (UK) Limited

⁹ Owned by Craegmoor Group Limited

² Owned by Speciality Care (Medicare) Limited

¹⁰ Owned by Craegmoor No 2 Limited

³ Owned by Speciality Care Limited

¹¹ Owned by Cranley Limited

⁴ Owned by Yorkshire Parkcare Company Limited

¹² Owned by Craegmoor Investments Limited

⁵ Owned by Craegmoor Holdings Limited

¹³ Owned by Inputrelate Limited

⁶ Owned by Parkcare Homes Limited

¹⁴ Owned by Strathmore College Limited

⁷ Owned by Craegmoor Healthcare Company Limited

¹⁵ Owned by J C Care Limited

⁸ Owned by Independent Community Living (Holdings) Limited

¹⁶ Owned by Parkcare Homes (No 2) Limited

All the above companies operated in their country of incorporation or registration with the exception of Craegmoor Funding (No 2) Limited, which was operated in England and Wales

With the exception of Craegmoor Facilities Company Limited, Craegmoor Facilities Company No 2 Limited, Craegmoor Finance (No 2) PLC, Craegmoor Finance PLC, Craegmoor Funding PLC, Craegmoor Funding (No 2) Limited, Craegmoor Group Limited, Craegmoor Healthcare Company Limited, Craegmoor Holdings Limited, Craegmoor Investments Limited, Craegmoor Service Company No 2 Limited, Cranley Limited, Independent Community Living (Holdings) Limited, Inputrelate Limited, Speciality Care (Medicare) Limited and Speciality Care Limited, the principal activity of all subsidiary undertakings is care delivery

The principal activity of Craegmoor Finance (No 2) PLC, Craegmoor Finance PLC, Craegmoor Funding PLC, Craegmoor Funding (No 2) Limited and Craegmoor Group Limited is the provision of funds to other Craegmoor Group companies

The principal activity of Craegmoor Holdings Limited, Craegmoor Investments Limited, Cranley Limited, Independent Community Living (Holdings) Limited, Inputrelate Limited, Speciality Care (Medicare) Limited and Speciality Care Limited is that of an intermediate holding company

The principal activity of Craegmoor Facilities Company Limited, Craegmoor Facilities Company No 2 Limited and Craegmoor Service Company No 2 Limited is the procurement and supply of services, facilities and other supplies to other Craegmoor Group companies

The principal activity of Craegmoor Healthcare Company Limited is the provision of administrative and operational support to companies within the Craegmoor Limited Group