

Grove Investments UK Limited

**Directors' report and financial
statements**

Registered number 5120722

31 December 2010



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Company information

Directors	Denis Brosnan Michael Parsons David Duncan
Secretary	Jon Hather
Auditors	KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LT
Bankers	Royal Bank of Scotland London Corporate Services 2½ Devonshire Square London EC2M 4XJ
Solicitors	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
Registered office	Suite 201 The Chambers Chelsea Harbour London SW10 0XF
Registered number	5120722

Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 December 2010

Principal activity

The principal activity of the Company is that of an investment company

Business review

Given the Company's role as an investment company, the directors are satisfied with the result for the year. Details of the result for the year are set out in the profit and loss account on page 7

The Company owns 24.1% of Cygnet 2008 Limited and received dividend income in respect of its shareholding of £nil (2009: £nil)

Key risks and uncertainties

The board of Directors has a well established process for identifying business risks, evaluating controls and establishing and executing action plans

Proposed dividend

The directors do not recommend the payment of a dividend (2009: £nil)

Directors and directors' interests

The directors who held office during the period were as follows

Denis Brosnan
David Duncan
Michael Parsons

Political and charitable donations

The company made no political or charitable donations (2009: nil)

Disclosure of information to auditors

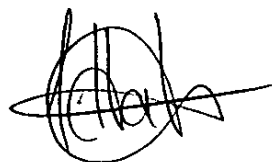
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' report *(continued)*

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

A handwritten signature in black ink, appearing to be 'Jon Hather', written over a circular stamp or seal.

Jon Hather
Secretary

Suite 201
The Chambers
Chelsea Harbour
London
SW10 0XF

30 June 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 judgments 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

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Independent auditor's report to the members of Grove Investments UK Limited

We have audited the financial statements of Grove Investments UK Limited for the year ended 31 December 2010 set out on pages 7 to 13. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 loss 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

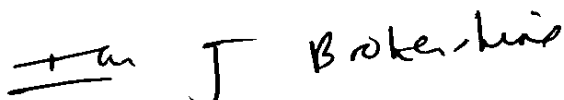
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Grove Investments UK 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



Ian J Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Longbridge Road
Plymouth
PL6 8LT

7 July 2011

Profit and loss account
for the year ended 31 December 2010

		2010 £000	2009 £000
Interest payable and similar charges	4	(1,313)	(418)
Loss on ordinary activities before taxation		(1,313)	(418)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	11	(1,313)	(418)

There were no acquisitions or discontinued activities in either period

There were no recognised gains or losses in either period other than those shown above

There is no difference between the results as stated above and the results on a historical cost basis

Reconciliation of movements in equity shareholders' funds
for the year ended 31 December 2010

	2010 £000	2009 £000
Loss for the financial year	(1,313)	(418)
Opening shareholders' funds	6,152	6,570
Closing shareholders' funds	4,839	6,152

Balance sheet
at 31 December 2010

	<i>Note</i>	2010	2009
		£000	£000
Fixed assets			
Investments	6	23,950	23,950
Current assets			
Debtors	7	1,738	1,738
Cash		5	5
		<u>1,743</u>	<u>1,743</u>
Creditors: amounts falling due within one year	8	<u>(6,423)</u>	<u>(6,433)</u>
Net current liabilities		<u>(4,680)</u>	<u>(4,690)</u>
Total assets less current liabilities		<u>19,270</u>	<u>19,260</u>
Creditors: amounts falling due after more than one year	9	<u>(14,431)</u>	<u>(13,108)</u>
Net assets		<u>4,839</u>	<u>6,152</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	4,839	6,152
Equity shareholders' funds		<u>4,839</u>	<u>6,152</u>

These financial statements were approved by the board of directors on 30 June 2011 and were signed on its behalf by



David Duncan
Director

Company Number 5120722

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 Company's financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is exempt from the requirement of FRS 1 (revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Grove Limited and its cash flows are included within the consolidated cash flow statement of that Company

As the Company is a wholly owned subsidiary of Grove Limited the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties) The consolidated financial statements of Grove Limited, within which this company is included, can be obtained from the address given in note 12

The Company is exempt by virtue of s408 of the Companies Act 2006 from the requirement to prepare group financial statements These financial statements present information about the Company as an individual undertaking and not about its Group

Going Concern

The company has long term support from Group and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

Further information regarding the company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Directors Report on page 2

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Investments

Investments in associates are stated at cost less any provision for impairment

Notes (continued)

2 Auditor's remuneration

Auditor's remuneration

	2010 £000	2009 £000
Audit	4	4

The remuneration of the auditors in the current and prior financial years was borne by another group company
 The amount above is management's best estimate of the proportion relating to this company

3 Directors' emoluments

The company had no employees other than directors (2009 £nil) The directors received no emoluments for services to the company during the period (2009 £nil) The directors received remuneration for services to Grove Limited of which Grove Investment UK Limited is a subsidiary undertaking, however the proportion attributable to their services to Grove Investment UK Limited is not separately identifiable

4 Interest payable and similar charges

	2010 £000	2009 £000
On bank loans and overdrafts	1,313	408
On amounts owed to group undertakings	-	10
	<u>1,313</u>	<u>418</u>

Notes (continued)

5 Taxation

	2010 £000	2009 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	-	-

Factors affecting the tax charge for the current period

The current tax charge for the year is higher than (2009 *higher than*) the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,313)	(418)
Current tax at 28% (2009 28%)	(367)	(117)
<i>Factors affecting charge for the year</i>		
Group relief not paid for	405	147
Transfer pricing	(38)	(30)
Total current tax (see above)	-	-

6 Fixed asset investments

The company holds 24.1% (2009 24.3%) of the ordinary share capital of Cygnet 2008 Limited, which heads a group primarily engaged in the ownership and management of psychiatric care hospitals

Company	Shares in associate £000
<i>Cost and net book value</i>	
At beginning and end of year	23,950

7 Debtors

	2010 £000	2009 £000
Due within one year:		
Amounts owed by group undertakings	818	818
Other debtors	99	99
Group relief recoverable	821	821
	1,738	1,738

The amounts owed by group undertakings are unsecured, interest free and not subject to any fixed repayment date

Notes (continued)

8 Creditors amounts falling due within one year

	2010	2009
	£000	£000
Amounts owed to parent undertaking	6,423	6,433
	6,423	6,433

The amounts owed to the parent undertaking are unsecured, interest free and not subject to any fixed repayment date. The amounts owed are not expected to be called in within the foreseeable future.

9 Creditors: amounts falling due after more than one year

	2010	2009
	£000	£000
Loan notes	14,431	-
Amounts owed to parent undertaking	-	13,108
	14,431	13,108

The loan notes issued on 29 December 2010 by Grove Investments UK Limited, were listed on the Channel Island Stock Exchange on 29 March 2010, being fully taken up by Grove Limited, the parent company. The loan notes are repayable at any time and in any event on 30 June 2012, with interest payable at 9% per annum over LIBOR. The loan notes are secured over certain assets of the Company.

10 Called up share capital

	2010	2009
	£	£
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1

11 Reserves

	Profit and loss account £000
At beginning of year	6,152
Loss for year	(1,313)
At end of year	4,839

Notes *(continued)*

12 Ultimate parent undertaking

The Company's ultimate parent undertaking is Grove Limited incorporated and registered in Jersey. The largest Company in which the results of the company are consolidated is that headed by Grove Limited. The consolidated financial statements of Grove Limited are available to the public and may be obtained from,

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