

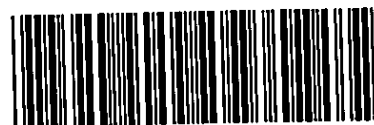
**Grove Investments UK Limited**

**Directors' report and financial  
statements**

Registered number 5120722

31 December 2009

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## Company information

<b>Directors</b>	Denis Brosnan Michael Parsons David Duncan
<b>Secretary</b>	Jon Hather
<b>Auditors</b>	KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LF
<b>Bankers</b>	Royal Bank of Scotland London Corporate Services 2½ Devonshire Square London LC2M 4XJ
<b>Solicitors</b>	Berwin Leighton Paisner Adelaide House London Bridge London LC4R 9HA
<b>Registered office</b>	Suite 201 The Chambers Chelsea Harbour London SW10 0XI
<b>Registered number</b>	5120722

## **Directors' report**

The directors present their directors' report and the audited financial statements for the year ended 31 December 2009.

### **Principal activity**

The principal activity of the Company is that of an intermediate holding company.

### **Business review**

Given the Company's role as an intermediate holding 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 24.29% of Cygnet 2008 Limited and received dividend income in respect of its shareholding of £nil (2008: £6,971,000).

During 2008, the Cygnet Group carried out a refinancing and restructuring. As part of the Cygnet restructuring, Grove Investments UK Limited, exchanged some of its shares in Cygnet 2002 Limited for shares in Cygnet 2008 Limited (the new parent company of the Cygnet Group) and disposed of its remaining shares in Cygnet 2002 Limited for cash of £13,064,000. The sale of shares generated a profit of £6,864,000.

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2008: £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 (2008: 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 0X1

30 June 2010

## **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 auditors' 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 2009 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 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 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 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/UKNP](http://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 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 auditors' 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*

Ian J Brokenshire (Senior Statutory Auditor)  
for and on behalf of KPMG, Statutory Auditor  
Chartered Accountants  
3 Longbridge Road  
Plymouth  
PL6 8L1

*30 June* 2010



**Profit and loss account**  
*for the year ended 31 December 2009*

		2009 £000	2008 £000
Gross profit		-	-
Administrative expenses		-	18
<b>Operating profit</b>		-	18
Interest payable and similar charges	4	(418)	(1 078)
Interest receivable and similar income	5	-	9
Profit on sale of shares in associate		-	6 864
Income from other fixed asset investments	6	-	6 971
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(418)</b>	<b>12 784</b>
Tax on (loss)/profit on ordinary activities	7	-	-
<b>(Loss)/profit for the financial year</b>	<b>13</b>	<b>(418)</b>	<b>12 784</b>

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' deficit**  
*for the year ended 31 December 2009*

	2009 £000	2008 £000
<b>(Loss)/profit for the financial year</b>	<b>(418)</b>	<b>12 784</b>
Opening shareholders' funds/(deficit)	<b>6,570</b>	<b>(6 214)</b>
<b>Closing shareholders' funds</b>	<b>6,152</b>	<b>6 570</b>

**Balance sheet**  
*at 31 December 2009*

	<i>Note</i>	<b>2009</b>	<b>2008</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Investments	8	23,950	23,950
		<u>23,950</u>	<u>23,950</u>
<b>Current assets</b>			
Debtors	9	1,738	1,738
Cash		5	165
		<u>1,743</u>	<u>1,903</u>
<b>Creditors</b> – amounts falling due within one year	10	(6,433)	(19,283)
<b>Net current liabilities</b>		<u>(4,690)</u>	<u>(17,380)</u>
<b>Total assets less current liabilities</b>		<u>19,260</u>	<u>6,570</u>
<b>Creditors</b> – amounts falling due after more than one year	11	(13,108)	-
<b>Net assets</b>		<u>6,152</u>	<u>6,570</u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	6,152	6,570
<b>Equity shareholders' funds</b>		<u>6,152</u>	<u>6,570</u>

These financial statements were approved by the board of directors on 30 June 2010 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

Under FRS 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

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 14

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 Auditors' remuneration

#### Auditors' remuneration

	2009 £000	2008 £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 (2008: *Nil*). The directors received no emoluments for services to the company during the period (2008: *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

	2009 £000	2008 £000
On bank loans and overdrafts	408	1,078
On amounts owed to group undertakings	10	-
	<u>418</u>	<u>1,078</u>

### 5 Interest receivable and similar income

	2009 £000	2008 £000
Interest receivable on bank deposits	-	9
	<u>-</u>	<u>9</u>

### 6 Dividends

	2009 £000	2008 £000
Dividend received in respect of the current year	-	6,971
	<u>-</u>	<u>6,971</u>

## Notes (continued)

### 7 Taxation

	2009 £000	2008 £000
UK Corporation tax		
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 (2008 lower than) the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £000	2008 £000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(418)	12,784
Current tax at 28% (2008 28.5%)	(117)	3,643
Factors affecting change for the year		
Non taxable income	-	(1,986)
Non taxable profit on the sale of shares in associate	-	(1,956)
Group relief not paid for	147	336
Transfer pricing	(30)	(39)
Total current tax (see above)	-	-

### 8 Fixed asset investments

The company holds 24.3% (2008 25.2%) 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
Cost and net book value	
At beginning and end of year	23,950

During 2008 the Cygnet Group carried out a refinancing and restructuring. As part of the Cygnet restructuring, Grove Investments UK Limited exchanged some of its shares in Cygnet 2002 Limited for shares in Cygnet 2008 Limited (the new parent company of the Cygnet Group) and disposed of its remaining shares in Cygnet 2002 Limited for cash of £13,064,000. The sale of shares generated a profit of £6,864,000.

### 9 Debtors

	2009 £000	2008 £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)

### 10 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank loans (net of £nil (2008: £23,000) unamortised issue costs)	-	13,108
Amounts owed to parent undertaking	6,433	5,734
Accruals and deferred income	-	441
	<u>6,433</u>	<u>19,283</u>

The bank loan represented a fixed term loan which was repayable on demand. The loan was repaid on 29 December 2009.

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.

### 11 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Amounts owed to parent undertaking	13,108	-

The amounts owed to parent undertaking are unsecured but are attracting a rate of interest 9% above LIBOR and will become repayable in June 2012.

### 12 Called up share capital

	2009 £	2008 £
<i>Alotted, called up and fully paid</i>		
Ordinary share of £1	1	1

### 13 Reserves

	Profit and loss account £000
At beginning of year	6,570
Profit for year	(418)
	<u>6,152</u>
At end of year	<u>6,152</u>

**Notes** *(continued)*

**14 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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