



LR LIFE NO.1 (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

13 OCTOBER 2005

LR LIFE NO.1 (UK) LIMITED

FINANCIAL STATEMENTS

For the year ended 13 OCTOBER 2005

Company registration number: 05139897

Registered office: 4th Floor
St. Alphage House
2 Fore Street
London
EC2Y 5DH

Directors: C King
R N Luck

Secretary: R N Luck

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

LR LIFE NO.1 (UK) LIMITED

FINANCIAL STATEMENTS

For the year ended 13 OCTOBER 2005

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LR LIFE NO.1 (UK) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 13 October 2005.

Principal activity

The principal activity of the company is that of property rental and investment holding.

Business review

There was a loss for the year after taxation amounting to £740,000 (2004: £36,000 profit). The directors do not recommend the payment of a dividend.

Directors

The directors of the company who served during the year were:

J P Flaherty (resigned 13 October 2005)
M D Gosling (resigned 13 October 2005)
C M Jap (resigned 13 October 2005)
J Storey (resigned 13 October 2005)
C King (appointed 13 October 2005)
R N Luck (appointed 13 October 2005)

None of the directors held any interest in the share capital of the company.

The interests of the directors in the share capital of the ultimate parent company, Loopsign Limited, are shown in the accounts of that company.

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 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
- 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LR LIFE NO.1 (UK) LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Secretary
R N Luck

15 Feb 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

LR LIFE NO.1 (UK) LIMITED

We have audited the financial statements of LR Life No.1 (UK) Limited for the year ended 13 October 2005 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 judgements 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

LR LIFE NO.1 (UK) LIMITED

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 13 October 2005 and of the company's loss for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

15 february **2006**

LR LIFE NO.1 (UK) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

TURNOVER

Turnover represents rent income receivable from leasing of long term care facilities in the United Kingdom.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation of all tangible fixed assets by equal instalments over their useful economic lives. The rates generally applicable are:

Freehold properties - over 50 years

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

LR LIFE NO.1 (UK) LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 13 OCTOBER 2005

		Year ended 13 October 2005 £'000	Period ended 13 October 2004 £'000
	Note		
Turnover		13,192	1,084
Administrative expenses		<u>(2,898)</u>	<u>(270)</u>
Operating profit		10,294	814
Net interest	2	<u>(11,034)</u>	<u>(778)</u>
(Loss)/profit on ordinary activities before taxation	1	(740)	36
Tax on (loss)/profit on ordinary activities	3	<u>-</u>	<u>-</u>
(Loss)/profit for the year	9	<u>(740)</u>	<u>36</u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

LR LIFE NO.1 (UK) LIMITED**BALANCE SHEET AT 13 OCTOBER 2005**

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible fixed assets	4	219,524	35,908
Current assets			
Debtors	5	7,103	31
		<u>7,103</u>	<u>31</u>
Creditors: amounts falling due within one year	6	<u>(3,954)</u>	<u>(147)</u>
Net current assets/(liabilities)		<u>3,149</u>	<u>(116)</u>
Total assets less current liabilities		<u>222,673</u>	<u>35,792</u>
Creditors: amounts falling due after one year	7	<u>(223,377)</u>	<u>(35,756)</u>
		<u>(704)</u>	<u>36</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	<u>(704)</u>	<u>36</u>
Shareholders' deficit	10	<u>(704)</u>	<u>36</u>

The financial statements were approved by the Board of Directors on 15 Feb 2006.



- Director

The accompanying accounting policies and notes form an integral part of these financial statements.

LR LIFE NO.1 (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 13 OCTOBER 2005

1 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is stated after charging depreciation of £3,747,000, and after crediting profit on sale of fixed assets of £2,267,000.

2 NET INTEREST

	Year ended 13 October 2005 £'000	Period ended 13 October 2004 £'000
Interest income:		
Bank and other	11	2
Loans to Group Undertakings	38	-
	<u>49</u>	<u>2</u>
Interest expense:		
Loans from group undertakings	(11,083)	(780)
	<u>(11,034)</u>	<u>(778)</u>

3 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

There is no tax liability for the year due to the availability of tax losses incurred.

4 TANGIBLE FIXED ASSETS

	Freehold properties £'000
Cost or valuation	
At 14 October 2004	36,178
Additions	217,374
Disposals	(30,011)
At 13 October 2005	<u>223,541</u>
Depreciation	
At 14 October 2004	270
Charge for the year	3,747
At 13 October 2005	<u>4,017</u>
Net book amount at 13 October 2005	<u>219,524</u>
Net book amount at 13 October 2004	<u>35,908</u>

LR LIFE NO.1 (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 13 OCTOBER 2005

5 DEBTORS

	2005 £'000	2004 £'000
Other debtors	-	31
Amounts due from group undertakings	<u>7,103</u>	<u>-</u>
	<u>7,103</u>	<u>31</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Trade creditors	20	-
Accruals and deferred income	926	147
Amounts due from group undertakings	<u>1,808</u>	<u>-</u>
Other creditors	<u>1,200</u>	<u>-</u>
	<u>3,954</u>	<u>147</u>

7 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2005 £'000	2004 £'000
Amounts due to group undertakings	<u>223,377</u>	<u>35,756</u>

8 SHARE CAPITAL

	2005 £	2004 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 1 ordinary share of £1	<u>1</u>	<u>1</u>

9 RESERVES

	Profit and loss account £'000
At 14 October 2004	36
Loss for the year	<u>(740)</u>
At 13 October 2005	<u>(704)</u>

LR LIFE NO.1 (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 13 OCTOBER 2005

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£'000	£'000
(Loss)/profit for the financial period	(740)	36
Net (reduction)/increase in funds	(740)	36
Shareholders' funds at 14 October 2004	36	-
Shareholders deficit at 13 October 2005	(704)	36

11 CAPITAL COMMITMENTS

The company had no capital commitments at 13 October 2005 or 13 October 2004.

12 CONTINGENT LIABILITIES

There were no contingent liabilities at 13 October 2005 or 13 October 2004.

13 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

14 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking at 13 October 2005 is Loopsign Limited, a company incorporated in England and Wales, by virtue of its 100% ownership in the share capital of the company. The ultimate controlling parties are considered to be Ian Livingstone and Richard Livingstone as joint shareholders of the parent company.

The former ultimate parent company up to the date of disposal of 13 October 2005 was Cannon Capital Ventures Limited, incorporated in England and Wales.