

**REGISTRAR OF
COMPANIES**

Raven Audley Court plc

Company No 05160167

Report and Financial Statements

Year ended 31 December 2007

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REGISTER OF
COMPANIES

Raven Audley Court plc

Annual report and financial statements for the year ended 31 December 2007

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Directors

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Directors

M N Sanderson
G L Rabbetts
B S Krauze
A J G Bilton
M A Kirkland
B S Sandhu
G V Hirsch
J H Taylor
D Connolley

Secretary and registered office

J M Townley
Swan Court
Waterman's Business Park
Kingsbury Crescent
Staines
Middlesex, TW18 3BA

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

Raven Audley Court plc

Report of the Directors for the year ended 31 December 2007

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

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year

The Directors do not recommend the payment of a dividend

Principal activities, trading review and future developments

The principal activities of the Company are property development and the management of assisted living centres. The Directors will continue to look for and develop profitable opportunities in the assisted living and care market

Review of the business

The profit and loss account is set out on page 5 and shows turnover for the year of £38,650 (2006 £82,075) and loss before tax for the year of £4,004,513 (2006 £2,173,051)

The Directors believe that the losses in this Company will continue to increase over the next year as part of the ongoing build up of the business

Principal risks and uncertainties

The main risks in our business is in obtaining planning for our schemes and the timescale involved in doing so, but this is mitigated by most of our property acquisitions being done on a subject to planning permission being obtained. Also the demographics behind our business are increasing the inherent demand for our product

Creditor payment policy

The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with those terms provided that suppliers also comply with all relevant terms and conditions. Creditor days at 31 December 2007 were 25 (2006 25)

Directors

The Directors of the Company during the year were

M N Sanderson
G L Rabbetts
B S Krauze
D Connolley (appointed 2 March 2007)
A J G Bilton
M A Kirkland
B S Sandhu
G V Hirsch
J H Taylor (resigned 30 October 2007)

Raven Audley Court plc

Report of the Directors for the year ended 31 December 2007 (Continued)

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 year. 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

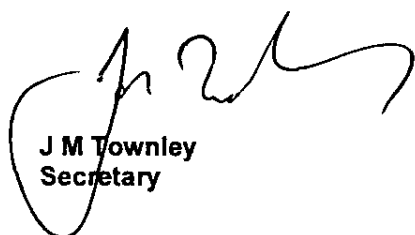
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware

By order of the Board



J M Townley
Secretary

Date 23 July 2008

Raven Audley Court plc

Report of the independent auditors to the shareholders of Raven Audley Court plc

We have audited the financial statements of Raven Audley Court plc for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and whether the Directors' Report is consistent with those financial statements. We also 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 transactions with the Company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

Raven Audley Court plc

Report of the independent auditors to the shareholders of Raven Audley Court plc (Continued)

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


BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

London

Date 23 July 2008

Raven Audley Court plc

Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	38,650	82,075
Cost of sales		(39,613)	(13,625)
		<hr/>	<hr/>
Gross (loss)/profit		(963)	68,450
Administrative expenses		(2,820,195)	(1,831,995)
		<hr/>	<hr/>
Operating loss	4	(2,821,158)	(1,763,545)
Interest receivable	5	2,237,088	1,396,509
Interest payable and similar charges	6	(3,420,443)	(1,806,015)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(4,004,513)	(2,173,051)
Taxation	7	1,066,000	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation	15	(2,938,513)	(2,173,051)
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

Raven Audley Court plc

Balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	8		109,561		13,739
Investments	9		2,557,799		7
			<u>2,667,360</u>		<u>13,746</u>
Current assets					
Stocks	10	18,145		60,502	
Debtors	11	30,918,505		13,350,577	
Cash at bank and in hand		550,860		54	
		<u>31,487,510</u>		<u>13,411,133</u>	
Creditors: amounts falling due within one year	12	(2,235,881)		(194,968)	
		<u></u>		<u></u>	
Net current assets			29,251,629		13,216,165
			<u></u>		<u></u>
Total assets less current liabilities			31,918,989		13,229,911
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	13		(38,370,987)		(16,770,769)
			<u></u>		<u></u>
Net liabilities			(6,451,998)		(3,540,858)
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	14		50,000		50,000
Profit and loss account	15		(6,501,998)		(3,590,858)
			<u></u>		<u></u>
Shareholders' funds	16		(6,451,998)		(3,540,858)
			<u></u>		<u></u>

The financial statements were approved and authorised for issue by the Board on 23 July 2008



M A Kirkland
Director

Raven Audley Court plc

Cash flow statement for the year ended 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Net cash outflow from operating activities	17		(2,628,125)		(1,394,254)
Returns on investments and servicing of finance					
Interest received		2,237,088		1,396,509	
Interest paid		(3,420,443)		(1,806,015)	
Net cash outflow from returns on investments and servicing of finance			(1,183,355)		(409,506)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(116,103)		(11,169)	
Advances to group companies		(16,485,701)		(3,618,446)	
Loans from group companies		1,921,664		-	
Purchase of subsidiary		(2,557,792)		-	
			(17,237,932)		(3,629,615)
Cash outflow before use of liquid resources and financing			(21,049,412)		(5,433,375)
Financing					
New loans			21,600,218		5,427,159
Increase/(decrease) in cash	18		550,806		(6,216)

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Consolidation

Consolidation accounts are not produced as the Company is a seventy-five per cent owned subsidiary of Raven Property Holdings plc which is a wholly owned subsidiary of Raven Mount plc. Raven Mount plc prepares and files consolidated accounts which incorporate the activities of Raven Audley Court plc.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rate:

Computer equipment - 33 1/3% per annum

Investments

Investments held as fixed assets are stated at cost less any provision for a permanent diminution in value.

Stocks and work in progress

Work in progress on property developments is valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Going concern

The Directors consider that it is appropriate to prepare the accounts on a going concern basis, as they have received assurances from the Company's parent undertaking, Raven Property Holdings plc, that it will continue to provide such support as the Company requires for a period of not less than one year from the date of this report.

Deferred Taxation

Deferred taxation is 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 not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted.

Raven Audley Court plc**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****2 Turnover**

Turnover has been derived from the Company's principal activity wholly undertaken in the United Kingdom

3 Employees and Directors

	2007 £	2006 £
Staff costs including Directors consist of		
Wages and salaries	1,546,837	988,418
Social security costs	174,604	112,429
	<u>1,721,441</u>	<u>1,100,847</u>
The average number of employees during the year was as follows	Number	Number
Full time	25	13
Directors' remuneration consists of		
Fees and emoluments	606,765	455,417
Highest paid Director		
Aggregate emoluments	<u>129,688</u>	<u>135,417</u>

4 Operating loss

	2007 £	2006 £
Operating loss is stated after charging		
Depreciation of fixed assets	20,281	7,069
	<u>20,281</u>	<u>7,069</u>

Auditors' remuneration is borne by the ultimate parent company Raven Mount plc

5 Interest receivable

	2007 £	2006 £
On amounts receivable from group companies	2,233,353	1,394,708
Other interest	3,735	1,801
	<u>2,237,088</u>	<u>1,396,509</u>

Raven Audley Court plc

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

6 Interest payable and similar charges

	2007 £	2006 £
On amounts payable to group companies	3,419,144	1,806,015
Other interest	1,299	-
	<u>3,420,443</u>	<u>1,806,015</u>

7 Taxation on loss from ordinary activities

	2007 £	2006 £
<i>Current tax</i>		
UK corporation tax on losses of the year	-	-
<i>Deferred tax</i>		
Recognition of deferred tax asset on trading losses		
- current year	(682,120)	-
- prior year	(383,880)	-
	<u>1,066,000</u>	<u>-</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2007 £	2006 £
Loss on ordinary activities before tax	(4,004,513)	(2,173,051)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(1,201,354)	(651,915)
Non-deductible expenses	7,200	-
Excess of capital allowances over depreciation	(3,900)	-
Group relief	318,000	651,915
Tax losses carried forward	880,054	-
	<u>-</u>	<u>-</u>
Current tax charge for year	-	-

Raven Audley Court plc**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****8 Tangible assets**

	Computer equipment £
<i>Cost</i>	
At 1 January 2007	22,139
Additions	116,103
	<hr/>
At 31 December 2007	138,242
	<hr/>
<i>Depreciation</i>	
At 1 January 2007	8,400
Charge for the year	20,281
	<hr/>
At 31 December 2007	28,681
	<hr/>
<i>Net book value</i>	
At 31 December 2007	109,561
	<hr/>
At 31 December 2006	13,739
	<hr/>

9 Investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 January 2007	7
Additions – Audley Court Willicombe Park Limited	2,557,792
	<hr/>
At 31 December 2007	2,557,799
	<hr/>

The investment represents a 100% holding in the following companies, all of which are incorporated in England and Wales, whose principal activity is that of property development

Audley Court Willicombe Park Limited
Raven Audley Flete Limited (formerly Audley Court Flete Limited)
Raven Audley St Elphins Limited (formerly Raven St Elphins Limited)
Raven Audley Inglewood Limited (formerly Raven Inglewood Limited)
Raven Audley Clevedon Limited (formerly Audley Court Clevedon Limited)
Raven Audley Management Limited (formerly Raven Audley Court Management Limited)
Raven Audley Birkdale Limited (formerly Raven Audley St Mary's Limited)

Raven Audley Court plc**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****10 Stocks**

	2007	2006
	£	£
Work in progress	18,145	60,502

11 Debtors

	2007	2006
	£	£
Trade debtors	88,256	85,501
Deferred tax	1,066,000	-
Other debtors	52,712	39,240
Amount due from group undertakings	29,711,537	13,225,836
	30,918,505	13,350,577

All amounts shown under debtors fall due for payment within one year

Included within other debtors is £30,000 (2006 - £30,000) of uncalled and unpaid share capital

12 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	211,802	67,965
Amounts due to group undertakings	1,922,154	490
Accruals	101,925	126,513
	2,235,881	194,968

13 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Amounts due to group undertakings	38,370,987	16,770,769

This is the amount drawn down from an initial facility of £25 million provided by Raven Mount plc until 1 October 2011, at an interest rate of 12.5%. During the year Raven Mount plc increased its funding at a variable rate of interest for advances above the £25 million facility. Repayment of the facility and accrued interest is secured by way of a first fixed and floating charge over the assets and undertakings of the Company and its subsidiaries. The Company shall repay to the extent that it has any available funds and any amount still outstanding shall be repaid on the repayment date.

Raven Audley Court plc

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

14 Share capital

	Number	£
Authorised		
'A' ordinary £1 shares	50,000	25,000
'B' ordinary £1 shares	50,000	25,000
	<hr/>	<hr/>
	100,000	50,000
	<hr/>	<hr/>
		£
Allotted and called up		
'A' ordinary £1 shares	12,500	12,500
'B' ordinary £1 shares	37,500	37,500
	<hr/>	<hr/>
	50,000	50,000
	<hr/>	<hr/>

15 Reserves

	Profit and loss account £
At 1 January 2007	(3,590,858)
Loss for the year	(2,938,513)
Share-based payment credit	27,373
	<hr/>
At 31 December 2007	(6,501,998)
	<hr/>

16 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	(3,540,858)	(1,367,807)
Loss for the year	(2,938,513)	(2,173,051)
Share-based payment credit	27,373	-
	<hr/>	<hr/>
Closing shareholders' funds	(6,451,998)	(3,540,858)
	<hr/>	<hr/>

17 Reconciliation of operating loss to net cash inflow from operating activities

	2007 £	2006 £
Operating loss	(2,821,158)	(1,763,545)
Depreciation charge	20,281	7,069
Decrease in stock	42,357	215,498
(Increase)/decrease in debtors	(16,227)	9,114
Increase in creditors	119,249	137,610
Share-based payment charge	27,373	-
	<hr/>	<hr/>
Net cash outflow from operating activities	(2,628,125)	(1,394,254)
	<hr/>	<hr/>

18 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
Increase/(decrease) in cash in the year	550,806	(6,216)
Increase in borrowings	(21,600,218)	(5,427,159)
Opening net funds	(16,770,715)	(11,337,340)
	<hr/>	<hr/>
Closing net debt	(37,820,127)	(16,770,715)
	<hr/>	<hr/>
	2007 £	2006 £
Analysis of net debt		
Cash at Bank	550,860	54
Loan from parent company	(38,370,987)	(16,770,769)
	<hr/>	<hr/>
	(37,820,127)	(16,770,715)
	<hr/>	<hr/>

Raven Audley Court plc

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

19 Related party transactions

The Company's turnover includes £13,900 (2006 £32,075) of commission charged to Raven Devon Limited, a wholly owned subsidiary of Raven Property Holdings Plc

The Company's trade debtors at 31 December 2007 comprise £Nil (2006 £605) due from Raven Devon Limited and £Nil (2006 £76,141) due from Audley Court Estates Limited and other companies controlled by M N Sanderson

The Company's debtors include amounts due from group undertakings as follows

	£
Raven Audley Inglewood Limited	11,995,191
Raven Audley Clevedon Limited	10,497,293
Raven Audley St Elphins Limited	1,681,119
Raven Audley Mote Limited	4,850,478
Raven Audley Binswood Limited	221,731
Raven Audley Birkdale Limited	170,455
Audley St Mary's Limited	125,302
Raven Audley Tunstall Limited	142,628
Raven Audley Willicombe Limited	16,797
Raven Audley Management Limited	10,543
	<hr/>
	29,711,537
	<hr/>

Interest receivable from Group undertakings was £2,233,353 (2006 £1,394,708) and interest payable to group undertakings was £3,419,144 (2006 £1,806,015)

The Company's creditors at 31 December 2007 include amounts due to group undertakings of £1,922,154 falling due within one year (2006 £490) and falling due after more than one year £38,370,987 (2006 £16,770,769)

During the year the Company purchased Audley Court Willicombe Park Limited for £4.1 million. This company was 50% owned by M N Sanderson who is a Director of Raven Audley Court plc

20 Ultimate parent company

The ultimate parent undertaking of the Company is Raven Mount plc. Copies of the financial statements of Raven Mount plc are available from Companies House. The immediate parent undertaking of the Company is Raven Property Holdings plc