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**REGISTRAR OF
COMPANIES**

Raven Audley Court plc

Report and Financial Statements

Period Ended

31 December 2004



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BDO Stoy Hayward
Chartered Accountants

Raven Audley Court plc

Annual report and financial statements for the period ended 31 December 2004

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Directors

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Directors

Raven Property Holdings Plc
M N Sanderson

Joint secretaries and registered office

A G Confavreux
H A Patel
Financial and Legal Services Limited
Swan Court, Waterman's Business Park, Kingsbury Crescent, Staines, Middlesex, TW18 3BA.

Company number

05160167

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

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Raven Audley Court plc

Report of the directors for the period ended 31 December 2004

The directors present their report together with the audited financial statements for the period ended 31 December 2004. The company was incorporated on 22 June 2004.

Results and dividends

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

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 company commenced trading in the period and the directors consider the results for the period to be satisfactory. The directors will continue to look for and develop profitable opportunities in the assisted living and care market.

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. At the balance sheet date the company's trade creditors represented an average of approximately 19 days purchases.

Directors

The directors of the company during the period and their interests in the ordinary share capital of the company at the end of year were:

	At 31 December 2004
Raven Property Holdings Plc	-
M N Sanderson	20,000

Raven Property Holdings Plc

Report of the directors for the period 1 May 2004 to 31 December 2004 (Continued)

Directors' responsibilities

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; 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

Gerald Edelman resigned as auditors of the company during the year and BDO Stoy Hayward LLP were appointed as auditors of the company by the directors. BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board



Secretary

21 March 2005

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 period ended 31 December 2004 on pages 5 to 13 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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 United Kingdom Auditing Standards.

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 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 United Kingdom Auditing Standards 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 (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward LLP', is written over the printed name of the firm.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

21 March 2005

Raven Audley Court plc

Profit and loss account for the period ended 31 December 2004

	Note	£
Turnover	2	45,200
Cost of sales		-
Gross profit		45,200
Administrative expenses		(244,864)
Operating loss		(199,664)
Interest receivable		151
Interest payable and similar charges	5	(3,257)
Loss on ordinary activities before and after taxation		(202,770)

All amounts relate to continuing activities.

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

The notes on pages 9 to 13 form part of these financial statements.

Raven Audley Court plc

Reconciliation of movements in shareholders' funds for the period ended 31 December 2004

	Note	£
Loss for the period		(202,770)
New share capital subscribed	12	20,000
		<hr/>
Shareholders' funds at 31 December 2004		(182,770)
		<hr/>

The notes on pages 9 to 13 form part of these financial statements.

Raven Audley Court plc

Balance sheet at 31 December 2004

	Note	£	£
Fixed assets			
Tangible assets	7		3,365
Investments	8		2
			<hr/>
			3,367
Current assets			
Stocks	9	2,500	
Debtors	10	68,115	
Cash at bank and in hand		7,123	
		<hr/>	
		77,738	
Creditors: amounts falling due within one year	11	233,875	
		<hr/>	
Net current liabilities			(156,137)
			<hr/>
Net liabilities			(152,770)
			<hr/>
Capital and reserves			
Called up share capital	12		50,000
Profit and loss account			(202,770)
			<hr/>
Shareholders' funds - equity			(152,770)
			<hr/>

The financial statements were approved by the Board on 21 March 2005


Director

The notes on pages 9 to 13 form part of these financial statements.

Raven Audley Court plc**Cash flow statement for the period ended 31 December 2004**

	Note	£	£
Net cash outflow from operating activities	14		(6,780)
Returns on investments and servicing of finance			
Interest received		151	
Interest paid		(2,881)	
		<hr/>	
Net cash outflow from returns on investments and servicing of finance			(2,730)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,365)	
Purchase of fixed asset investments		(2)	
		<hr/>	
			(3,367)
			<hr/>
Cash outflow before use of liquid resources and financing			(12,877)
Financing			
Issue of ordinary share capital			20,000
			<hr/>
Increase in cash			7,123
			<hr/> <hr/>

The notes on pages 9 to 13 form part of these financial statements.

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:

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, except freehold land, evenly over their expected useful lives. It is calculated at the following rate:

Computer equipment	- 33⅓% per annum
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Investments

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

Stocks

Stocks are 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.

2 Turnover

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

Raven Audley Court plc

Notes forming part of the financial statements for the period ended 31 December 2004 (Continued)

3	Employees	£
	Staff costs including directors consist of:	
	Wages and salaries	102,625
	Social security costs	12,091
		<hr/>
		114,716
		<hr/>
	The average number of employees during the period was as follows:	Number
	Full time	3
		<hr/>
4	Directors	£
	Directors' remuneration consist of:	
	Fees and emoluments for management services	70,046
		<hr/>
5	Interest payable and similar charges	£
	Other interest	3,257
		<hr/>

Raven Audley Court plc**Notes forming part of the financial statements for the period ended 31 December 2004 (Continued)****6 Taxation on profit from ordinary activities****£***Current tax*

UK corporation tax on losses of the period

-

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

£

Loss on ordinary activities before tax

(220,770)Loss on ordinary activities at the standard rate
of corporation tax in the UK of 30%**(60,831)**

Effects of:

Tax losses carried forward

60,831

Current tax charge for period

-

The company has not recognised a deferred tax asset in respect of these losses due to the uncertainty over recovery.

7 Tangible assets**Computer
equipment
£***Cost*

Additions and at 31 December 2004

3,365**8 Investments****Subsidiary
undertakings
£**

Additions and at cost

2

The investment represents a 100% holding in Audley Court Flete Limited, a company incorporated in Great Britain on 3 September 2004. Financial statements for the first accounting period of Audley Court Flete Limited have not yet been prepared.

Raven Audley Court plc

Notes forming part of the financial statements for the period ended 31 December 2004 (Continued)

9	Stocks	£
	Work in progress	2,500
		<u> </u>

10	Debtors	£
	Trade debtors	22,708
	Other debtors	41,407
	Prepayments	4,000
		<u> </u>
		68,115
		<u> </u>

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

Included within other debtors is £30,000 of unpaid share capital.

11	Creditors: amounts falling due within one year	£
	Trade creditors	35,324
	Amounts due to associated undertakings	188,173
	Taxation and social security	8,502
	Accruals	1,876
		<u> </u>
		233,875
		<u> </u>

12	Share capital	Authorised Number	Allotted and called up Number
	'A' ordinary £1 shares	50,000	25,000
	'B' ordinary £1 shares	50,000	25,000
		<u> </u>	<u> </u>
		100,000	50,000
		<u> </u>	<u> </u>
		£	£
		100,000	50,000
		<u> </u>	<u> </u>

Raven Audley Court plc

Notes forming part of the financial statements for the period ended 31 December 2004 (Continued)

13 Reserves

**Profit
and loss
account
£**

Loss for the period (202,770)

At 31 December 2004 (202,770)

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

£

Operating loss (199,664)
(Increase) in stock (2,500)
(Increase) in debtors (38,115)
Increase in creditors 233,499

Net cash outflow from operating activities (6,780)

15 Reconciliation of net cash inflow to movement in net funds

£

Increase in cash in the period and closing net funds 7,123

16 Related party transactions

Included within 'amounts due to associated undertakings' are amounts of £188,173 payable to Raven Property Holdings Plc, a director and 50% shareholder in the company.

The company's turnover includes £20,200 of commission charged to Raven Devon Limited, a wholly owned subsidiary of Raven Property Holdings Plc, and £25,000 of management fees charged to Audley Court Estates Limited, a company controlled by M N Sanderson, a director and major shareholder of the company.

During the period, the company purchased computer equipment from Audley Court Projects Limited, a company with which M N Sanderson is associated, amounting to £3,281.

During the period, the company paid £8,000 to M N Sanderson in respect of rent and services relating to the use of premises leased by M N Sanderson.

The company's trade debtors at 31 December 2004 comprise £6,192 due from Raven Devon Limited and £16,516 due from Audley Court Estates Limited and other companies controlled by M N Sanderson.