Barchester Properties Construction Limited

Directors' report and financial statements

Registered number 5601709

31 December 2010

Contents

Company information

Directors	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	5601709

Directors' report

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

Principal activities

The principal activity of the Company is in the construction of nursing homes and extensions to nursing homes within the Grove / Barchester Group

Business review

Details of the results for the year are set out in the profit and loss account on page 6

Dividends

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

David Duncan
Michael Parsons

Employees

The directors recognise the importance of human resources Practices to provide good communications and relations with employees include providing them with information on matters of concern to them as employees

The company continues to give full and fair consideration to applications from disabled persons If an employee becomes disabled the company endeavours to continue their employment if this is practical and in appropriate cases training is given

Political and charitable donations

The company made no political or charitable donations during the year *(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

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

J 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 Longbndge Road
Plymouth
PL6 8LT
Umted Kingdom

Independent auditor's report to the members of Barchester Properties Construction Limited

We have audited the financial statements of Barchester Properties Construction Limited for the year ended 31 December 2010 set out on pages 6 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 3, 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 website 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 Barchester Properties Construction 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 LLP, Statutory Auditor
Chartered Accountants
3 Longbridge Road
Plymouth
PL6 8LT

7 July 2011

Profit and loss account

for year ended 31 December 2010

	Note	2010 £000	2009 £000
Turnover	*1*	-	2
Cost of services		-	-
Gross profit		-	2
Interest payable and similar charges	*4*	(807)	(22)
Interest receivable and similar income	*5*	-	5
Loss on ordinary activities before taxation	*2*	(807)	(15)
Tax on loss on ordinary activities	*6*	89	(4)
Loss for the financial year	*12*	(718)	(19)

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

There were no acquisitions or discontinued activities

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

Reconciliation of movements in equity shareholders' deficit

for year ended 31 December 2010

	2010 £000	2009 £000
Loss for the financial period	(718)	(19)
Opening equity shareholders' deficit	(394)	(375)
Closing equity shareholders' deficit	(1,112)	(394)

Balance sheet
at 31 December 2010

	Notes	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Tangible assets	7		4,510		4,448
Current assets					
Debtors	8	9,593		9,566	
Cash at bank		-		2	
		9,593		9,568	
Creditors amounts falling due within one year	9	(10,413)		(10,410)	
Net current liabilities			(820)		(842)
Total assets less current liabilities			3,690		3,606
Creditors amounts falling due after more than one year	10		(4,800)		(4,000)
Provisions for liabilities			(2)		-
Net liabilities			(1,112)		(394)
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		(1,112)		(394)
Equity shareholders' deficit			(1,112)		(394)

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

D Duncan
Director

Company Number 5601709

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 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 The consolidated financial statements of Grove Limited within which the company is included, can be obtained from the address given in note 15

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

Taxation

The charge for taxation is based on the result 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 which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents amounts receivable for the sale of constructed nursing homes Turnover is recognised on an accruals basis as earned

Fixed assets and depreciation

No depreciation is charged on freehold land or assets in the course of construction

Notes *(continued)*

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2010 £000	2009 £000
Auditor's remuneration		
Audit	**4**	4

The remuneration of the audits was borne by another Group Company The amount above is management's best estimate of the proportion relating to this Company

3 Remuneration of directors

The Company had no employees other than directors

The directors received £nil emoluments for services to the company during the *(2009 £nil)* The directors received remuneration for services to Grove Limited, of which Barchester Properties Construction Limited is a subsidiary undertaking, however the proportion attributable to their services to Barchester Properties Construction Limited is not separately identifiable

4 Interest payable and similar charges

	2010 £000	2009 £000
On bank loans and overdrafts	**-**	16
On amounts owed to group undertakings	**807**	6
	807	22

5 Interest receivable and similar income

	2010 £000	2009 £000
Interest receivable	**-**	5

Notes *(continued)*

6 Taxation

	2010 £000	2009 £000
UK corporation tax		
Current tax on income for the period	-	4
Adjustment in respect of prior periods	**(91)**	-
Total current tax	**(91)**	4
Deferred tax		
Current year	**2**	-
Adjustment in respect of prior period	-	-
Total deferred tax	**2**	-
Tax on loss on ordinary activities	**(89)**	4

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (*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
Current tax reconciliation		
Loss on ordinary activities before tax	**(807)**	(15)
Current tax at 28% *(2009 28 %)*	**(226)**	(4)
Effects of		
Group relief	**235**	14
Transfer pricing adjustment	**(7)**	(6)
Capital allowances	**(2)**	-
Adjustments to tax charge in respect of previous periods	**(91)**	-
Total current tax charge (see above)	**(91)**	4

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate would create an additional reduction in the deferred tax liability of approximately £56 This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date

Notes *(continued)*

7 Tangible fixed assets

	Assets in course of construction £000	Total £000
Cost		
At beginning of year	4,448	4,448
Additions	79	79
Disposals	(17)	(17)
At end of year	4,510	4,510
Depreciation		
At beginning of year	-	-
Charge for year	-	-
At end of year	-	-
Net book value		
At 31 December 2010	**4,510**	**4,510**
At 31 December 2009	4,448	4,448

8 Debtors

	2010 £000	2009 £000
Amounts owed by group undertakings	**9,593**	9,566

The amounts due from group undertakings stated above are legally due on demand and are thus due within one year, although it is not expected that the demand would be made or that these amounts will be received within the next year

9 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	**3**	48
Amounts owed to group undertakings	**10,398**	10,358
External interest payable	**8**	-
Corporation tax	**4**	4
	10,413	10,410

The amounts due to group undertakings are legally due on demand and are thus due within one year, although it is not expected that the amounts would be demanded within the next year

Notes *(continued)*

10 Creditors: amounts falling due more after than one year

	2010	2009
	£000	£000
Other loans	**4,800**	4,000

This represents a loan from shareholders which is secured over certain assets of the Company by way of fixed and floating charges They are repayable on 30 June 2012 and have interest payable at a fixed rate of 20%

11 Provisions for liabilities

	Deferred tax provision	Total
	£000	£000
At 1 January 2010	-	-
Utilised in the year	2	2
At 31 December 2010	2	2

The provision for deferred tax relates to capital allowances in excess of depreciation

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above The overall effect of the further reductions from 26 per cent to 23 per cent, if these applied to the deferred tax balance at 31 December 2010, would be to further reduce the deferred tax liability by approximately £168

12 Called up share capital

	2010	2009
	£	£
Allotted, issued and fully paid		
1 ordinary share of £1 each	1	1

13 Reserves

	Profit and loss account
	£000
At beginning of year	(394)
Loss for year	(718)
At end of year	**(1,112)**

Notes *(continued)*

14 Post balance sheet events

The £4m loan included within creditors was listed on the Channel Islands Stock Exchange on 25 January 2011 The loan has interest payable at a fixed rate of 20% and is due for repayment on 30 June 2012

15 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a wholly owned subsidiary undertaking of Grove Limited, a company incorporated in Jersey

The consolidated accounts of Grove Limited are available to the public and may be obtained from

22 Grenville Street
St Helier
Jersey
JE4 8PX
Channel Islands