

Christchurch Court (UK) Limited
Consolidated financial statements
For the period 1 August 2010 to 30 April 2011

Registered number 07051134



Christchurch Court (UK) Limited

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Christchurch Court (UK) Limited

Officers and Professional Advisors

DIRECTORS

P Preston
S Kidd
D Roth
R Taylor
D Dalli

SECRETARY

D Roth

REGISTERED OFFICE

2 Christchurch Road
Abington
Northamptonshire
NN1 5LL

BANKERS

Santander Corporate Banking
Bridle Road,
Bootle, Merseyside
L30 4GB

SOLICITORS

Howes Percival
Oxford House
Cliftonville
Northampton
NN1 5PN

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
St Albans, United Kingdom

Christchurch Court (UK) Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the period from 1 August 2010 to 30 April 2011

Principal activities

The principal activities of the Group comprise the provision of neurological rehabilitation services and supported living.

Business review

On 14 September 2010, the Company acquired Marigold Contracts Limited, a company which provides neurological rehabilitation services from its locations in Northampton. Marigold Contracts Limited was renamed Christchurch Court Limited and is the sole trading company within the Group.

Since September, the Group has focussed on the further development of its services both within Northampton and nationally. In line with this objective, the Group recently acquired a site near Northampton with a view to the development of a further rehabilitation service.

The performance of the Group since acquisition has been in line with expectation and the directors expect the general level of activity to increase as the new development becomes operational.

Going Concern

The directors have a reasonable expectation that the Company and the Group have 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 details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The Group does not use derivative financial instruments to manage these risks.

Cash flow risk

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Group's principal financial assets are bank balances and trade receivables.

The Group's credit risk is primarily attributable to its trade receivables. As most of the Group's customer base is represented by Primary Care Trusts and Local Authorities, the overall credit risk is considered low.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for future developments, the Company receives long term intercompany funding from its ultimate parent undertaking.

Christchurch Court (UK) Limited

Directors' report

Dividends

The directors do not recommend a dividend

Directors

The directors, who served throughout the period except as noted, were as follows

Dr P Preston (appointed 14 September 2010)

Ms S Kidd (appointed 14 September 2010)

Mr D Roth (appointed 14 September 2010)

Mr R Taylor (appointed 14 September 2010)

Mr D Dalli (appointed 14 September 2010)

Mr P M Crossley (resigned 14 September 2010)

Hammonds Directors Limited (resigned 14 September 2010)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and the Group newsletter.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Christchurch Court (UK) Limited

Directors' report

Deloitte have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



D Roth

Director

25 August 2011

2 Christchurch Road, Abington, Northampton NN1 5LL

Christchurch Court (UK) Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CHRISTCHURCH COURT (UK) LIMITED

We have audited the financial statements of Christchurch Court (UK) Limited for the period from 1 August 2010 to 30 April 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 April 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom 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 period for which the financial statements are prepared is consistent with the financial statements.

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

Paul Schofield,

Paul Schofield (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, UK

25 August 2011

Christchurch Court (UK) Limited

Consolidated profit and loss account

For the period from 1 August 2010 to 30 April 2011

	Note	2011 £
Turnover	2	2,617,627
Cost of sales		(946,331)
Gross profit		1,671,296
Other operating expenses (net)		(1,106,311)
Operating profit		564,985
Finance charges (net)	4	(501,341)
Profit on ordinary activities before taxation	3	63,644
Tax on profit on ordinary activities	7	(169,809)
Loss for the financial period		(106,165)

There were no gains or losses for the period apart from the result shown above. Therefore, no Statement of total recognised gains and losses has been presented.

The results above derive from continuing operations.

Christchurch Court (UK) Limited

Consolidated balance sheet

At 30 April 2011

	Note	2011 £
Fixed assets		
Goodwill	9	7,408,881
Tangible assets	10	13,642,260
		<u>21,051,141</u>
Current assets		
Debtors		
– due within one year	13	232,577
– due after one year	13	48,433
Cash at bank and in hand		1,277,177
		<u>(877,540)</u>
Creditors: Amounts falling due within one year	14	
Net current assets		<u>680,647</u>
Total assets less current liabilities		21,731,788
Creditors: Amounts falling due after more than one year	15	(21,273,983)
Provisions for liabilities	16	(563,969)
		<u>(106,164)</u>
Net liabilities		
Capital and reserves		
Called-up share capital	17	1
Profit and loss account	18	(106,165)
		<u>(106,164)</u>
Shareholders' funds	19	<u>(106,164)</u>

The financial statements of Christchurch Court (UK) Limited were approved by the board of directors and authorised for issue on 25 August 2011. They were signed on its behalf by



D Roth
Director

Christchurch Court (UK) Limited

Company balance sheet

At 30 April 2011

	Note	30 April 2011 £	31 July 2010 £
Fixed assets			
Investments	12	18,915,145	-
Current assets			
Debtors			
– due within one year	13	10,000	-
– due after one year	13	2,028,247	-
Cash at bank and in hand		62,667	-
Called-up share capital not paid		-	1
Creditors: Amounts falling due within one year	14	(377,919)	-
Net current assets		1,722,995	1
Total assets less current liabilities		20,638,140	1
Creditors: Amounts falling due after more than one year	15	(20,703,448)	-
Provision for liabilities	16	(500,000)	-
Net assets		(565,308)	1
Capital and reserves			
Called-up share capital	17	1	1
Profit and loss account	18	(565,309)	-
Shareholders' funds	19	(565,308)	1

The financial statements of Christchurch Court (UK) Ltd (registered number 07051134) were approved by the board of directors and authorised for issue on 25 August 2011. They were signed on its behalf by



David Roth

Director

Christchurch Court (UK) Ltd

Consolidated cash flow statement

For the period from 1 August 2010 to 30 April 2011

	Note	2011 £
Net cash inflow from operating activities	20	1,094,552
Interest paid		(214,188)
Tax paid		(661,839)
Capital expenditure		(749,240)
Acquisition and disposals	21	(11,785,951)
Cash outflow before financing		(12,316,666)
Financing	21	13,593,843
Increase in cash in the year		<u>1,277,177</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 April each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the directors' report. The directors' report also describes the Group's exposure to risks and its policies for managing these.

The Group meets its day to day working capital requirements through surplus operating cash flows and expects to be able to do this for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to generate adequate cash flows to meet its operating requirements, debt and interest repayments for the foreseeable future.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line/reducing balance basis over its expected useful life, as follows

Freehold Property and Improvements	2% or 15% per annum
Fixtures and Fittings	15% Reducing Balance
Motor Vehicles	25% Reducing Balance
Office and Computer Equipment	33 33% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation

Depreciation commences when the asset to which it relates to is first brought into use in the production or supply of services or for administrative purposes on a continuing basis in the reporting entity's activities

Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment

In the Company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

1. Accounting policies (continued)

Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2. Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

3. Profit on ordinary activities before taxation

This is stated after charging

	2011 £
Depreciation of tangible fixed assets owned	260,457
Amortisation of goodwill	260,800
Auditor's remuneration	20,815

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

3. Profit on ordinary activities before taxation (continued)

The analysis of auditors' remuneration is as follows

	2011
	£
Fees payable to the Company's auditors for the audit of the Company's annual accounts	13,750
	<hr/>
Total audit fees	13,750
	<hr/>
Tax services	7,065
	<hr/>
Total non-audit fees	7,065
	<hr/>

4. Finance charge (net)

	2011
	£
Interest payable and similar charges	(501,774)
Less Investment income	433
	<hr/>
	(501,341)
	<hr/>

Investment income

	2011
	£
Interest receivable and similar income	433
	<hr/>
	433
	<hr/>

Interest payable and similar charges

	2011
	£
Bank loan	(279,507)
Intercompany loan	(222,267)
	<hr/>
	(501,774)
	<hr/>

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

5. Staff costs

The average monthly number of employees (including executive directors) was

	2011 Number
Care Staff	77
Central	12
	<u>89</u>

Their aggregate remuneration comprised

	2011 £
Wages and salaries	1,396,205
Social security costs	113,114
Other pension costs (see note 22)	24,336
	<u>1,533,655</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

6 Directors' remuneration and transactions

	2011 £	2010 £
Directors' remuneration		
Emoluments	133,336	10,870
Company contributions to money purchase pension schemes	6,013	-
	<u>139,349</u>	<u>10,870</u>

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>2</u>	<u>-</u>

	2011 £	2010 £
Remuneration of the highest paid director:		
Emoluments	52,243	5,435
Company contributions to money purchase pension schemes	<u>3,112</u>	<u>-</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

7 Tax on profit on ordinary activities

The tax charge comprises

	2011 £
Current tax	
UK corporation tax	181,571
Deferred tax	
Origination and reversal of timing differences	(11,762)
Total deferred tax (see note 16)	(11,762)
Total tax on profit on ordinary activities	<u>169,809</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2011 £
Group profit on ordinary activities before tax	<u>63,644</u>
 Tax on Group profit on ordinary activities at standard UK corporation tax rate of 28%	 17,820
 Effects of	
Expenses not deductible for tax purposes	174,167
Capital allowances in excess of depreciation	9,528
Other short term timing differences	1,342
Group relief claimed	(21,286)
Group current tax charge for period	<u>181,571</u>

8. Loss attributable to the Company

The loss for the financial period dealt with in the financial statements of the parent Company was £565,309 (2010 £nil) As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

9. Goodwill

	Goodwill £
Group	
Cost	
At 1 August 2010	-
Acquisition of subsidiary undertaking	7,740,220
	<u>7,740,220</u>
At 30 April 2011	<u>7,740,220</u>
Amortisation	
At 1 August 2010	-
Acquisition of subsidiary undertaking	70,539
Charge for the period	260,800
	<u>331,339</u>
At 30 April 2011	<u>331,339</u>
Net book value	
At 30 April 2011	<u>7,408,881</u>

10. Tangible fixed assets

	Freehold property and improvements £	Fixtures and fittings £	Motor vehicles £	Office and computer equipment £	Assets under construction £	Total £
Group						
Cost or valuation						
At 1 August 2010	-	-	-	-	-	-
Additions	15,359	10,351	-	8,935	714,595	749,240
Acquisition of subsidiary undertaking	13,694,749	265,884	29,750	83,324	-	14,073,707
	<u>13,710,108</u>	<u>276,235</u>	<u>29,750</u>	<u>92,259</u>	<u>714,595</u>	<u>14,822,947</u>
At 30 April 2011	<u>13,710,108</u>	<u>276,235</u>	<u>29,750</u>	<u>92,259</u>	<u>714,595</u>	<u>14,822,947</u>
Depreciation						
At 1 August 2010	-	-	-	-	-	-
Charge for the year	240,568	11,605	1,807	6,477	-	260,457
Acquisition of subsidiary undertaking	694,749	141,521	18,873	65,087	-	920,230
	<u>935,317</u>	<u>153,126</u>	<u>20,680</u>	<u>71,564</u>	<u>-</u>	<u>1,180,687</u>
At 30 April 2011	<u>935,317</u>	<u>153,126</u>	<u>20,680</u>	<u>71,564</u>	<u>-</u>	<u>1,180,687</u>
Net book value						
At 30 April 2011	<u>12,774,791</u>	<u>123,109</u>	<u>9,070</u>	<u>20,695</u>	<u>714,595</u>	<u>13,642,260</u>

All tangible fixed assets are held in Christchurch Court Ltd

Freehold property and improvements were valued on 23 July 2010 as detailed in Note 11

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

11. Acquisition of subsidiary undertaking

On 14 September 2010 the Company acquired 100 per cent of the issued share capital of Christchurch Court Limited (formerly Marigold Contracts Limited) for consideration comprising cash of £11.8 million, deferred consideration of £6.84 million with a fair value at the date of acquisition of £5 million, contingent consideration of £0.5 million, and transaction expenses of £1.6 million. The fair value of the total consideration was £18.9 million.

Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group.

	Book value £	Revaluation £	Accounting policy alignment £	Other adjustments £	Fair value to Group £
Fixed assets					
Intangible	93,971	-	-	-	93,971
Tangible	3,236,996	9,916,481	-	-	13,153,477
Current assets					
Debtors	295,882	-	-	-	295,882
Cash	1,629,194	-	-	-	1,629,194
Total assets	<u>5,256,042</u>	<u>9,916,481</u>	<u>-</u>	<u>-</u>	<u>15,172,524</u>
Creditors					
Bank loans	(2,719,738)	-	-	-	(2,719,738)
Trade creditors	(219,451)	-	-	-	(219,451)
Accruals	(111,218)	-	-	-	(111,218)
Other Creditors	(114)	-	-	-	(114)
Deferred Tax	(75,731)	-	-	-	(75,731)
Provisions					
Taxation	(703,719)	-	-	-	(703,719)
Total liabilities	<u>(3,829,971)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,829,971)</u>
Net assets	<u>1,426,071</u>	<u>9,763,005</u>	<u>-</u>	<u>-</u>	<u>11,342,553</u>
Goodwill					<u>7,572,592</u>
Satisfied by					
Total consideration					<u>18,915,145</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

11. Acquisition of subsidiary undertaking (continued)

Details of the fair value adjustments are as follows

Management have recorded a fair value adjustment to the book value of property totalling £9.9 million as a result of a revaluation of the properties at 2 Christchurch Road and 4 Christchurch Road undertaken on 23 July 2010 by a third party property valuer for the purposes of the acquisition

Net cash outflows in respect of the acquisition comprised

	£
Cash consideration	11,780,262
Expenses of Acquisition	1,634,883
	<u>13,415,145</u>

In addition, a total of £2,719,738 of funding was used to repay the Barclays loan included on the opening balance sheet

Christchurch Court Limited earned a profit after taxation of £1,302,288 in the period ended 30 April 2011 (year ended 30 April 2010 £1,188,881), of which £475,218 arose in the period from 1 May 2010 to 14 September 2010. The summarised profit and loss account and statement of total recognised gains and losses for the period from 1 May 2010 to 14 September 2010, shown on the basis of the accounting policies of Christchurch Court Limited prior to the acquisition, are as follows

	£
Profit and loss account	
Turnover	1,564,767
Cost of sales	(651,260)
	<u>913,507</u>
Gross profit	
Other operating expenses (net)	(220,093)
	<u>693,415</u>
Operating profit	
Finance charges (net)	(15,021)
	<u>678,394</u>
Profit on ordinary activities before taxation	
Tax on profit on ordinary activities	(203,176)
	<u>475,218</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

12. Investments

	Subsidiary undertaking
	2011 £
Company	
Cost	
At 1 August 2010	-
Additions in the year	18,915,145
At 30 April 2011	<u>18,915,145</u>
Net Book Value	
At 30 April 2011	<u>18,915,145</u>

Principal Group investments

The parent Company and the Group have investments in the following subsidiary undertaking which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Subsidiary undertaking	Country of incorporation or principal business address	Principal activity	Description of shares held	Proportion of nominal value of shares held by the company
Christchurch Court Limited	UK	Healthcare	"A" Ordinary Shares of £1 each	100%
			"C" Ordinary Shares of £0.50 each	100%

Christchurch Court Limited has been treated as a subsidiary undertaking because the Group exercises dominant influence over this investment, directing its financial and operating policies.

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

13. Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year				
Trade debtors	194,653	-	-	-
Other debtors	15,434	-	-	-
Prepayments and accrued income	22,490	-	10,000	-
	<u>232,577</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Amounts falling due after more than one year				
Amounts owed by Group undertakings	48,433	-	2,028,247	-
	<u>48,433</u>	<u>-</u>	<u>2,028,247</u>	<u>-</u>

14. Creditors – amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loan	297,927	-	297,928	-
Trade creditors	59,407	-	-	-
Corporation tax	232,788	-	-	-
Other creditors	59,802	-	-	-
Other taxation and social security	33,059	-	-	-
Accruals and deferred income	191,885	-	79,991	-
Defined contribution pension scheme accrual	2,672	-	-	-
	<u>877,540</u>	<u>-</u>	<u>377,919</u>	<u>-</u>

15. Creditors – amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Other creditors				
Bank loan	8,481,181	-	8,481,181	-
Amounts owed to Group undertakings	12,792,802	-	12,222,267	-
	<u>21,273,983</u>	<u>-</u>	<u>20,703,448</u>	<u>-</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

15. Creditors – amounts falling due after more than one year (continued)

Borrowings are repayable as follows

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans				
Between one and two years	308,909	-	308,909	-
Between two and five years	1,020,548	-	1,020,548	-
After five years	7,151,725	-	7,151,725	-
	<u>8,481,181</u>		<u>8,481,181</u>	
On demand or within one year	297,927	-	297,927	-
	<u>8,779,109</u>		<u>8,779,109</u>	

The bank loan is secured on freehold properties with a net book value of £3 million

16. Provisions for liabilities

	Deferred taxation £	Deferred consideration £	Total £
Group			
At 1 August 2010	-	-	-
Charged to profit and loss account	(11,762)	-	(11,762)
Acquisition of subsidiary undertaking	75,731	500,000	575,731
	<u>63,969</u>	<u>500,000</u>	<u>563,969</u>
At 30 April 2011			

	Deferred consideration £
Company	
At 1 August 2010	-
Acquisition of subsidiary undertaking	500,000
	<u>500,000</u>
At 30 April 2011	

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

16. Provisions for liabilities (continued)

Deferred tax

Deferred tax is provided as follows

	2011 £
Group	
Accelerated capital allowances	66,049
Other timing differences	(2,080)
	<hr/>
Discounted provision for deferred tax	63,969

Deferred consideration

The provision for deferred consideration is in respect of the acquisition of Christchurch Court Limited in accordance with the terms and conditions of the Share Purchase Agreement dated 14 September 2010. The deferred consideration will be payable in cash upon satisfaction of a condition stipulated in the Share Purchase Agreement.

17. Called-up share capital

	2011 £	2010 £
Allotted, called-up and fully-paid		
1 ordinary share of £1	1	1

18. Reserves

	Profit and loss account £
Group	
At 1 August 2010	-
Loss for the financial period	(106,165)
	<hr/>
At 30 April 2011	(106,165)
	<hr/>
Company	
At 1 August 2010	-
Loss for the financial period	(565,309)
	<hr/>
At 30 April 2011	(565,309)

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

19. Reconciliation of movements in shareholders' funds

	2011 £
Group	
Loss for the financial period	(106,165)
Acquisition of subsidiary – share capital	1
	<hr/>
Net addition to shareholders' funds	(106,164)
	<hr/>
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>(106,164)</u>

	2011 £	2010 £
Company		
Loss for the financial period	(565,309)	-
Issued share capital	-	1
	<hr/>	<hr/>
Net addition to shareholders' funds	(565,309)	1
	<hr/>	<hr/>
Opening shareholders' funds	1	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>(565,308)</u>	<u>1</u>

20. Reconciliation of operating profit to operating cash flows

	2011 £
Operating profit	564,985
Depreciation and amortisation	521,257
Decrease in debtors	14,872
Decrease in creditors	(6,562)
	<hr/>
Net cash inflow from operating activities	<u>1,094,552</u>

Net cash inflows from operating activities relate to continuing activities

Christchurch Court (UK) Limited

Notes to the financial statements

For the period from 1 August 2010 to 30 April 2011

21 Analysis of cash flows

	2011 £
Acquisitions and disposals	
Purchase of subsidiary undertaking	(13,415,145)
Net cash acquired with subsidiary undertaking	<u>1,629,194</u>
Net cash outflow	<u>(11,785,951)</u>
Financing	
Issue of ordinary share capital	1
New borrowings	16,979,636
Loans repaid on acquisition	(2,719,738)
Loans repaid post-acquisition	(163,155)
Amounts repaid to immediate parent undertaking	<u>(502,901)</u>
Net cash inflow	<u>13,593,843</u>

22. Retirement benefit schemes

Defined contribution schemes

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to income statement of £24,336 (2010 £nil) represents contributions payable to this scheme at rates specified in the rules of the plans. As at 30 April 2011, contributions of £2,672 (2010 £nil) due in respect of the current reporting period had not been paid over to the scheme.

23. Related party transactions

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 8 not to disclose transactions with other undertakings within its qualifying group.

Directors' transactions

The only transactions with Directors in the period were their remuneration as disclosed in note 6.

Other related party transactions

Mr Badwan who acts as a consultant to the service and is remunerated on an arm's length basis for his services is also a shareholder.

24. Government funding

During the year the company received £645 (2010 £6,726) from government initiatives to fund the training and development of staff. This funding has been offset against the human resources and training overhead in the profit and loss account and, as such, the overall effect of the funding is to increase the company's reserves by £645 (2010 £6,726).

25. Controlling party

The immediate parent undertaking is Christchurch Court Holdings Limited and the controlling party is Sovereign Capital Partners Limited Partnership III.