Registered Number: 359470

St.Andrews Homes Limited

Report & Accounts

2 March 2006

St.Andrews Homes Limited

Directors:	SC Barratt CCB Rogers
Secretary:	RW Fairhurst DC Lowry
Auditors:	Ernst & Young LLP 400 Capability Green Luton LU1 3LU
Registered Office:	Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE
Registered Number:	359470

Directors' Report

Accounts
The Directors submit to the shareholders their report and accounts for the year ended 2 March 2006.

Principal activity and review of business development
The company operates 13 nursing and residential homes for the elderly. The homes are managed by Highfield Group under a management contract.

Results and dividends
The pre-tax loss for the year amounted to £970,396 (2004/5 - £17,951). The directors do not recommend the payment of a dividend.

Directors
The Directors of the company at the date of this report are listed on page 1. SP Lambert resigned as a director on 5 May 2005 GRL Windle resigned as a director on 31 October 2006 and SC Barratt was appointed on the same date. PJA Dempsey resigned as a director on 10 January 2007 and CCB Rogers was appointed on the same date.

Events after the balance sheet date
On 25 January 2007 the company sold the operations of the 13 nursing and residential homes to Southern Cross Care Management Limited. The sale comprised the stock, freehold property equipment, cash floats, receivables and liabilities arising from the management contract. As part of the disposal the existing management contract was terminated. The proceeds received in regards of fixed assets were £1 and as a result the fixed assets have been fully impaired within the 2005/6 accounts.

Auditors
The company has elected under the elective regime (s386) to dispense with the obligation to appoint auditors annually and Ernst &Young LLP are deemed to be reappointed.

By order of the board

Director/Secretary

29/2/ **2008**

Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 5 to 11 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable Accounting Standards have been followed. The financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST. ANDREWS HOMES LIMITED

We have audited the company's financial statements for the year ended 2 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we 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 other transactions 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

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 judgments 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

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 2 March 2006 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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Luton

29/2/08

PROFIT AND LOSS ACCOUNT
Year ended 2 March 2006

	Notes	2005/6	2004/5
		£	£
Turnover		**12,459,721**	11,519,165
Cost of Sales		**(9,542,519)**	(9,395,390)
Gross profit		**2,917,202**	2,123,775
Distribution costs		**-**	(125,261)
Administrative expenses		**(3,882,981)**	(1,988,007)
(Loss)/profit on ordinary activities before interest	2	**(965,779)**	10,507
Interest	4	**(4,617)**	(28,458)
Loss on ordinary activities before taxation		**(970,396)**	(17,951)
Taxation	5	**(21,135)**	(26,414)
Loss for the financial period	12	**(991,531)**	(44,365)

All activities were continuing during the year.
There were no recognised gains or losses in the year other than those reported in the profit and loss account.

BALANCE SHEET
2 March 2006

	Notes	2006	2005
		£	£
Fixed assets			
Tangible fixed assets	6	-	1,107,778
Investments	7	2	2
		2	1,107,780
Current assets			
Debtors	8	1,233,160	4,919,740
Cash at bank and in hand		1,249,218	232,772
		2,482,378	5,152,512
Creditors - amounts falling due within one year	9	(2,434,106)	(5,220,568)
Net current assets		48,272	(68,056)
Total assets less current liabilities		48,274	1,039,724
Provisions for liabilities and charges	10	(46,339)	(46,258)
Net assets		1,935	993,466
Capital and reserves			
Called up share capital	11	307,133	307,133
Profit and loss account	12	(305,198)	686,333
Shareholder's funds	13	1,935	993,466

Director

29/2/ **2008**

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards. In accordance with the exemption granted by s228 Companies Act 1985, the company does not prepare consolidated group accounts, as a subsidiary undertaking of a European Economic Area parent company.

Tangible fixed assets

Fixed assets are stated at cost.

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Freehold land is not depreciated
- Freehold buildings are depreciated to their estimated residual values over periods up to 50 years.
- Leasehold properties are depreciated to their estimated residual values over the shorter of 50 years, their estimated useful lives and their remaining lease periods
- Retail furniture, fixtures and equipment are depreciated over 4 to 25 years.
- Motor vehicles are depreciated over 4 to 10 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of the fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

Turnover

Turnover is the value of goods and services sold, within the UK, as part of the company's continuing ordinary activities after deducting sales based taxes.

Leases

Assets acquired under finance lease are capitalised in the balance sheet and depreciated over their useful lives. The interest element is charged to the profit and loss account over the term of the contract. Rental payments in respect of operating leases are charged against operating profit on a straight line basis over the period of the lease.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Cash flow

As permitted by Financial Reporting Standard No.1 (revised) a cash flow has not been prepared as the company is a wholly owned subsidiary of a European Community parent.

Comparative amounts

Comparative amounts are restated where necessary to conform to current presentation.

NOTES TO THE ACCOUNTS

2. PROFIT AND LOSS ACCOUNT DETAILS

	2005/6	2004/5
	£	£
Operating loss is after charging:		
Depreciation of tangible fixed assets (see note 6)	216,219	205,697
Operating leases	2,453,639	2,126,964
Audit fees	12,000	12,000

All turnover is derived from the United Kingdom.

3. STAFF COSTS

The company has no direct employees of its own. Staff are provided by Highfield Care Management Ltd who are then recharged. No director received any remuneration from the company during the year.

4. INTEREST

	2005/6	2004/5
	£	£
Interest payable and similar charges		
Bank interest	4,617	24,323
Intercompany	-	6,502
	4,617	30,825
Deduct:		
Interest receivable on short term deposits	-	(2,367)
	4,617	28,458

5. TAX

	2005/6	2004/5
	£	£
Current tax		
UK Corporation Tax	21,054	(15,190)
Total current tax	21,054	(15,190)
Deferred tax		
Timing differences	1,426	9,805
Adjustment to deferred tax for earlier years	(1,345)	31,799
Total deferred tax	81	41,604
Total tax charge	21,135	26,414
Factors affecting the tax charge for the year		
Loss before tax	(970,396)	(17,951)
Tax at current UK Corporation tax rate of 30% (2004/5 - 30%)	(291,119)	(5,385)
Effect of:		
Disallowable expenses	311,761	-
Capital Allowances in excess of Depreciation	412	(9,805)
Current tax charge/(credit) for the period	21,054	(15,190)

NOTES TO THE ACCOUNTS

6. TANGIBLE FIXED ASSETS

	Retail - Land & buildings	Retail - Furniture, fixtures & equipment	Total
	£	£	£
Gross amounts 3 March 2005	523,050	1,220,984	1,744,034
Additions	7,885	140,694	148,579
Impairment	(240,205)	(798,996)	(1,039,201)
Disposals	-	(1,069)	(1,069)
Gross amounts 2 March 2006	290,730	561,613	852,343
Depreciation 3 March 2005	(284,604)	(351,652)	(636,256)
Depreciation for the year	(6,126)	(210,093)	(216,219)
Disposals	-	132	132
Depreciation 2 March 2006	(290,730)	(561,613)	(852,343)
Net book amounts 2 March 2006	-	-	-
Net book amounts 3 March 2005	238,446	869,332	1,107,778

7. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	£
Shares at valuation, 3 March 2005 and 2 March 2006	2

	Principal activities	Country of incorporation or registration	Country of principal operations	% equity holding
St Martins Care Homes Investments Ltd	Care Homes	England	England	100

8. DEBTORS

	2006	2005
	£	£
Trade debtors	1,015,461	878,802
Prepayments and accrued income	206,686	784,932
Amounts due from group and parent undertakings	-	3,256,006
Other debtors	11,013	-
	1,233,160	4,919,740

Amounts due from group and parent undertakings have no fixed repayment date.

NOTES TO THE ACCOUNTS

9. CREDITORS - amounts falling due within one year

	2006	2005
	£	£
Trade creditors	1,284,123	432,854
Amounts due to group and parent undertakings	136,448	3,441,403
Other taxes and social security	140,385	101,862
Corporation tax	21,054	15,190
Accruals and deferred income	850,855	845,054
Other creditors	1,241	384,205
	2,434,106	5,220,568

Amounts due to group and parent undertakings includes a prior year reclassification of £286,492 in respect of loan notes which were redeemed by the company's parent.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation
	£
3 March 2005	46,258
Movement in the year	81
2 March 2006	46,339

11. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2006	2005	2006	2005
	£	£	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	307,133	307,133

12. RESERVES

	Profit & loss account
	£
3 March 2005	686,333
Loss retained	(991,531)
2 March 2006	(305,198)

13. MOVEMENT IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Shareholders' funds at 3 March 2005	993,466	1,037,831
Loss retained for ordinary shareholders	(991,531)	(44,365)
Shareholders' funds at 2 March 2006	1,935	993,466

NOTES TO THE ACCOUNTS

14. LEASE COMMITMENTS

	2006	2005
	£	£
Annual payments under operating leases which expire:		
After five years - property	2,453,639	2,126,964
	2,453,639	2,126,964

15. RELATED PARTIES

The company is a wholly owned subsidiary of Whitbread PLC and has taken advantage of the exemption given in Financial Reporting Standard No 8 not to disclose transactions with other group companies.

16. EVENTS AFTER THE BALANCE SHEET DATE

On 25 January 2007 the company sold the operations of the 13 nursing and residential homes to Southern Cross Care Management Limited. The sale comprised the stock, freehold property equipment, cash floats, receivables and liabilities arising from the management contract. As part of the disposal the existing management contract was terminated. The proceeds received in regards of fixed assets were £1 and as a result the fixed assets have been fully impaired within the 2005/6 accounts.

17. PARENT UNDERTAKING

The company's immediate parent undertaking is Whitbread Hotel Company Limited, registered in England and Wales. It has included the company in its group financial statements, copies of which are available from its registered office. Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Whitbread PLC, registered in England and Wales. Copies of their accounts can be obtained from its registered office. Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.