

Speciality Care (Rest Homes) Limited
Annual Report and financial statements
for the year ended 31 December 2008

Registered number: 3010116



Speciality Care (Rest Homes) Limited

Annual report and financial statements for the year ended 31 December 2008

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Speciality Care (Rest Homes) Limited

Directors and advisors

Executive Directors

Ted Smith
Christine Cameron
Peter Cavanagh
David Manson

Secretary

Scott Morrison
Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Registered Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors

Barlow Lyde & Gilbert
Beaufort House
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London
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Bankers

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Speciality Care (Rest Homes) Limited

Directors' report for the year ended 31 December 2008

The Directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the Company continues to be care delivery.

Review of business and future developments

On 18 July 2008, the group of companies owned by Craegmoor Topco Limited acquired the entire share capital of Craegmoor Limited, the prior ultimate parent undertaking of the Company, hence Craegmoor Topco Limited is now the ultimate parent company in the United Kingdom.

Both the level of continuing business and the year end position were satisfactory, despite the overall loss for the year. As part of a group restructuring exercise, the directors of Speciality Care (Rest Homes) Limited are in the process of selling the Company to a fellow subsidiary company, Strathmore College Limited.

Results and dividends

The profit and loss account shows a loss after tax for the year of £998,000 (2007: profit £283,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: £Nil).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Craegmoor Topco Limited, its ultimate parent Company, and are not managed separately. Accordingly, the principal risks and uncertainties of the Craegmoor Topco Limited Group, which include those of the Company, are discussed in the Directors' Report of Craegmoor Topco Limited which does not form part of this report.

Key Performance Indicators ("KPIs")

The Directors of Craegmoor Topco Limited manage the Craegmoor Group's operations on a group-wide basis. For this reason, the Directors of the Company believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Craegmoor Topco Limited Group, which includes the Company, is discussed in the Directors' Report of Craegmoor Topco Limited which does not form part of this report.

Directors

The following Directors have held office for the whole year, and at the date of this report unless otherwise stated:

Ted Smith	
Christine Cameron	
Charles Cameron	Resigned 20 February 2009
Peter Cavanagh	Resigned 16 June 2009
David Manson	
Julian Spurling	Appointed 16 June 2009

Changes in fixed assets

Movements in intangible and tangible fixed assets during the year are set out in notes 9 and 10 to the financial statements.

Speciality Care (Rest Homes) Limited

Directors' report for the year ended 31 December 2008 (continued)

Financial instruments

The Company's financial instruments primarily comprise trade debtors and debtors and creditors with other group companies arising directly from its operations. No trading in financial instruments has been undertaken.

There are no significant risks arising directly from the Company's financial instruments. However, the Company is reliant on the ongoing support of the Craegmoor Group, which has long term financing and overdraft facilities in place. The Board of Craegmoor Topco Limited, the ultimate UK parent undertaking, has reviewed and agreed the policies for managing the risks related to these facilities as set out below:

Liquidity risk:

The Group has secured long term financing and overdraft facilities with financial institutions, which have high credit ratings that are designed to ensure the Group has sufficient available funds for operations. The majority of the £216,682,000 of debt held by the Group, in the form of loan notes and bank loans (but excluding preference shares and finance leases), is repayable in July 2018.

Interest rate and cash flow risk:

The Group has entered into interest rate swaps to ensure certainty over future interest cash flows. As a consequence, 77% of the Group's borrowings are at fixed rates of interest.

Credit risk:

No individual service user represents a significant credit risk to the Company or the Group.

Going Concern

The Company is a subsidiary of Speciality Care Limited which owns a number of companies which operate loss making homes. As a consequence of this, Speciality Care Limited and its subsidiaries are reliant on the ongoing financial support and funding of Craegmoor Topco Limited, the ultimate parent undertaking, in order to continue as a going concern for a period of not less than twelve months from the date of approval of these financial statements. The Directors of Craegmoor Topco Limited have indicated that they are prepared to continue to provide this funding for the immediate future. However, the Directors are currently considering the need for Speciality Care Limited to renegotiate a number of its commercial contracts and obligations in order to enable the homes it operates to trade profitably in future financial periods without the need for the continuing financial support of Craegmoor Topco Limited.

Subject to the results of such renegotiations, it is currently unclear as to whether Craegmoor Topco Limited will continue to provide financial support as required to Speciality Care Limited and its subsidiaries for a period of not less than twelve months from the date of approval of these financial statements. Should this be the case, the Directors would be required to consider a number of options with regards to the future trading of Speciality Care Limited and its subsidiaries, which may include the restructuring of the Speciality Care Limited group of companies, including, in extremis, discontinuance of the company's trading activities.

The financial statements have been prepared on a going concern basis as the Directors believe that they will be able to appropriately renegotiate the terms of the contracts and other commercial arrangements held within Speciality Care Limited and its subsidiaries.

Speciality Care (Rest Homes) Limited

Directors' report for the year ended 31 December 2008 (continued)

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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). The financial statements are required by law to 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;
- 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved the following applies:

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

Auditors

The Company has elected, in accordance with section 386 of the Companies Act 1985, to dispense with the obligation to appoint auditors annually.

By order of the Board



David Manson
Director
30 June 2009

Independent auditors' report to the members of Speciality Care (Rest Homes) Limited

We have audited the financial statements of Speciality Care (Rest Homes) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

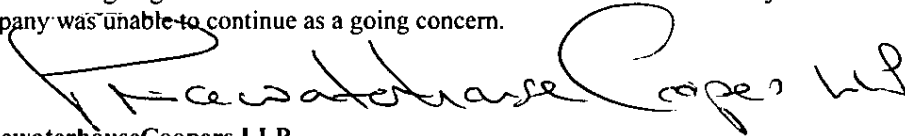
In our opinion:

- 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 31 December 2008 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.

Independent auditors' report to the members of Speciality Care (Rest Homes) Limited (continued)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant upon the ongoing support of Craegmoor Topco Limited, the ultimate parent undertaking. The Directors of Craegmoor Topco Limited are currently considering the commercial arrangements that the company operates under in order to allow the company to operate without being reliant on this ongoing support. Dependent upon the outcome of these considerations and any future negotiations, the Directors have indicated that they may choose to withdraw this support within a period of twelve months from the date of approval of the financial statements, amongst other potential actions available to them. These conditions indicate the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
30 June 2009

Speciality Care (Rest Homes) Limited

Profit and loss account for the year ended 31 December 2008

		2008 Before exceptional items £'000	2008 Exceptional items (Note 2) £'000	2008 Total £'000	2007 Total £'000
	Note				
Turnover		4,472	-	4,472	4,658
Cost of sales		(379)	-	(379)	(347)
Gross profit		4,093	-	4,093	4,311
Administrative expenses		(4,253)	(750)	(5,003)	(4,028)
Operating (loss) / profit	5	(160)	(750)	(910)	283
Loss on disposal of fixed assets	6	(98)	-	(98)	-
Interest receivable and similar income	7	1	-	1	-
(Loss) / profit on ordinary activities before taxation		(257)	(750)	(1,007)	283
Tax on (loss) / profit on ordinary activities	8	9	-	9	-
(Loss) / profit for the financial year	16	(248)	(750)	(998)	283

All activities relate to continuing operations.

Speciality Care (Rest Homes) Limited

Statement of total recognised gains and losses for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
(Loss) / profit for the financial year		(998)	283
Reversal of prior years' revaluations on impaired properties	10	(2,214)	2,938
Total recognised (losses) / gains for the financial year		(3,212)	3,221

Note of historical cost profit and losses for the year ended 31 December 2008

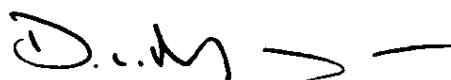
	2008 £'000	2007 £'000
Reported (loss) / profit on ordinary activities before taxation	(1,007)	283
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	143	53
Historical cost (loss) / profit on ordinary activities before taxation	(864)	336
Historical cost (loss) / profit for the financial year	(855)	336

Speciality Care (Rest Homes) Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Intangible assets	9	230	251
Tangible assets	10	1,238	3,275
		1,468	3,526
Current assets			
Debtors	11	1,331	1,628
Cash at bank and in hand		3	2
		1,334	1,630
Creditors: amounts falling due within one year	12	(1,354)	(1,246)
Net current (liabilities) / assets		(20)	384
Total assets less current liabilities		1,448	3,910
Creditors: amounts falling due after more than one year	13	(421)	(421)
Provisions for liabilities and charges	14	(750)	-
Net assets		277	3,489
Capital and reserves			
Called up share capital	15	-	-
Revaluation reserve	16	724	2,938
Profit and loss account	16	(447)	551
Total shareholders' funds	17	277	3,489

The financial statements on pages 7 to 20 were approved by the Board of Directors on 30 June 2009 and signed on its behalf by:



David Manson
Director

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Principal accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, is set out below:

Going Concern

The Company is a subsidiary of Speciality Care Limited which owns a number of companies which operate loss making homes. As a consequence of this, Speciality Care Limited and its subsidiaries are reliant on the ongoing financial support and funding of Craegmoor Topco Limited, the ultimate parent undertaking, in order to continue as a going concern for a period of not less than twelve months from the date of approval of these financial statements. The Directors of Craegmoor Topco Limited have indicated that they are prepared to continue to provide this funding for the immediate future. However, the Directors are currently considering the need for Speciality Care Limited to renegotiate a number of its commercial contracts and obligations in order to enable the homes it operates to trade profitably in future financial periods without the need for the continuing financial support of Craegmoor Topco Limited.

Subject to the results of such renegotiations, it is currently unclear as to whether Craegmoor Topco Limited will continue to provide financial support as required to Speciality Care Limited and its subsidiaries for a period of not less than twelve months from the date of approval of these financial statements. Should this be the case, the Directors would be required to consider a number of options with regards to the future trading of Speciality Care Limited and its subsidiaries, which may include the restructuring of the Speciality Care Limited group of companies, including, in extremis, discontinuance of the company's trading activities.

The financial statements have been prepared on a going concern basis as the Directors believe that they will be able to appropriately renegotiate the terms of the contracts and other commercial arrangements held within Speciality Care Limited and its subsidiaries.

Turnover

Turnover represents amounts invoiced and accrued for care services provided during the period in the UK, excluding Value Added Tax. Where services are invoiced in advance the related income is deferred to match the period in which the service is provided. The directors consider that the company's turnover all derives from one class of business.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual instalments over the lease term.

Intangible fixed assets

Intangible fixed assets comprise goodwill arising on the acquisition of business, trade and assets at the date of incorporation. It represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, and is amortised over its useful economic life, which the Directors estimate to be 20 years.

Tangible fixed assets

The cost of fixed assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use. Land and buildings are revalued by independent, professionally qualified valuers every five years. This represents a change in the application of the policy which previously was to revalue properties on a 5 year rolling basis. These valuations are carried out on an existing use, open market value basis, and in the intervening years are updated by the Directors with the assistance of independent professional advice as required.

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets

Increases in the revalued amounts of land and buildings are credited to revaluation reserves.

Subsequent to a revaluation depreciation is based on revalued amounts. Depreciation on tangible fixed assets is calculated to write off their cost, less estimated residual values, by equal annual instalments on the following bases:

Short leasehold land and buildings	- over the lease term
Building improvements	- over 10 years
Equipment	- over 7 years
Furniture and fittings	- over 3, 5 or 10 years
Computer equipment	- over 3 or 5 years

Provision is made for any impairment in the period in which it arises. The impairment is calculated by comparing the carrying value to the recoverable amount as required by FRS 11, "Impairment of fixed assets and goodwill". The recoverable amount of land and buildings is taken to be the higher of realisable value and value in use. Value in use is determined by reference to the expected future cash flows of the care home, discounted at a risk adjusted weighted cost of capital determined from time to time based on the capital structure of the group. Realisable value is determined by independent, professional valuers on an existing use, open market value basis.

Provisions for impairment in the carrying value of land and buildings are charged against revaluation reserves in the balance sheet to the extent that they relate to a reversal of prior increases. Impairments to below historical cost are charged to the profit and loss account. Reversals of previous impairments are credited to the profit and loss account to the extent that they return the asset carrying value to its depreciated historical cost with any amount over and above that value being credited to the revaluation reserve.

Debtors

Provisions are made against those trade debtor amounts where settlement is considered unlikely.

Corporation tax

UK Corporation Tax is provided at amounts expecting to be paid (or recovered) using the tax rates and bases that have been enacted, or substantially enacted by the balance sheet date. Corporation tax payable is reduced wholly or in part by the surrender of losses by fellow group companies. Payments made, if any, to surrendering companies for losses are reflected in the tax charge.

Deferred taxation

Deferred taxation has been 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 only recognised to the extent that the transfer of economic benefits in the future is deemed to be more likely than not. Deferred tax assets and liabilities recognised are not discounted.

Cash flow statement

The Company is a wholly owned subsidiary of Craegmoor Topco Limited, and the cash flows of the Company are included in the consolidated group cash flow statement of that Company. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a cash flow statement.

2 Exceptional administrative expenses

	2008	2007
	£'000	£'000
Dilapidations provision	750	-

The exceptional administrative items had no effect on the charge for current taxation for the financial year as a result of the availability of group relief (2007: £Nil).

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

3 Directors' emoluments

The emoluments of the Directors were paid by Craegmoor Healthcare Company Limited, a fellow subsidiary of Craegmoor Topco Limited. The Directors were also directors of a number of other fellow subsidiaries during the year ended 31 December 2008 and 31 December 2007 and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the emoluments of the Directors are disclosed within the accounts of Craegmoor Healthcare Company Limited.

4 Employee information

The average monthly number of persons (including Executive Directors) employed during the year was:

	2008	2007
Analysis by function	Number	Number
Nursing	138	143
Ancillary	14	13
Administration	37	36
	189	192
Staff costs (for the above persons)	£'000	£'000
Management charge in lieu of staff costs	2,823	2,634

The above disclosures are in respect of employees that carried out work in connection with the Company's operations during the year. However, these persons are employed by a fellow subsidiary Company.

5 Operating (loss) / profit

	2008	2007
	£'000	£'000
Operating (loss) / profit is stated after charging:		
Depreciation of tangible fixed assets	153	65
Amortisation of goodwill	21	21
Operating lease rentals:		
Land and buildings	624	596
Plant and machinery	5	1
Management charges from fellow subsidiaries	3,091	3,015

The audit fee for the Company for the year ended 31 December 2008 of £2,000 (2007: £3,000) is borne by a fellow subsidiary Company and included within the management charge.

The management charges from fellow subsidiary undertakings, Craegmoor Facilities Company Limited, Craegmoor Facilities Company No.2 Limited and Craegmoor Healthcare Company Limited, relate to an allocation of operating costs incurred on behalf of the Company and its fellow subsidiaries.

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

6 Loss on disposal of tangible fixed assets

	2008	2007
	£'000	£'000
Loss on disposal of tangible fixed assets realised during the year	98	-

The loss on disposal of tangible fixed assets had no effect on the charge for current taxation for the financial year (2007: £Nil).

7 Interest receivable and similar income

	2008	2007
	£'000	£'000
On overpaid corporation tax	1	-

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Tax on (loss) / profit on ordinary activities

	2008	2007
	£'000	£'000
Current taxation		
Group relief and balancing payments at 28.5% (2007: 30%)	-	-
Adjustment in respect of previous periods	(9)	-
Tax credit	(9)	-

The tax for the period differs from the standard effective rate of corporation tax in the UK for the year ended 31 December 2008 of 28.5% (2007: 30%). The differences are explained below:

	2008	2007
	£'000	£'000
(Loss) / profit on ordinary activities	(1,007)	283
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	(287)	85
Effects of:		
Expenses not deductible for tax purposes	101	15
Capital allowances for the year less than depreciation	156	11
Transfer pricing adjustments	25	14
Short term timing differences	17	(8)
Adjustment to tax charge in respect of previous periods	(9)	-
Group relief received not paid for	(15)	(117)
Rate difference	3	-
Current tax credit	(9)	-

Factors affecting current and future tax charges

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Tax on (loss) / profit on ordinary activities (continued)

No provision has been made for deferred taxation on gains realised on revaluing property to its market value. Such tax would only become payable if the property was sold without it being possible to claim rollover relief or utilise available losses. The total amount unprovided at 28% is £203,000 (2007: £823,000).

In accordance with the Craegmoor Topco Group accounting policy a deferred tax asset has not been recognised due to the uncertainty over the recoverability of the following:

	2008	2007
	£'000	£'000
Accelerated capital allowances	193	42
Short term timing differences	39	17
	232	59

9 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 January and 31 December 2008	419
Amortisation	
At 1 January 2008	168
Charge for the year	21
At 31 December 2008	189
Net book value	
At 31 December 2008	230
At 31 December 2007	251

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Tangible fixed assets

	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2008	3,078	541	3,619
Additions	-	428	428
Disposals	-	(213)	(213)
Impairment (see below)	(2,208)	-	(2,208)
At 31 December 2008	870	756	1,626
Accumulated depreciation			
At 1 January 2008	-	344	344
Charge for the year	100	53	153
Disposals	-	(115)	(115)
Impairment (see below)	6	-	6
At 31 December 2008	106	282	388
Net book value			
At 31 December 2008	764	474	1,238
At 31 December 2007	3,078	197	3,275

In accordance with the Craegmoor Group's accounting policy, the land and buildings occupied by the Company, were revalued by external valuers, Christie & Co., Chartered Surveyors and Valuers, as at 18 July 2008, being the date the Craegmoor Limited group was acquired by the Craegmoor Topco Limited group. These valuations were carried out on the basis of existing use value in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors.

Where appropriate, the entire portfolio will be revalued every five years, the next valuation being 18 July 2013, together with interim revaluations every three years.

For all properties in the Company's portfolio, the Directors have performed "value in use" calculations on an existing use open market value basis in accordance with the requirements of FRS 11, "Impairments of fixed assets and goodwill". The valuations considered the expected future performance of the entities based upon all known conditions. A risk weighted average cost of capital of 10.87% (2007: 10.0%) was used in these calculations.

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Tangible fixed assets (continued)

The impact of these valuation techniques can be summarised as follows:

	2008
	£'000
Directors' valuations	
(Value in use tests, look back tests and revisions to estimation techniques as described above)	
Impairments – charged to revaluation reserve	(2,214)
Included in the statement of total recognised gains and losses	(2,214)

If land and buildings had not been revalued they would have been included at the following amounts:

	2008	2007
	£'000	£'000
Cost	175	175
Aggregate depreciation	(45)	(35)
Net book value	130	140

11 Debtors

	2008	2007
	£'000	£'000
Amounts falling due within one year		
Trade debtors	225	131
Amounts owed by group undertakings	1,055	1,447
Prepayments and accrued income	10	7
Other debtors	41	43
	1,331	1,628

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

12 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Other creditors	-	102
Accruals and deferred income	1,149	1,144
Amounts owed to group undertakings	205	-
	1,354	1,246

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors: amounts falling due after more than one year

	2008	2007
	£'000	£'000
Amounts owed to group undertakings	421	421

14 Provisions for liabilities and charges

	Dilapidations £'000
At 1 January 2008	-
Charge in the year	750
At 31 December 2008	750

Provisions have been recorded for costs of returning properties held under operating leases to the state of repair at the inception of the lease. These provisions are expected to be utilised on the termination of the underlying leases.

15 Called up share capital

	2008	2007
	£'000	£'000
Authorised		
1,000 (2008: 1,000) Ordinary shares of £1 each	1	1
Allotted and fully paid		
2 (2008: 2) Ordinary shares of £1 each	-	-

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

16 Reserves

	Revaluation reserve	Profit and loss account
	£'000	£'000
At 1 January 2008	2,938	551
Reversal of prior years' revaluations on impaired properties	(2,214)	-
Loss for the financial year	-	(998)
At 31 December 2008	724	(447)

17 Reconciliation of movement in total shareholders' funds

	2008	2007
	£'000	£'000
(Loss) / profit for the financial year	(998)	283
Reversal of prior years' revaluations on impaired properties	(2,214)	2,938
Net (decrease) / increase in total shareholders' funds	(3,212)	3,221
Opening total shareholders' funds	3,489	268
Closing total shareholders' funds	277	3,489

18 Financial commitments

At 31 December 2008 the Company had annual commitments for land and buildings under non-cancellable operating leases as follows:

	2008	2007
	£'000	£'000
Expiring in more than five years	587	583

19 Contingent liabilities

There is a fixed and floating charge over the assets of the Company and certain of its fellow subsidiaries in respect of an external loan undertaken by an intermediate parent undertaking. Amounts drawn down on the facility of £207,000,000 amounted to £179,023,000 inclusive of accrued interest, as at 31 December 2008.

As at 31 December 2007 there was a fixed and floating charge over the assets of the Company and certain of its fellow subsidiaries in respect of an external loan undertaken by an intermediate parent undertaking. At December 2007, amounts drawn down on the facility of £245,000,000 amounted to £235,544,000, inclusive of accrued interest.

Speciality Care (Rest Homes) Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

20 Capital commitments

At 31 December 2008 the Company had instructed suppliers to carry out work on ongoing capital projects with a total value of £64,000 (2007: £Nil).

21 Related party transactions

The Company has taken advantage of the exemption granted under paragraph 3(c) of FRS 8 and not disclosed any transactions with other group companies where they are more than 90% owned by a common parent.

22 Immediate and ultimate parent companies

The Directors regard Speciality Care Limited, a company registered in England and Wales, as the immediate parent company of Speciality Care (Rest Homes) Limited, and Craegmoor Topco Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. The ultimate controlling party is Advent Miro (Cayman) Limited.

Craegmoor Topco Limited is the parent company of the largest and smallest group in which Speciality Care (Rest Homes) Limited is consolidated. Copies of Craegmoor Topco Limited's consolidated financial statements may be obtained from its registered office; Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.