

Bondcare (Martha) Limited

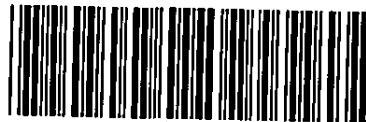
Report and Financial Statements

Year Ended

8 November 2009

Company Number 3402958

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Bondcare (Martha) Limited

Report and financial statements for the year ended 8 November 2009

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Directors

L Levison
J Sorotzkin

Secretary and registered office

L Levison, New Burlington House, 1075 Finchley Road, London, NW11 0PU

Company number

3402958

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Bondcare (Martha) Limited

Report of the directors for the year ended 8 November 2009

The directors present their report together with the audited financial statements for the year ended 8 November 2009

Results

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

The directors do not recommend the payment of a dividend (2008 - £Nil)

Principal activities

The principal activity of the company during the year was that of investment property

Directors

The directors of the company during the year were

L Levison
J Sorotzkin

Directors' responsibilities

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 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 judgements 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.

Bondcare (Martha) Limited

Report of the directors for the year ended 8 November 2009 (Continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the Board

J Sorotzkin

Director



5 August 2010

Bondcare (Martha) Limited

Independent auditor's report

TO THE MEMBERS OF BONDCARE (MARTHA) LIMITED

We have audited the financial statements of Bondcare (Martha) Limited for the year ended 8 November 2009 which comprise the profit and loss account, the balance sheet and the related notes. 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 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 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

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 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 company's affairs as at 8 November 2009 and of its profit for the year 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 matters 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.

Bondcare (Martha) Limited

Independent auditor's report (*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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime



*Michael Goldstein, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

5 August 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Bondcare (Martha) Limited

Profit and loss account for the year ended 8 November 2009

	Note	2009 £	2008 £
Turnover	2	290,013	337,459
Administrative expenses		1,000	9,926
Operating profit	3	289,013	327,533
Interest payable and similar charges	5	(31,505)	(75,389)
Profit on ordinary activities before taxation		257,508	252,144
Taxation on profit on ordinary activities	6		48,944
Profit on ordinary activities after taxation	13	257,508	301,088

All amounts in the current year relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

There were no movements in shareholder's funds during the current or prior year other than the loss for the year

The notes on pages 7 to 11 form part of these financial statements

Bondcare (Martha) Limited

Balance sheet at 8 November 2009

<i>Company number 3402958</i>	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	7		6,274,000		6,274,000
Current assets					
Debtors	8	159,046		200,798	
Creditors: amounts falling due within one year	9	45,502		45,502	
Net current assets			113,544		155,296
Total assets less current liabilities			6,387,544		6,429,296
Creditors: amounts falling due after more than one year	10		516,194		815,454
			5,871,350		5,613,842
Capital and reserves					
Called up share capital	12		1,000		1,000
Revaluation reserve	13		4,470,140		4,470,140
Profit and loss account	13		1,400,210		1,142,702
Shareholders' funds			5,871,350		5,613,842

The financial statements were approved by the Board of Directors and authorised for issue on 5 August 2010

J Sorotzkin
Director



The notes on pages 7 to 10 form part of these financial statements

Bondcare (Martha) Limited

Notes forming part of the financial statements for the year ended 8 November 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold properties and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Going concern

The directors are required to make an assessment of the company's ability to continue as a going concern. The directors have, after consideration of the difficult prevailing economic conditions, concluded that it is appropriate to prepare the company's financial statements on a going concern basis. The main considerations were as follows

The company is party, together with its parent company and fellow group undertakings, to a loan of £176,000,000 at 8 November 2009. This loan is secured on the company's investment property together with the investment properties held in various group undertakings. All parties to the loan agreements are required to meet an interest cover covenant and a loan to value covenant.

At the balance sheet date the interest cover covenant had been met and forecasts indicate that interest cover will be met in the future. In the period since 8 November 2009 interest payments on all the loans were made as they fell due. The ability to meet future interest cover is dependent on the underlying rental income from the investment property portfolio. All of the group's rental income is received from its sole tenant, Southern Cross BC OPCO Limited. The directors, after considering their own experience in operating these nursing homes, believe that, should the tenant fail to meet its obligations when they fall due, they have sufficient experience and resources within the group to assume the operation of the nursing homes internally. This will enable the group to meet interest payments as they fall due and continue to satisfy interest cover covenants for the foreseeable future.

The group had met its loan to value covenant at 8 November 2009. However any future falls in the property's value could result in margin calls or increased funding costs if the future loan to value covenant is not met. The directors are of the opinion that the property portfolio has retained its value and that the loan to value covenant will continue to be met.

Turnover

Turnover represents rental income arising from operating leases granted to tenants and is recognised on a straight line basis until the next rent review.

Investment property

The investment property is accounted for in accordance with Statement of Standard Accounting Practice 19. It is revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading. The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Bondcare (Martha) Limited

Notes forming part of the financial statements
for the year ended 8 November 2009 (Continued)

1 Accounting policies (Continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by BC and the company is included in consolidated financial statements

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3 Operating profit

	2009 £	2008 £
This has been arrived at after charging		
Auditors' remuneration - audit services	1,000	1,000

4 Employees

The average number of employees, including directors, during the year was Nil (2008 - Nil)

No director received remuneration in the current or prior years

5 Interest payable and similar charges

	2009 £	2008 £
Loans from group companies	31,505	75,389

Bondcare (Martha) Limited

Notes forming part of the financial statements
for the year ended 8 November 2009 (Continued)

6 Taxation on profit from ordinary activities

	2009 £	2008 £
<i>Current tax</i>		
Underprovision in respect of prior year	-	98
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(49,042)
	<u>-</u>	<u>(48,944)</u>
Total tax credit	-	(48,944)

The tax assessed for the year is less than the standard rate of corporation tax in the UK The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	<u>257,508</u>	<u>252,144</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 28%)	72,102	70,601
Effects of		
Expenses not deductible for tax purposes	-	2,499
Depreciation in excess of capital allowances	(1,970)	(2,779)
Group relief claimed	(70,132)	(70,321)
Adjustment in respect of prior year underprovision	-	98
	<u>-</u>	<u>98</u>
Current tax charge for year	-	98

7 Tangible assets

	Freehold investment property £
<i>Cost or valuation</i>	
At 10 November 2008 and at 8 November 2009	<u>6,274,000</u>

The company's property was valued by external valuers, Colliers CRE, a firm of Chartered Surveyors, on 10 July 2008 on the basis of Market Value. The valuation was prepared in accordance with the Practice Statements in the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards. In the opinion of the directors there was no change in this valuation as at the balance sheet date.

The historic cost of the investment property is £1,803,860 (2008 - £1,803,860)

Bondcare (Martha) Limited

Notes forming part of the financial statements
for the year ended 8 November 2009 *(Continued)*

8 Debtors

	2009 £	2008 £
Other debtors	34,280	34,280
Prepayments and accrued income	124,766	166,518
	<u>159,046</u>	<u>200,798</u>

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

9 Creditors: amounts falling due within one year

	2009 £	2008 £
Accruals and deferred income	45,502	45,502
	<u>45,502</u>	<u>45,502</u>

10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to group undertakings	516,194	815,454
	<u>516,194</u>	<u>815,454</u>

Amounts owed to group undertakings have no fixed terms of repayment and bear interest at 1.5% above LIBOR (see note 14 for details of guarantees)

11 Provisions for liabilities

No provision has been made for the potential tax liability of approximately £1,112,000 (2008 - £1,114,000) which would arise if the freehold properties were sold at their revalued amounts

12 Share capital

Allotted, called up and fully paid

	2009 Number	2008 Number	2009 £	2008 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Bondcare (Martha) Limited

Notes forming part of the financial statements
for the year ended 8 November 2009 (Continued)

13 Reserves

	Revaluation reserve £	Profit and loss account £
At 10 November 2008	4,470,140	1,142,702
Profit for the year	-	257,508
	<hr/>	<hr/>
At 8 November 2009	4,470,140	1,400,210
	<hr/>	<hr/>

14 Contingent liabilities

The company has given a joint and several guarantee together with other group members in respect of group borrowings of £176m (2008 - £176m) The company has granted a debenture over all its assets in support of this loan

The company has also granted an unlimited guarantee in respect of a group overdraft facility At 8 November 2009 the aggregate due under this facility was £362,529 (2008 - £696,857)

15 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by BC on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

Related party transactions and balances

Included in other debtors is an amount of £34,280 (2008 - £34,280) due from Netbond UK Limited, a company controlled by L Levison

16 Ultimate parent company and parent undertaking of larger group

The company's immediate parent company is BC2 Limited The smallest and largest group in which the results of the company are consolidated is that headed by BC Copies of the consolidated financial statements of BC are available from Companies House

The company's ultimate parent company and controlling party is Finsbury Trust Corporation Limited, a company registered in Gibraltar