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**PEGASUS RETIREMENT HOMES plc**

Report and Accounts

For the year ended 31 March 2012

Registered number 03645780

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## **PEGASUS RETIREMENT HOMES plc**

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Registered Number 3645780

### **DIRECTORS**

P F Askew

M J Gill

K Roake (resigned 31 August 2012)

D Petri (appointed 1 October 2012)

J A Bickle (appointed 17 September 2012 resigned 16 October 2012)

S Mazzoli (appointed 17 September 2012, resigned 16 October 2012)

JP Van Steenkiste (appointed 17 September 2012 resigned 16 October 2012)

### **SECRETARY**

D J Petri

### **AUDITORS**

KPMG LLP

100 Temple Street

Bristol

BS1 6AG

### **SOLICITORS**

CMS Cameron McKenna

Mitre House

160 Aldersgate Street

London

EC1A 4DD

### **REGISTERED OFFICE**

105-107 Bath Road

Cheltenham

Gloucestershire

GL53 7LE

## **PEGASUS RETIREMENT HOMES plc**

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### **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the accounts and auditor's report, for the year ended 31 March 2012

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the development and sale of sheltered accommodation for the elderly

#### **RESULTS AND DIVIDENDS**

The audited accounts for the year ended 31 March 2012 are set out on pages 8 to 20. The loss for the year, before taxation was £18,454,000 (2011 £19,358,000)

The directors do not recommend the payment of a dividend (2011 £Nil)

#### **POST BALANCE SHEET EVENTS**

Subsequent to the reporting date, the following reorganisation occurred

On 17 September 2012, the entire bank loans and overdraft (the "senior debt") owed by Pegasus New Homes Limited ("PNHL"), and intermediate parent undertaking of the company, were purchased from the groups banks, The Royal Bank of Scotland and The Bank of Ireland, by Amherst S a r l ("Amherst"), a Luxembourg private limited liability company, which is wholly owned by Oaktree European Principal Fund III L P ("OEP"), which is in turn controlled by Oaktree Capital Group LLC. At the same time, the outstanding interest rate swaps relating to the senior debt of £66,000,000 were cancelled.

On the same day the entire share capital of PNHL was purchased by OCM Luxembourg Pegasus Holdings S a r l ("OCM"), which is also owned by OEP.

On 19 September 2012, a new company, Pegasus New Build Limited ("PNBL"), was incorporated. PNBL is a wholly owned subsidiary of OCM.

On 5 February 2013, £83,724,600 of the senior debt acquired by Amherst was capitalised by way of PNHL issuing 83,724,600 ordinary £1 shares to Amherst.

On 6 February 2013, the company sold its trade and assets to PNBL for a consideration of £34,175,000. The consideration received was by way of assumption of the liability of PRH to PNHL in relation to the outstanding senior debt of £34,175,000.

As a result of the reorganisation, there is no third party debt and all swaps have been cancelled.

#### **BUSINESS REVIEW**

In the year ending 31 March 2012, turnover was £13,227,000 (2011 £18,837,000), representing 58 unit sales, (2011 78).

The principal risks facing the group are macro-economic with the level of interest rates and availability of mortgage funding for the resale market being key factors within our industry.

Following the year end of 31 March 2012, market conditions continued to weaken markedly as mortgage availability reduced further and customer confidence was eroded by flat house price indices and increased economic uncertainty. The directors acted to reduce the group's cost base and this remained a key focus up to the sale of the Company's trade as set out above.

Following the sale of its trade, the company will act as an agent for PNBL to sell the properties it acquired from the company.

## **PEGASUS RETIREMENT HOMES plc**

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### **DIRECTORS' REPORT (CONTINUED)**

In finalising these financial statements in order to reflect the market conditions prevailing at the balance sheet date and subsequently, the directors have again reviewed the value of the land and work in progress, including finished stock, held as stock on the balance sheet. In doing so the directors have reviewed sales performance and where appropriate, received third party valuations and have used these to determine a prudent realisable value. This review showed that an impairment charge of £863 000 (2011: £nil) was required in order to reduce the carrying value of stock to its net realisable value. This impairment charge has been included in cost of sales.

Details of key performance indicators are as follows:

	2012	2011
Units sold	58	78
Operating (loss) / profit	(£0.7m)	£0.9m
Loss before tax	£18.5m	£19.4m
Shareholders' Deficit	£69.3m	£50.9m
Turnover per employee	£0.7m	£0.9m
Land bank units at year end	240	298
Employees (average)	19	22

The directors continue to be dedicated to developing our employees and support them to undertake a variety of training and development activities and measure the impact of these on the individual's and company's performance. As a consequence we continue Investors in People accreditation.

Pegasus is committed to quality business practice and environmental management systems which encompass customer care. The processes are independently audited by Lloyds (LRQA) and certified under globally recognised standards ISO 9001:2004 and ISO 14001.

### **DIRECTORS QUALIFYING INDEMNITY PROVISIONS**

The company provided qualifying third party indemnity provisions to certain directors during the financial year and at the date of this report.

### **SUPPLIER PAYMENT POLICY**

The company is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the company's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking by the company to pay suppliers within the agreed payment year. The number of creditor days outstanding at the year end was 7 (2011: 14).

### **DONATIONS**

The company made donations during the year of £Nil (2011: £Nil) to various charities serving the community in which the company operates. No political donations were made during the year (2011: £Nil).

## **PEGASUS RETIREMENT HOMES plc**

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### **DIRECTORS' REPORT (CONTINUED)**

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

#### **AUDITOR**

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By Order of the Board



**D J Petri**  
*Secretary*

**22 APRIL 2013**  
105-107 Bath Road  
Cheltenham, GL53 7LE

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEGASUS RETIREMENT HOMES PLC**

We have audited the financial statements of Pegasus Retirement Homes plc for the year ended 31 December 2012 set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEGASUS RETIREMENT HOMES PLC (CONTINUED)**

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

### **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



Antonio Antonius (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
100 Temple Street, Bristol, BS1 6AG, United Kingdom

26 April

2013

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**PEGASUS RETIREMENT HOMES plc**

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**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2012**

	<i>Notes</i>	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
<b>TURNOVER</b>	<i>1, 2</i>	13,227	18,837
Cost of sales		(12,409)	(16,466)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		818	2,371
Other operating income		368	323
Administration expenses		(1,851)	(1,806)
		<hr/>	<hr/>
<b>OPERATING (LOSS) / PROFIT</b>		(665)	888
Other interest receivable and similar income	<i>5</i>	-	1
Interest payable and similar charges	<i>6</i>	(17,789)	(20,247)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<i>3-4</i>	(18,454)	(19,358)
Taxation	<i>7</i>	21	39
		<hr/>	<hr/>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<i>13</i>	(18,433)	(19,319)
		<hr/>	<hr/>

All results arose from continuing activities

There are no recognised gains or losses in either year other than the loss for either year

Notes on pages 10 to 20 form part of these financial statements

## PEGASUS RETIREMENT HOMES plc

### BALANCE SHEET At 31 March 2012

	<i>Notes</i>	<i>2012 £000</i>	<i>2011 £000</i>
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	5	7
<b>CURRENT ASSETS</b>			
Stocks	9	33,796	44,188
Debtors	10	796	640
Cash at bank and in hand		390	101
		<hr/>	<hr/>
		34,982	44,929
<b>CREDITORS</b> Amounts falling due within one year	11	(104,308)	(95,824)
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		(69,326)	(50,895)
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		(69,321)	(50,888)
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	12	225	225
Profit and loss account	13	(69,546)	(51,113)
		<hr/>	<hr/>
<b>SHAREHOLDERS' DEFICIT</b>	14	(69,321)	(50,888)
		<hr/>	<hr/>

Notes on pages 10 to 20 form part of these financial statements

These financial statements were approved by the board of directors on **22 APRIL** 2013 and were signed on its behalf by



M Gill  
Director

Registered number 3645780

**NOTES TO THE ACCOUNTS**  
**At 31 March 2012**

**1. ACCOUNTING POLICIES**

***Accounting convention***

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below

***Basis of preparation***

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

***Going concern***

The financial statements have been on a going concern basis, which the directors believe to be appropriate for the following reasons

The company is part of a group which was until 17 September 2012, reliant for its funding on banking facilities. These facilities had been amended, restructured and extended at various dates between 2009 and 2011 as a result of the difficult trading conditions experienced by the company and the group.

On 17 September 2012, the entire bank loans and overdraft (the "senior debt") owed by Pegasus New Homes Limited ("PNHL"), and intermediate parent undertaking of the company, were purchased from the group's banks, The Royal Bank of Scotland and The Bank of Ireland, by Amherst S a r l ("Amherst"), a Luxembourg private limited liability company, which is wholly owned by Oaktree European Principal Fund III L P ("OEP"), which is in turn controlled by Oaktree Capital Group LLC. At the same time, the outstanding interest rate swaps relating to the senior debt of £66,000,000 were cancelled.

On the same day the entire share capital of Pegasus New Homes Limited ("PNHL") was purchased by OCM Luxembourg Pegasus Holdings S a r l ("OCM"), which is also owned by OEP.

On 19 September 2012, a new company, Pegasus New Build Limited ("PNBL") was incorporated. PNBL is a wholly owned subsidiary of OCM.

On 5 February 2013, £83,724,600 of the senior debt acquired by Amherst was capitalised by way of PNHL issuing 83,724,600 ordinary £1 shares to Amherst.

On 6 February 2013, the company sold its trade and assets to PNBL for a consideration of £34,175,000. The consideration received was by way of assumption of the liability of PRH to PNHL in relation to the outstanding senior debt of £34,175,000.

As a result of the reorganisation, there is no third party debt and all swaps have been cancelled.

The company is therefore now reliant on parent company support and Oaktree Capital Group LLC, the company's ultimate parent undertaking, has indicated that for a period of at least 12 months from the date of approval of these financial statements, it will ensure that sufficient facilities continue to be available to the company and in particular that it will not seek repayment of the amounts currently made available such that the company is able to meet its obligations as they fall due for payment and continue in operational existence for the foreseeable future.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

**NOTES TO THE ACCOUNTS**

**At 31 March 2012(Continued)**

**1 ACCOUNTING POLICIES (CONTINUED)**

***Tangible fixed assets***

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

Fixtures, fittings and equipment	5 years
Computers and software	3 years

Residual value is calculated on prices prevailing at the date of acquisition. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

***Stocks***

Stocks, including work in progress, are stated at the lower of cost and estimated net realisable value. Cost comprises actual land purchases which are accounted for from the date of contract exchange, when the company obtains effective control of the site, actual building costs and attributable direct overheads. Net realisable value is based on estimated selling price less further costs to completion and disposal.

***Taxation***

Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

***Turnover***

Turnover represents amounts receivable from the sale of sheltered accommodation for the elderly, net of discounts and VAT.

It is company policy to account for the sales of units and the relevant portion of their freehold land sale on legal completion.

***Interest costs***

Interest payable on bank overdrafts and other loans is charged to the profit and loss account on an accruals basis.

***Pension costs***

The company operates a defined contribution group personal pension scheme. The amount charged to the profit and loss account represents contributions payable by the company to the individual policies effected by the employees with an independent insurance company in funds separate from the company's finances.

***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the year of the lease.

**2. SEGMENTAL REPORTING**

The directors consider there to be one continuing class of business, being the sale of sheltered accommodation for the elderly and one geographical destination of business only being the UK.

## PEGASUS RETIREMENT HOMES plc

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### NOTES TO THE ACCOUNTS At 31 March 2012(Continued)

#### 3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Depreciation and amounts written off tangible fixed assets		
- owned	6	14
Operating lease rentals		
- plant and machinery	43	41
- land & buildings	384	434
<b>Exceptional items</b>		
Impairment of stock (within cost of sales)	863	-
<b>Auditor's remuneration</b>		
Audit of these financial statements	38	38

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Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Pegasus New Homes Limited. The remuneration for all group companies is paid by the Company and totalled £40,000.

#### 4. STAFF COSTS

	<i>2012</i> <i>Number</i>	<i>2011</i> <i>Number</i>
Average monthly number of employees (including executive directors)	19	22
	<hr/>	<hr/>
Their aggregate remuneration comprised	<i>£000</i>	<i>£000</i>
Wages and salaries	1,084	1,200
Social security costs	143	151
Other pension costs (note 17)	125	99
	<hr/>	<hr/>
	1,352	1,450
	<hr/>	<hr/>

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**PEGASUS RETIREMENT HOMES plc**

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**NOTES TO THE ACCOUNTS**

**At 31 March 2012(Continued)**

**4 STAFF COSTS (CONTINUED)**

**Directors' remuneration**

*Aggregate remuneration*

The remuneration of the directors was as follows

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Emoluments	422	548
Company contributions to money purchase schemes	85	85
	<hr/>	<hr/>
	507	633
	<hr/>	<hr/>

Three directors are members of money purchase schemes (*2011 Three*)

The above amounts for remuneration include the following in respect of the highest paid director

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Emoluments	148	233
Company contributions to money purchase pension schemes	45	45
	<hr/>	<hr/>
	193	278
	<hr/>	<hr/>

**PEGASUS RETIREMENT HOMES plc**

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**NOTES TO THE ACCOUNTS**  
**At 31 March 2012 (Continued)**

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Other interest receivable	-	1
	<hr/>	<hr/>
	-	1
	<hr/>	<hr/>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Bank loans and overdrafts	2,237	3,006
Interest payable to group companies	15,552	17,241
	<hr/>	<hr/>
	17,789	20,247
	<hr/>	<hr/>

**7 TAX ON LOSS ON ORDINARY ACTIVITIES**

Analysis of charge in the year

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
UK Corporation tax		
Current tax on income for the year	(21)	(22)
Adjustment in respect of prior years	-	(17)
	<hr/>	<hr/>
Total current tax credit	(21)	(39)
	<hr/>	<hr/>
Tax credit on loss on current activities	(21)	(39)
	<hr/>	<hr/>



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**PEGASUS RETIREMENT HOMES plc**

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**NOTES TO THE ACCOUNTS****At 31 March 2011(Continued)****7. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)**

Factors affecting the tax charge for the year

The tax assessed on the loss (*2011 loss*) on ordinary activities for the year is higher (*2010 higher*) than the standard rate of corporation tax in the UK of 26 % (*2011 28%*) The differences are reconciled below

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Loss on ordinary activities before tax	(18,454)	(19,358)
Current tax at 26 % ( <i>2011 28%</i> )	(4,798)	(5,420)
Effect of		
Expenses not deductible for tax purposes	10	27
Depreciation for the year in excess of capital allowances	-	1
Transfer pricing adjustments	2,425	2,896
Short term timing differences	(8)	-
Adjustments in respect of previous years	-	(17)
Unrelieved tax losses	2,348	2,496
Remediation relief	2	(22)
Total current tax credit for the year	(21)	(39)

Deferred tax assets of £11,726,000 (*2011 £10,396,000*) have not been recognized as the Directors do not believe that the availability of suitable future taxable profits against which they can be set is sufficiently certain

**PEGASUS RETIREMENT HOMES plc**

**NOTES TO THE ACCOUNTS**  
**At 31 March 2012(Continued)**

**8. TANGIBLE FIXED ASSETS**

	<i>Computers and software £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
<b>Cost</b>			
At 1 April 2011	334	61	395
Additions	4	-	4
At 31 March 2012	338	61	399
<b>Depreciation</b>			
At 1 April 2011	332	56	388
Charge for the year	4	2	6
At 31 March 2012	336	58	394
<b>Net book value</b>			
At 31 March 2012	2	3	5
<b>Net book value</b>			
At 31 March 2011	2	5	7

**9. STOCKS**

	<i>2012 £000</i>	<i>2011 £000</i>
Land (undeveloped)	1,649	1,775
Work in progress	32,147	42,413
	33,796	44,188

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**PEGASUS RETIREMENT HOMES plc**

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**NOTES TO THE ACCOUNTS**  
**At 31 March 2012(Continued)****10 DEBTORS**

Amounts falling due within one year

	2012 £000	2011 £000
Other debtors	690	479
Prepayments and accrued income	63	106
UK corporation tax	43	55
	<hr/>	<hr/>
	796	640
	<hr/>	<hr/>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £000	2011 £000
Trade creditors	252	512
Amounts owed to group undertakings	102,074	92,532
Other creditors	182	238
Accruals and deferred income	1,800	2,542
	<hr/>	<hr/>
	104,308	95,824
	<hr/>	<hr/>

The company has granted fixed and floating charges on its assets to secure the group's bank borrowings of £111,911,000 (2010 £102,368,000). The loan principal balance, which totalled £58,800,000 at 31 March 2012, incurs interest at a rate of 25%.

Prior to the amendment and restatement agreement, the group managed its financial risk by entering into interest rate swaps with its bank. These swaps were retained as part of the refinancing and the group continues to make payments in relation to the swap agreements. Subsequent to the year end the swaps have been cancelled.

The intercompany loan bears interest at a rate which reflects the interest payable by the group on the bank borrowings discussed above. The loan falls due for repayment on demand.

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**PEGASUS RETIREMENT HOMES plc**

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**NOTES TO THE ACCOUNTS**

**At 31 March 2012(Continued)**

**12. CALLED-UP SHARE CAPITAL**

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
225,000 ordinary shares of £1 each	225	225
	<hr/>	<hr/>

**13. RESERVES**

	<i>Profit and loss account £000</i>
At beginning of year	(51,113)
Loss for the year	(18,433)
	<hr/>
At end of year	(69,546)
	<hr/>

**14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Opening shareholders' deficit	(50,888)	(31,569)
Loss for the financial year	(18,433)	(19,319)
	<hr/>	<hr/>
Closing shareholders' deficit	(69,321)	(50,888)
	<hr/>	<hr/>

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**PEGASUS RETIREMENT HOMES plc**

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**NOTES TO THE ACCOUNTS**  
**At 31 March 2012(Continued)**

**15 FINANCIAL COMMITMENTS**

Annual commitments under non-cancellable operating leases are as follows

	<i>2012</i>		<i>2011</i>	
	<i>Land and Buildings £000</i>	<i>Other £000</i>	<i>Land and Buildings £000</i>	<i>Other £000</i>
Expiry date				
- within one year	172	1	172	1
- between two and five years	39	6	39	6
	<hr/>	<hr/>	<hr/>	<hr/>
	211	7	211	7
	<hr/>	<hr/>	<hr/>	<hr/>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

**16. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions between group undertakings

**17. PENSION SCHEME**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the Scheme and amounted to £125,000 (2011 £99,000). At year end, contributions amounting to £6,000 (2011 £10,000) were payable to the Scheme and are included within other creditors in the accounts.

**18 IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking is Pegasus Holdings Limited

The ultimate holding company at 31 March 2012 was Pegasus Retirement Holdings Limited

## **PEGASUS RETIREMENT HOMES plc**

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### **NOTES TO THE ACCOUNTS**

**At 31 March 2012(Continued)**

#### **19 POST BALANCE SHEET EVENTS**

Subsequent to the reporting date the following reorganisation occurred

On 17 September 2012, the entire bank loans and overdraft (the "senior debt") owed by Pegasus New Homes Limited ("PNHL"), and intermediate parent undertaking of the company, were purchased from the groups banks, The Royal Bank of Scotland and The Bank of Ireland, by Amherst S a r l ("Amherst"), a Luxembourg private limited liability company, which is wholly owned by Oaktree European Principal Fund III L P ("OEP"), which is in turn controlled by Oaktree Capital Group LLC. At the same time, the outstanding interest rate swaps relating to the senior debt of £66,000,000 were cancelled.

On the same day the entire share capital of PNHL was purchased by OCM Luxembourg Pegasus Holdings S a r l ("OCM"), which is also owned by OEP.

On 19 September 2012, a new company, Pegasus New Build Limited ("PNBL"), was incorporated. PNBL is a wholly owned subsidiary of OCM.

On 5 February 2013, £83,724,600 of the senior debt acquired by Amherst was capitalised by way of PNHL issuing 83,724,600 ordinary £1 shares to Amherst.

On 6 February 2013, the company sold its trade and assets to PNBL for a consideration of £34,175,000. The consideration received was by way of assumption of the liability of PRH to PNHL in relation to the outstanding senior debt of £34,175,000.

As a result of the reorganisation, there is no third party debt and all swaps have been cancelled.

PNHL has included the company in its group accounts (the largest and smallest group of which the company is a member), copies of which are available from its registered offices: 105-107 Bath Road, Cheltenham, Gloucestershire, GL53 7LE.