

Senad Holdings Limited

**Directors' report and financial
statements**

Registered number 05271236

31 August 2007

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Directors and advisors

Directors

B Jones
JR Atkinson

Secretary

JR Atkinson

Registered office

1 St George's House
Vernon Gate
Derby
DE1 1UQ

Company number

05271236

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers

Nomura International plc
1 St Martin's-le-Grand
London
EC1A 4NP

Solicitors

Marriott Harrison
Staple Court
11 Staple Inn Buildings
London
WC1V 7QH

Directors' report

The directors present their report and financial statements for the year ended 31 August 2007

Principal activity

The principal activity of the company is that of an intermediate holding company

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

No dividends have been paid or proposed in the year ended 31 August 2007 (2006 nil)

Directors

The directors who held office during the financial year and to the date of this report are as follows

KA Baines	- resigned 3 August 2007
TF Lee	- resigned 3 August 2007
B Jones	
R Atkinson	- appointed 3 August 2007

Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board


B Jones
Director

Dated 4/4/08

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).

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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

St Nicholas House
Park Row
Nottingham NG1 6FQ

Report of the independent auditors to the members of Senad Holdings Limited

We have audited the financial statements of Senad Holdings Limited for the year ended 31 August 2007 which comprise the profit and loss account, the balance sheet and the related notes. 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2007 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.

KPMG LLP

Chartered Accountants
Registered Auditor

Dated *4 April 2008*

Profit and loss account
for the year ended 31 August 2007

	<i>Note</i>	2007 £000	2006 £000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(23)	(14)
		<hr/>	<hr/>
Operating loss		(23)	(14)
Income from shares in group undertakings		-	1,699
Interest payable and similar charges	2	-	(1,111)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	3	(23)	574
Tax on (loss)/profit on ordinary activities	5	-	-
		<hr/>	<hr/>
(Loss)/profit for the financial year	11	(23)	574
		<hr/> <hr/>	<hr/> <hr/>

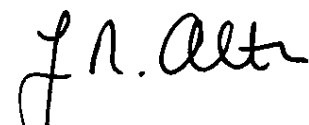
In both the current and preceding year, the company made no material acquisitions and had no discontinued operations

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet
as at 31 August 2007

	<i>Note</i>	£000	2007 £000	£000	2006 £000
Fixed assets					
Tangible assets	6		1,348		1,371
Investments	7		11,676		11,586
			<u>13,024</u>		<u>12,957</u>
Current assets					
Debtors	8	-		1,528	
Creditors amounts falling due within one year	9	(12,931)		(14,369)	
Net current liabilities			<u>(12,931)</u>		<u>(12,841)</u>
Net assets			<u>93</u>		<u>116</u>
Capital and reserves					
Called up share capital	10		1		1
Share premium account	11		28		28
Profit and loss account	11		64		87
Shareholder's funds	12		<u>93</u>		<u>116</u>

These financial statements were approved by the board of directors on 4/4/08 and were signed on its behalf by


J.R. Atkinson
Director

Notes

(forming part of the financial statements)

1 Principal accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards on a going concern basis

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

Under FRS 1 'Cash flow statements (revised 1996)' the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary and its parent company includes the company in its own published consolidated financial statements.

Related party transactions

As the company is a wholly owned subsidiary, the company has taken advantage of the exemption contained within FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Senad Equity Limited, within which the company is included, can be obtained from the address given in note 17.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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.

Tangible fixed assets and depreciation

Depreciation is provided at the following rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold buildings	- original buildings	- 2% straight line
	- improvements	- 10% on reducing balance

No depreciation is provided on freehold land or assets in the course of construction.

Investments

The cost of investment is their purchase cost together with any incremental costs of acquisition. Provision is made against the cost of investments where, in the opinion of the directors, there is an impairment in the value of the individual investments.

Notes (continued)

1 Principal accounting policies (continued)

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Interest payable and similar charges

	2007 £000	2006 £000
Bank loans	-	398
Other interest	-	506
Amortisation of issue costs	-	69
Other finance costs	-	138
	<u>-</u>	<u>1,111</u>

3 (Loss)/profit on ordinary activities before taxation

	2007 £000	2006 £000
(Loss)/profit on ordinary activities before taxation is arrived at after charging		
Depreciation	23	14
	<u>23</u>	<u>14</u>

Auditors' remuneration relating to the company has been charged to Senad Limited (2006 Senad Group Limited)

4 Directors and employees

Excluding the directors, the company had no employees at 31 August 2007 (2006 nil)

The directors did not receive any remuneration during the year (2006 £nil)

5 Tax on (loss)/profit on ordinary activities

(a) Analysis of charge in the year

	2007 £000	2006 £000
UK corporation tax		
Current tax on income for the year	-	-
	<u>-</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>-</u>

Notes (continued)

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

(b) Factors affecting the tax charge for the year

The current tax charge for the year is higher (2006 lower) than the standard 30% rate of corporation tax in the UK. The differences are explained below

	2007 £000	2006 £000
(Loss)/profit on ordinary activities before tax	(23)	574
Current tax at 30% (2006 30%)	(7)	172
Effect of		
Depreciation in excess of/(less than) capital allowances	7	(1)
Expenses not deductible for tax purposes	-	4
Income not recognised for tax purposes	-	(554)
Group relief	245	379
Transfer pricing adjustment	(245)	-
Total current tax charge	-	-

6 Tangible assets

	Freehold land and buildings £000
<i>Cost</i>	
At 1 September 2006 and at 31 August 2007	1,385
<i>Accumulated amortisation</i>	
At 1 September 2006	14
Charge for the year	23
At 31 August 2007	37
<i>Net book value</i>	
At 31 August 2007	1,348
At 31 August 2006	1,371

Land included in the above and not depreciated amounted to £207,750 (2006 £207,750)

Notes (continued)

7 Investments

	Shares in group undertakings £000
Cost at 31 August 2006	11,586
Finalisation of consideration for Aran Hall School Limited and Hanson Line Limited	90
31 August 2007	11,676

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

The company holds more than 20% of the share capital of the following companies which are all registered in England and Wales

Name of undertaking	Ownership	Nature of holding	Nature of business
Aran Hall School Limited	100%	Indirect	Specialist care and education for children and young people with autism, severe learning disabilities and associated challenging behaviour
Hanson Line Limited	100%	Direct	Management and holding company for Aran Hall School Limited
Tregynon Hall Limited	100%	Direct	Specialist care and education for young people who have previously experienced emotional pain, social and academic failure and rejection
Orchard School Limited	100%	Direct	Education and social care for young people on the severe autistic spectrum with learning difficulties and challenging behaviour
Orchard School Properties Limited	100%	Direct	Dormant

8 Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	-	1,473
Other debtors	-	55
	<u>-</u>	<u>1,528</u>

9 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amounts owed to group undertakings	12,931	13,709
Deferred consideration	-	660
	<u>12,931</u>	<u>14,369</u>

Notes (continued)

10 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
150,000 ordinary shares of £0.01 each	1,500	1,500
850,000 'A' ordinary shares of £0.01 each	8,500	8,500
	<hr/> 10,000 <hr/>	<hr/> 10,000 <hr/>
<i>Allotted, called up and fully paid</i>		
14,000 ordinary shares of £0.01 each	140	140
85,000 'A' ordinary shares of £0.01 each	850	850
	<hr/> 990 <hr/>	<hr/> 990 <hr/>

Class rights

All shares rank pari passu in all respects

11 Reserves

	Share premium account £000	Profit and loss account £000
Opening balance	28	87
Loss for the year	-	(23)
	<hr/> 28 <hr/>	<hr/> 64 <hr/>
At 31 August 2007	28	64

12 Reconciliation of movements in shareholder's funds

	2007 £000	2006 £000
(Loss)/profit for the year	(23)	574
	<hr/> (23) <hr/>	<hr/> 574 <hr/>
Net movement in shareholder's funds	(23)	574
Opening shareholder's funds/(deficit)	116	(458)
	<hr/> 116 <hr/>	<hr/> (458) <hr/>
Closing shareholder's funds	93	116

13 Capital and other commitments

At 31 August 2007 the company had no capital or other commitments (2006 £nil)

Notes (continued)

14 Financial commitments

At 31 August 2007, the company had no annual commitments under non-cancellable operating leases (2006 £nil)

15 Contingent liabilities

Cross guarantees are in place in relation to the group's bank loans with Nomura International plc of £90 million (2006 £100 million). In addition the company is subject to a charge to Nomura International plc over all properties and other assets held and monies due or to become due.

On 23 November 2007 the group's bank loans with Nomura International plc reduced to £65 million following the issue of additional loan notes in the amount of £30 million.

16 Related party transactions

The company has taken advantage of the exemption contained within FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities that form part of the Senad Equity Limited group.

17 Ultimate parent company

The company is a subsidiary of Senad Investments Limited, a company incorporated in the United Kingdom and itself a subsidiary of Senad Equity Limited. Senad Equity Limited, a company incorporated in the United Kingdom, is the ultimate parent company. The ultimate controlling party is Delta Commercial Property LP.

The largest group in which the results of the company are consolidated is that headed by Senad Equity Limited. The consolidated financial statements of Senad Equity Limited may be obtained from Senad Equity Limited, 1 St George's House, Vernon Gate, Derby, DE1 1UQ.