

Registered number: 05608415

# **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

## **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

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# **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	J S Billane K J Maddin T B Newell W P Pryce A G Roche M E Wills
<b>Secretary</b>	A G Roche
<b>Company number</b>	05608415
<b>Registered office</b>	Shire House West Common Gerrards Cross Buckinghamshire SL9 7QN
<b>Auditors</b>	PKF (UK) LLP Pannell House Park Street Guildford Surrey GU1 4HN
<b>Solicitors</b>	Eversheds LLP One Wood Street London  EC2V 7WS
<b>Bankers</b>	Royal Bank of Scotland 1 Spinningfield Square  Manchester M3 3AP  Bank of Ireland Bow Bells House 1 Bread Street London EC4M 9BE  Clydesdale Bank 35 Regent Street London SW1Y 4ND  Barclays Private Clients International Limited Barclays House Victoria Street Isle of Man IM99 1AJ

# **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

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## **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their annual report and the financial statements for the year ended 31 December 2008.

#### **Principal Activity**

The company acts as the holding company for the Signature group of companies. The company did not trade during the year.

The principal activity of the group is the development and operation of senior living communities providing regulated and other ancillary services within the UK. Operations are regulated by the Care Quality Commission (CQC).

#### **Business Review:**

The group's structure facilitates the granting of a major interest from each property company to its respective operating company.

In April 2008 the group opened Signature Miramar (Signature at the Miramar (Operations) Ltd) a purpose built 82 bed care home with nursing and dementia.

In April and May 2008 the group acquired new sites in Nottingham and Hindhead with the intention of constructing and operating new care homes.

In April 2008 the group commenced the construction of a new care home with dementia facilities in Stoneygate, Leicester (due to open in January 2010) and secured debt funding.

During the period under review Signature Senior Lifestyle Developments Ltd continued to identify suitable pipeline sites for the further expansion of the group's portfolio.

The directors have undertaken a detailed review of all developments in progress as at the year end and have made write downs totalling £675,331 (2007: £1,048,574) representing the foreseeable loss on abortive developments.

The core activities underlying the strategy of the business are:

1. The sourcing of appropriate sites suitable for development.
2. The development of premium nursing home facilities within targeted locations.
3. The managed letting of the accommodation with the provision of care services.

The risks associated with such activities may be quantified as follows:

1. Investment in development sites where satisfactory planning approval is ultimately not achieved.
2. The monitoring and control of development expenditure against agreed budgeted levels.
3. Movements in economic conditions that directly affect the returns of individual developments such as bank interest rates and build cost inflation.
4. Access to appropriate development capital.
5. Achieving satisfactory levels of occupancy post construction.

Such risks are continually under review and the Board is comprised of directors with direct relevant experience from within the property development and care industries. The Board has therefore ensured that the Group has entered into appropriately structured agreements with other specialists such as experienced site finders, property developers and providers of development capital. The Board ensures that all of these specialists are fully engaged with the project from the outset and that the contracts ensure that those specialists have a vested interest in the project successfully completing and sharing the risks of non-delivery. Furthermore, through experienced project management teams and appropriate systems the Board appraises all projects on a monthly basis and takes remedial action as required.

# **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

The Board considers the following key performance indicators as the most relevant to the group:

1. No. of sites with satisfactory planning consent.
2. No. of sites under construction.
3. The total development cost per square foot.
4. Average weekly fee achieved.
5. Average occupancy levels.
6. Loan to value headroom.
7. Interest cover headroom

These indicators are monitored on a monthly basis by the Board to ensure that they are consistent with the stage of the group's development.

### **Results**

The loss for the year, after taxation, amounted to £8,670,997 (2007: £6,479,736).

### **Directors**

The directors who served during the year were:

D E Driscoll (Resigned 31 October 2008)  
R P Jupp (Resigned 3 June 2008)  
K J Maddin  
T B Newell (Appointed 1 December 2008)  
A G Roche  
M E Wills

W P Pryce and J S Billane were appointed directors on 1 March 2009.

### **Political and charitable contributions**

During the year the group made charitable donations totalling £2,739 (2007: £nil).

### **Financial instruments**

The group has entered into fixed interest arrangements in the form of unsecured deep discount loan notes and unsecured management loan notes all of which mature on 27 January 2016.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position.

### **Disclosure of information to auditors**

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the board on 30/06/2009 and signed on its behalf.



**A G Roche**  
Director

## **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

We have audited the group and parent company financial statements ('the financial statements') of Signature Senior Lifestyle Holdings Limited for the year ended 31 December 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the note of group historical cost profit and loss and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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.

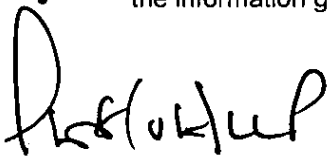
**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**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 group's and the parent company's affairs as at 31 December 2008 and of the group's 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.



**PKF (UK) LLP**

Registered Auditor

Guildford, UK

Date: *30 June* 2009



**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
<b>TURNOVER</b>	<b>1, 2</b>	<b>2,885,362</b>	<b>2,264,173</b>
Cost of sales		<b>(2,272,773)</b>	<b>(2,002,666)</b>
<b>GROSS PROFIT</b>		<b>612,589</b>	<b>261,507</b>
Administration expenses		<b>(3,874,105)</b>	<b>(3,073,562)</b>
Exceptional administrative expenses	<b>4</b>	<b>(675,331)</b>	<b>(1,048,574)</b>
Total admin expenses		<b>(4,549,436)</b>	<b>(4,122,136)</b>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(3,936,847)</b>	<b>(3,860,629)</b>
Interest receivable		<b>97,254</b>	<b>54,230</b>
Interest payable	<b>7</b>	<b>(4,844,359)</b>	<b>(2,701,443)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(8,683,952)</b>	<b>(6,507,842)</b>
Tax on ordinary activities	<b>8</b>	<b>12,955</b>	<b>28,106</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>19</b>	<b>(8,670,997)</b>	<b>(6,479,736)</b>

All the results are derived from continuing activities.

There were no recognised gains or losses for 2008 or 2007 other than those included in the Profit and loss account.

The notes on pages 11 to 27 form part of these financial statements.

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTE OF GROUP HISTORICAL COST PROFIT AND LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(8,683,952)</b>	<b>(6,507,842)</b>
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<b>(86,516)</b>	<b>(56,902)</b>
<b>HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(8,770,468)</b>	<b>(6,450,940)</b>
Tax on ordinary activities <b>8</b>	<b>12,955</b>	<b>28,106</b>
<b>HISTORICAL COST LOSS FOR THE YEAR RETAINED AFTER TAXATION</b>	<b>(8,757,513)</b>	<b>(6,422,834)</b>

The notes on pages 11 to 27 form part of these financial statements.

## SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
<b>FIXED ASSETS</b>					
Intangible fixed assets	9		(72,706)		(35,828)
Tangible fixed assets	10		42,194,402		26,682,954
			<hr/>		<hr/>
			42,121,696		26,647,126
<b>CURRENT ASSETS</b>					
Stocks and work in progress	12	297,585		1,032,988	
Debtors	13	1,051,013		963,672	
Cash at bank and in hand		3,658,566		780,945	
			<hr/>		<hr/>
		5,007,164		2,777,605	
<b>CREDITORS:</b> amounts falling due within one year	14	(7,949,916)		(7,972,918)	
			<hr/>		<hr/>
<b>NET CURRENT LIABILITIES</b>			(2,942,752)		(5,195,313)
			<hr/>		<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			39,178,944		21,451,813
<b>CREDITORS:</b> amounts falling due after more than one year	15		(57,774,511)		(31,076,345)
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	16		-		(288,736)
Deferred tax	17		-		(12,955)
			<hr/>		<hr/>
<b>NET LIABILITIES</b>			(18,595,567)		(9,926,223)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		3,972		2,319
Profit and loss reserve	19		(18,599,539)		(9,928,542)
			<hr/>		<hr/>
<b>SHAREHOLDERS' DEFICIT</b>	20		(18,595,567)		(9,926,223)
			<hr/>		<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
30<sup>th</sup> JUNE 2009.



A G Roche  
Director

The notes on pages 11 to 27 form part of these financial statements.

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Note	2008 £	£	2007 £	£
<b>FIXED ASSETS</b>					
Investments	11		2		2
			<hr/>		<hr/>
			2		2
<b>CURRENT ASSETS</b>					
Debtors	13	154		51	
Cash at bank and in hand		3,877		2,278	
		<hr/>		<hr/>	
		4,031		2,329	
<b>CREDITORS:</b> amounts falling due within one year	14	(26)		(2)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			4,005		2,327
			<hr/>		<hr/>
<b>NET ASSETS</b>			4,007		2,329
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		3,972		2,319
Profit and loss reserve	19		35		10
			<hr/>		<hr/>
<b>SHAREHOLDERS' FUNDS</b>	20		4,007		2,329
			<hr/>		<hr/>

The financial statements were approved and authorised for issue by the board on and were signed on its behalf on 30<sup>th</sup> JUNE 2009.

  
**A G Roche**  
Director

The notes on pages 11 to 27 form part of these financial statements.

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
<b>Net cash flow from operating activities</b>	<b>21</b>	<b>(2,871,598)</b>	<b>(3,718,864)</b>
Returns on investments and servicing of finance	22	(796,119)	(520,206)
Capital expenditure and financial investment	22	(16,175,552)	(10,096,023)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(19,843,269)</b>	<b>(14,335,093)</b>
<b>Financing</b>	<b>22</b>	<b>22,743,404</b>	<b>13,498,908</b>
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>2,900,135</b>	<b>(836,185)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 £	2007 £
<b>Increase/(decrease) in cash in the year</b>	<b>2,900,135</b>	<b>(836,185)</b>
Cash inflow from increase in debt and lease financing	(24,848,830)	(13,497,589)
Loans and financial leases acquired with subsidiary	-	-
Rolled up interest	(1,843,907)	(2,127,007)
<b>MOVEMENT IN NET DEBT IN YEAR</b>	<b>(23,792,602)</b>	<b>(16,460,781)</b>
Net debt at 1 January 2008	(36,451,101)	(19,990,320)
Net debt at 31 December 2008	<b>(60,243,703)</b>	<b>(36,451,101)</b>

The notes on pages 11 to 27 form part of these financial statements.

## **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, in accordance with applicable accounting standards.

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for Signature Senior Lifestyle Holdings Limited is not presented. The company's profit for the year is disclosed in note 19.

##### **1.2 Basis of consolidation**

The financial statements consolidate the accounts of Signature Senior Lifestyle Holdings Limited and all of its subsidiary undertakings ('subsidiaries'). The acquisition method of accounting has been adopted. Under the acquisition method the results of subsidiary undertaking acquired or disposed of in a period are included in the consolidated profit and loss accounts from the date of acquisition or up to the date of disposal.

At the balance sheet date, the group had net liabilities of £18,595,567 (2007: £9,926,223). The directors consider that the group is a going concern as the group of companies is party to loan note facilities of up to £50 million, with a redemption date of 27 January 2016, of which £12.15 million (2007: £12.65 million) of this loan facility remains available to the group. The group has obtained a letter from the loan note provider confirming that they are not aware of any reasons why they would withdraw or reduce this facility. Although there can be no absolute certainty that this facility will be available throughout the next twelve months, the directors have no reason to believe that the support will be withdrawn. Based on the availability of this facility and the existence of other confirmed offers of funding, the Board is satisfied that it is appropriate to prepare the financial statements on the basis that the group is a going concern.

##### **1.3 Turnover**

Turnover comprises fees receivable from the group's principal activity of developing and operating senior living communities that provide regulated and other ancillary services within the UK, exclusive of Value Added Tax and trade discounts. Turnover is recognised in the period to which it relates.

##### **1.4 Intangible fixed assets and amortisation**

Intangible assets are stated at cost less amortisation. Intangible assets are amortised over the directors' estimate of the assets useful economic life of 5 or 20 years.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired), both positive and negative, arising in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. Negative goodwill arising on consolidation in respect of acquisitions is included in fixed assets and released to the profit and loss account in the periods in which fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale. Negative goodwill arising in respect of monetary assets is released when those assets are realised.

##### **1.5 Investments**

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for impairment.

## **SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	2%	straight line
Motor vehicles	-	25%	reducing balance
Furniture, fixtures & equipment	-	16.67 – 33.33 %	straight line

Depreciation is not charged on freehold land.

Assets under construction are carried at cost or valuation at the balance sheet date and are not depreciated.

A full valuation is obtained from a qualified valuer for each completed property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

##### **1.7 Capitalised interest**

Capitalised within assets under the course of construction are finance costs relating to loans taken out in order to finance the purchase and development of assets. Finance costs are capitalised during the period in which expenditure on the development of an asset is being incurred. Capitalisation is suspended if active development is interrupted and is stopped once the asset is substantially ready for use.

##### **1.8 Finance leases and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by hire purchase are capitalised and depreciated over their useful lives. Assets acquired by finance lease are capitalised and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **1.9 Operating leases**

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### **1.10 Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Work in progress relates to the direct costs including options over land and buildings, legal and professional fees and other consultancy fees incurred in respect of potential development sites, which the company is currently investigating for other group companies. Provision is made in respect of costs incurred where site acquisition and appraisal is or is more likely than not to be aborted.

# SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 1. ACCOUNTING POLICIES (continued)

#### 1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### 1.12 Financial instruments

The discount on the issue of deep discounted bonds is recognised within interest payable at a constant rate of return of the life of the bond, the amount due is rolled up in the bond and shown as creditor due after more than one year.

The interest on the unsecured loan notes is recognised within interest payable at a constant rate of return of the life of the bond, the amount due is rolled up in the bond and shown as creditor due after more than one year.

### 2. TURNOVER

All turnover arose within the United Kingdom and is derived from the groups principal activity.

### 3. OPERATING LOSS

The operating loss is stated after (crediting)/charging:

	2008 £	2007 £
Amortisation – negative goodwill	(11,997)	(11,997)
Amortisation – intellectual property	48,875	48,169
Depreciation of tangible fixed assets:		
- owned by the company	601,632	318,109
- held under finance leases	-	7,137
Auditors' remuneration:		
- for the audit of the consolidated financial statements	10,000	10,000
- for the audit of the financial statements of the other group Companies	64,500	50,000
- other fees in respect of non-audit services	20,000	20,000
Operating lease rentals:		
- plant and machinery	-	1,567
- land and buildings	77,000	77,000
Profit/(loss) on disposal of fixed asset	(62,472)	573
Exceptional costs (note 4)	675,331	1,048,574
	<hr/>	<hr/>



**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**4. EXCEPTIONAL ITEM**

	<b>2008 £</b>	<b>2007 £</b>
Write off of development sites in work in progress	<b>675,331</b>	1,084,574
	<hr/> <b>675,331</b> <hr/>	<hr/> 1,084,574 <hr/>

The write off of developments sites in work in progress relate to developments in progress for which planning permission was rejected, or for those developments which the directors no longer consider viable.

The above item has been taken into account when calculating the group's loss allowable for corporation tax purposes.

**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	<b>2008 £</b>	<b>2007 £</b>
Wages and salaries	<b>3,031,382</b>	2,676,514
Social security costs	<b>265,689</b>	308,766
	<hr/> <b>3,297,071</b> <hr/>	<hr/> 2,985,280 <hr/>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2008 £</b>	<b>As restated 2007 £</b>
Nursing home operations	<b>146</b>	137
Administration	<b>13</b>	14
	<hr/> <b>159</b> <hr/>	<hr/> 151 <hr/>

The 2007 staff numbers have been restated to reflect the transfer of employees from administration to nursing home operations.

There were no employees in the parent company other than the directors and they were not paid any remuneration from this company.

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**6. DIRECTORS' REMUNERATION**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>503,289</b>	<b>650,095</b>

The highest paid director received remuneration of £235,252 (2007: £246,432).

**7. INTEREST PAYABLE**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<b>893,373</b>	<b>574,140</b>
On hire purchase agreements or finance leases	<b>-</b>	<b>296</b>
On unsecured loan notes 2016	<b>(139,962)</b>	<b>181,807</b>
On unsecured deep discount bonds 2016	<b>4,090,948</b>	<b>1,945,200</b>
	<b>4,844,359</b>	<b>2,701,443</b>

During the year unsecured loan notes held by certain directors of the company were redeemed and the accumulated interest was waived, giving rise to a credit of £139,962.

**8. TAX ON ORDINARY ACTIVITIES**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on loss for the year	<b>-</b>	<b>-</b>
<b>Deferred tax</b> (see note 17)		
Origination and reversal of timing differences	<b>(12,955)</b>	<b>(28,106)</b>
<b>Tax on loss on ordinary activities</b>	<b>(12,955)</b>	<b>(28,106)</b>

# SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 8. TAX ON ORDINARY ACTIVITIES

#### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2007: higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	(8,683,952)	(6,507,842)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	(2,431,507)	(1,952,353)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	20,483	811,297
Non-taxable income	303,605	-
Depreciation in excess of capital allowances	166,982	57,761
Utilisation of tax losses	(171,018)	-
Current year losses carried forward	2,111,455	1,468,529
Intra-group charges not deductible in the current year	-	(385,234)
<b>Current tax credit for the year</b>	-	-

#### Factors that may affect future tax charges

The group has losses available for use against profits in future periods of approximately £16,040,000 (2007: £8,787,242).

### 9. INTANGIBLE FIXED ASSETS

Group	Intellectual property £	Negative Goodwill £	Total £
<b>Cost</b>			
At 1 January 2008	247,866	(239,943)	7,923
At 31 December 2008	247,866	(239,943)	7,923
<b>Amortisation</b>			
At 1 January 2008	67,745	(23,994)	43,751
Charge for the year	48,875	(11,997)	36,878
At 31 December 2008	116,620	(35,991)	80,629
<b>Net book value</b>			
At 31 December 2008	131,246	(203,952)	(72,706)
At 31 December 2007	180,121	(215,949)	(35,828)

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Land and buildings £</b>	<b>Motor vehicles £</b>	<b>Furniture, fittings and equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2008	26,529,840	78,853	612,985	27,221,678
Additions	15,571,248	-	604,305	16,175,553
Disposals	(58,863)	-	(12,922)	(71,785)
<b>At 31 December 2008</b>	<b>42,042,225</b>	<b>78,853</b>	<b>1,204,368</b>	<b>43,325,446</b>
<b>Depreciation</b>				
At 1 January 2008	201,582	12,556	324,586	538,724
Charge for the period	389,804	16,576	195,253	601,633
Depreciation on disposal	(1,864)	-	(7,449)	(9,313)
<b>At 31 December 2008</b>	<b>589,522</b>	<b>29,132</b>	<b>512,390</b>	<b>1,131,044</b>
<b>Net book value</b>				
<b>At 31 December 2008</b>	<b>41,452,703</b>	<b>49,721</b>	<b>691,978</b>	<b>42,194,402</b>
At 31 December 2007	26,328,258	66,297	288,399	26,682,954

Included within land and buildings is freehold land at cost of £15,132,739 (2007: £6,826,510), which is not subject to depreciation.

Included within land and buildings are assets under construction at cost of £17,833,893 (2007: £9,666,177), which is not subject to depreciation. Having regard to the current market conditions and the current state of development the directors have carefully considered the carrying value of the properties using recognised valuation techniques and current yields and remain satisfied that there has been no permanent impairment in value of these developments

Included within land and buildings are capitalised finance costs of £115,694 (2007: £84,123).

The net book value of assets held under finance leases or hire purchase contracts, included above is £nil (2007: £5,346 – furniture, fittings and equipment).

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**10. TANGIBLE FIXED ASSETS (continued)**

Certain land and buildings were revalued on 31 December 2005 by the directors on an open market existing use basis. This forms the basis of the valuation at the 31 December 2008. Due to the extent of the development work, the directors do not consider that there has been a significant increase in valuation above the stated carrying value.

Cost or valuation at 31 December 2008 is as follows:

	<b>2008</b>	<b>2007</b>
	<b>Land and</b>	<b>Land and</b>
	<b>buildings</b>	<b>buildings</b>
	<b>£</b>	<b>£</b>
Cost	39,197,122	23,684,737
Valuation	2,845,103	2,845,103
	<hr/>	<hr/>
Cost	42,042,225	26,529,840
	<hr/>	<hr/>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

<b>Group</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Cost	39,197,122	23,684,737
Accumulated depreciation	(477,273)	(144,680)
	<hr/>	<hr/>
Net book value	38,719,849	23,540,057
	<hr/>	<hr/>

**11. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 31 December 2008 and 31 December 2007	<hr/> <b>2</b> <hr/>

# SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 11. FIXED ASSET INVESTMENTS (continued)

The company's principal subsidiaries are:

Company name	Country	Percentage Shareholding %	Description
Signature Senior Lifestyle Finance Limited	England and Wales	100	Group financing
Signature Senior Lifestyle Developments Limited	England and Wales	100	Identify and evaluate new sites
Signature at Loxley Park (Property) Limited	England and Wales	100	Grant long term interest in property to subsidiary operating company.
Signature at Loxley Park (Operations) Limited	England and Wales	100	Care Home operator
Signature at Loxley Park (Homecare) Limited	England and Wales	100	Provision of domiciliary care services
Signature Senior Lifestyle Limited	England and Wales	100	Provision of group administration and support services
Signature at the Miramar (Property) Limited	England and Wales	100	Grant long term interest in property to subsidiary operating company
Signature at the Miramar (Operations) Limited	England and Wales	100	Nursing home operator
Signature at the Miramar (Homecare) Limited	England and Wales	100	Dormant
Signature of Nottingham (Property) Limited	England and Wales	100	Dormant
Signature of Leicester (Property) Limited	England and Wales	100	Original acquisition entity
Signature of Leicester (Property) Guernsey Limited	England and Wales	100	Development of a care home
Signature of Nottingham (Property) Guernsey Limited	England and Wales	100	Development of a care home
Signature of Hindhead (Property) Guernsey Limited	England and Wales	100	Development of a care home
Signature Senior Lifestyle Investment Management Limited	England and Wales	100	Provision of investment management services to the Signature Group

All principal subsidiaries have been included within these consolidated accounts. The following companies have not been audited as they are dormant, or to be struck off by the directors at 31 December 2008:

Name	Aggregate share capital and reserves	Profit/(Loss)
	£	£
Signature of Nottingham (Property) Limited	2	Nil
Signature of Leicester (Property) Limited	2	Nil
Signature at the Miramar (Homecare) Limited	2	Nil

Signature Senior Lifestyle Holdings Limited owns the entire Ordinary share capital of Signature Senior Lifestyle Finance Limited, and is the ultimate parent of all the subsidiaries directly and indirectly owned by Signature Senior Lifestyle Finance Limited.

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**12. STOCKS AND WORK IN PROGRESS**

<b>Group</b>	<b>Group 2008 £</b>	<b>Group 2007 £</b>
Work in progress	<b>289,525</b>	1,027,988
Consumables	<b>8,060</b>	5,000
	<b>297,585</b>	1,032,988

**13. DEBTORS**

	<b>Group 2008 £</b>	<b>Company 2008 £</b>	<b>Group 2007 £</b>	<b>Company 2007 £</b>
Trade debtors	<b>174,157</b>	-	66,966	-
Other debtors	<b>869,083</b>	-	484,069	51
Prepayments and accrued income	<b>7,773</b>	<b>154</b>	412,637	-
	<b>1,051,013</b>	<b>154</b>	963,672	51

**14. CREDITORS:**

**Amounts falling due within one year**

	<b>Group 2008 £</b>	<b>Company 2008 £</b>	<b>Group 2007 £</b>	<b>Company 2007 £</b>
Bank loans and overdrafts	<b>6,127,758</b>	-	6,150,272	-
Net obligations under finance leases and hire purchase contracts	-	-	5,429	-
Trade creditors	<b>1,028,420</b>	-	937,526	-
Amounts owed to group undertakings	-	<b>26</b>	-	2
Social security and other taxes	<b>259,803</b>	-	301,092	-
Other creditors	<b>155,024</b>	-	312,573	-
Accruals and deferred income	<b>378,911</b>	-	266,026	-
	<b>7,949,916</b>	<b>26</b>	7,972,918	2

Included within bank loans and overdrafts is a term loan facility of £5,891,000, of which £5,890,353 (2007: £5,890,353) has been drawn down at the balance sheet date, on which interest is charged at the lending bank's base rate plus 2.25% per annum and is payable quarterly in arrears.

The bank loan is secured by a first legal charge and mortgage debenture over the properties owned by the company.

# SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 15. CREDITORS: Amounts falling due after more than one year

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Bank loans	12,805,843	-	7,668,663	-
Unsecured loan notes 2016	766,905	-	1,696,867	-
Unsecured deep discounted bonds 2016	44,201,763	-	21,710,815	-
	<u>57,774,511</u>	<u>-</u>	<u>31,076,345</u>	<u>-</u>

Included in bank loans and overdrafts above totalling £12,805,843 (2007: £7,668,663) are loans repayable as follows:

A term loan facility of £1,665,000 (2007: £1,665,000) on which interest is charged at a fixed rate plus 1.75% per annum and is payable monthly in arrears.

A bridging term loan facility of £8,200,000, of which £7,660,097 (2007: £6,003,663) has been drawn down, where interest is charged at Bank of England base rate plus 1.75% per annum and is payable monthly in arrears.

A further term loan facility of £15,100,000, of which £3,480,746 has been drawn down at the balance sheet date. No interest or capital repayments are payable on the loan until 2011.

All bank borrowings are secured by a first legal charge over the company's property and associated assets.

During the year, a subsidiary company approved unsecured deep discounted bonds up to a nominal value of £44,327,846 (2007: £19,920,224), which were issued at a discount of £25,927,846 (2007: £12,420,224). The finance cost of £4,090,948 (2007: £1,945,200) charged to the profit and loss account within interest payable comprises the proportion of the discount that relates to the year. Also during the year, the same company approved and issued unsecured loans notes with a value of £100,000 (2007 - £nil) and loan notes to the value of £890,000 (2007: £nil) were redeemed. Under the terms of the loan notes, interest on new and existing loan notes is rolled up and is not payable until maturity and interest accrued on loan notes redeemed is waived. The interest rolled up and included above in respect of the loan notes amounts to £191,905 (2007: £331,868) at the year end. The total rolled up interest on the loan notes and deep discounted bonds at the year end amounted to £7,043,669 (2007: £3,092,684).

The discount on issue of unsecured loan notes is accrued using the effective interest method over the period of the loan. The loan notes are repayable at nominal value on 27 January 2016.



# SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 15. CREDITORS (continued)

The group has the following undrawn committed borrowing facilities available at 31 December 2008 in respect of which all conditions precedent had been met at that date:

	Floating rate £	Fixed Rate £	2008 £
Expiring within 1 year	-	-	-
Expiring between 1 and 2 years	539,903	-	539,903
Expiring between 2 and 5 years	11,619,254	12,650,000	24,269,254
	<u>12,159,157</u>	<u>12,650,000</u>	<u>24,809,157</u>

The facilities expiring after 1 year have been arranged to help finance the development of senior living community sites for the group.

### 16. OTHER PROVISIONS

	2008 £	2007 £
<b>Abortive developments costs</b>	-	288,736

At 31 December 2007 the directors had provided for costs actually incurred and committed to in respect of aborted developments. The provision represented the costs committed to in excess of the cost of developments provided against which the directors believed had to be taken into account when assessing the overall foreseeable loss. This was released during 2008.

### 17. DEFERRED TAXATION

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
At 1 January 2008	12,955	-	41,061	-
Credit for the year	(12,955)	-	(28,106)	-
At 31 December 2008	<u>-</u>	<u>-</u>	<u>12,955</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Accelerated capital allowances	-	-	12,955	-

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**18. SHARE CAPITAL**

	<b>2008 £</b>	<b>2007 £</b>
<b>Authorised</b>		
1,000,000 (2007: 225,000) Ordinary A shares of 1p each	<b>10,000</b>	2,250
75,000 (2007: 75,000) Ordinary B shares of 1p each	<b>750</b>	750
	<hr/> <b>10,750</b>	<hr/> <b>3,000</b>
 <b>Allotted, called up and fully paid</b>		
372,194 (2007: 206,871) Ordinary A shares of 1p each	<b>3,722</b>	2,069
25,000 (2007: 25,000) Ordinary B shares of 1p each	<b>250</b>	250
	<hr/> <b>3,972</b>	<hr/> <b>2,319</b>

During the year, the company increased the Ordinary A authorised share capital to 1,000,000.

During the year, the company issued and allotted 165,323 (2007: 186,089) A Ordinary shares of 1p each for consideration of 1p each.

The shares do not have a right to dividends until the A shareholders have achieved an agreed return of 25%. The A shares have preference over the B shares in the event of a winding up. Both class of share are entitled to receive notice of and attend general meetings but only A shareholders are entitled to vote.

**19. PROFIT AND LOSS RESERVE**

<b>Group</b>	<b>£</b>
At 1 January 2008	<b>(9,928,542)</b>
Loss for the financial year	<b>(8,670,997)</b>
	<hr/>
At 31 December 2008	<b>(18,599,539)</b>
	<hr/>
 <b>Company</b>	<b>£</b>
At 1 January 2008	<b>10</b>
Profit for the financial year	<b>25</b>
	<hr/>
At 31 December 2008	<b>35</b>
	<hr/>

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for Signature Senior Lifestyle Holdings Limited is not presented. The company's profit for the year amounted to £25 (2007: £7).

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS**

<b>Group</b>	<b>2008 £</b>	<b>2007 £</b>
Loss for the year	(8,670,997)	(6,479,736)
Shares issued during the year	1,653	1,319
Opening shareholders' deficit	(9,926,223)	(3,447,806)
	<hr/>	<hr/>
Closing shareholders' deficit	(18,595,567)	(9,926,223)
	<hr/>	<hr/>
<b>Company</b>	<b>2008 £</b>	<b>2007 £</b>
Profit for the year	25	7
Shares issued during the year	1,653	1,319
Opening shareholders' funds	2,329	1,003
	<hr/>	<hr/>
Closing shareholders' funds	4,007	2,329
	<hr/>	<hr/>

**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2008 £</b>	<b>2007 £</b>
Operating loss	(3,936,847)	(3,860,629)
Amortisation of intangible fixed assets	36,878	36,172
Depreciation of tangible fixed assets	601,632	325,246
Increase/(Decrease) in provisions	(288,736)	288,736
(Profit)/loss on disposal of fixed assets	62,472	(573)
Increase in stocks	735,403	(424,804)
Increase in debtors	(87,341)	(824,043)
Increase in creditors	4,941	741,031
	<hr/>	<hr/>
Net cash outflow from continuing operating activities	(2,871,598)	(3,718,864)
	<hr/>	<hr/>

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	<b>2008 £</b>	<b>2007 £</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	97,254	54,230
Interest paid	(893,373)	(574,436)
	<hr/>	<hr/>
Net cash inflow/(outflow) from returns on investments and servicing of finance	(796,119)	(520,206)
	<hr/>	<hr/>

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2008 £	2007 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(11,710)
Purchase of tangible fixed assets	(16,175,552)	(10,102,585)
Sale of tangible fixed assets	-	18,272
	<hr/>	<hr/>
<b>Net cash outflow from capital expenditure</b>	<b>(16,175,522)</b>	<b>(10,096,023)</b>
	<hr/>	<hr/>
	2008 £	2007 £
<b>Financing</b>		
Issue of ordinary shares	1,653	1,319
Issue of unsecured deep discount bonds 2016 & unsecured loan notes 2016	18,400,000	7,500,000
Repayment of other loans	(790,000)	-
Repayment of bank loans	-	(511,830)
Drawdown of bank loan	5,137,180	6,515,206
Repayment of finance leases	(5,429)	(5,787)
	<hr/>	<hr/>
<b>Net cash inflow from financing</b>	<b>22,743,404</b>	<b>13,498,908</b>
	<hr/>	<hr/>

**23. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2008 £	Cash flow £	Rollover interest £	31 December 2008 £
Cash at bank and in hand:	780,945	2,877,621	-	3,658,566
Bank overdraft	(259,919)	22,514	-	(237,405)
	<hr/>	<hr/>	<hr/>	<hr/>
	521,026	2,900,135	-	3,421,161
<b>Debt:</b>				
Hire purchase & finance leases	(5,429)	5,429	-	-
Debts due within one year	(5,890,353)	477,880	(477,880)	(5,890,353)
Debts falling due after more than one year	(7,668,663)	(4,736,828)	(400,352)	(12,805,843)
Unsecured loan notes and deep discount bonds	(23,407,682)	(20,595,311)	(965,675)	(44,968,668)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net debt</b>	<b>(36,972,127)</b>	<b>(24,848,830)</b>	<b>(1,843,907)</b>	<b>(63,664,864)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>(36,451,101)</b>	<b>(21,948,695)</b>	<b>(1,843,907)</b>	<b>(60,243,703)</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 24. CAPITAL COMMITMENTS

At 31 December 2008 the group had capital commitments in respect of development costs which had been contracted for but not provided in these financial statements amounting to £10,732,521 (2007: £2,301,410).

### 25. POST BALANCE SHEET

At the date the financial statements were approved, there were no material adjusting or disclosable post balance sheet events.

### 26. OPERATING LEASE COMMITMENTS

At 31 December 2008 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	2008	2008	2007	2007
	£	£	£	£
<b>Group</b>				
<b>Expiry date:</b>				
Within 1 year	-	-	-	-
Within 1-2 years	77,000	-	77,000	1,567

### 27. TRANSACTIONS WITH DIRECTORS

During the year the directors had subscribed to unsecured loan notes. The amount in respect of each direct and interest accrued is as follows:

Director	Loan notes at 31 December 2008	Interest accrued at 31 December 2008	Loan notes at 31 December 2007	Interest accrued at 31 December 2007
	£	£	£	£
M Wills	400,000	157,453	810,000	197,582
R Jupp	-	-	405,000	98,791
T Newell	100,000	4,930	-	-
D Driscoll	-	-	75,000	17,200
A Roche	75,000	29,522	75,000	18,295
	575,000	191,905	1,365,000	331,868

### 27. RELATED PARTY TRANSACTIONS

During the year, the company issued unsecured deep discount loan notes to CS Capital Partners II L.P. to the value of £18,400,000 (2007: £7,500,000). At the year end, £44,201,763 (2007: £21,710,815) including accrued interest was owed by the company.

As permitted by FRS 8 'Related Party Disclosures' the financial statements do not disclose transactions with other group entities where more than 90% of the voting rights are controlled by the group and consolidated financial statement of the group are publicly available.

**SIGNATURE SENIOR LIFESTYLE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**28. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is considered by the directors to be John Van Deventer.

Registered number: 04077890

**SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	J Billane K J Maddin T B Newell A G Roche M E Wills
<b>Company secretary</b>	A G Roche
<b>Company number</b>	04077890
<b>Registered office</b>	Shire House West Common Gerrards Cross Buckinghamshire SL9 7QN
<b>Auditors</b>	PKF (UK) LLP Pannell House Park Street Guildford Surrey GU1 4HN



**SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

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## **SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their annual report and the financial statements for the year ended 31 December 2008.

#### **Principal activity**

The principal activity of the company is that of a nursing home operator.

#### **Business review**

The business consists of the operation of a newly built 82 bed nursing home. Construction was completed in February 2008. The occupancy mix is a blend of private pay and local authority funded residents.

The main risks associated with such an operation revolve around:

1. The continued monitoring of care delivery standards and resident satisfaction levels
2. Rigorous health and safety compliance
3. The achievement of consistently high levels of occupancy at satisfactory weekly fee rates
4. The management of a large predominately flexible workforce

Such risks have been mitigated by:

1. A self assessment quality assurance programme which is regularly inspected by the Commission for Social Care Inspection
2. Independent periodic health and safety inspections
3. A high reputation for quality care within the local healthcare community leading to a pipeline of resident referrals
4. A programme of regular team member appraisals which identifies training and personal development needs

During the year under review the operation incurred management recharges for central support services which were provided by a fellow group undertaking.

#### **Results**

The loss for the year, after taxation, amounted to £330,686 (2007 - loss £113,320).

#### **Directors**

The directors who served during the year were:

K J Maddin  
T B Newell (appointed 1 December 2008)  
A G Roche  
M E Wills

On 1 March 2009 J S Billane was appointed as director of the company.

#### **Financial instruments**

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

**SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 30<sup>th</sup> June 2009 and signed on its behalf.



**A G Roche**  
Director

## **SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2008**

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 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;
- 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 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.

## **SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

We have audited the financial statements of Signature at the Miramar (Operations) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 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.

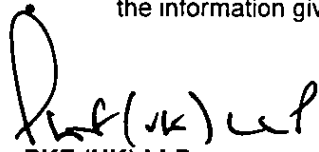
**SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGNATURE AT THE MIRAMAR  
(OPERATIONS) LIMITED**

**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.

  
PKF (UK) LLP

Registered auditors

Guildford, UK

Date: 30 June 2009

**SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
<b>TURNOVER</b>	1,2	<b>1,385,663</b>	1,375,235
Cost of sales		<u>(1,385,088)</u>	<u>(1,175,587)</u>
<b>GROSS PROFIT</b>		<b>575</b>	199,648
Administrative expenses		<u>(334,749)</u>	<u>(244,794)</u>
<b>OPERATING LOSS</b>	3	<b>(334,174)</b>	(45,146)
Interest receivable		<b>3,690</b>	1,862
Interest payable	5	<u>(202)</u>	<u>(94,582)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(330,686)</b>	(137,866)
Tax on loss on ordinary activities	6	<u>-</u>	<u>24,546</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	12	<b><u>(330,686)</u></b>	<b><u>(113,320)</u></b>

All amounts relate to continuing operations.

There were no recognised gains or losses other than those included in the Profit and loss account.

The notes on pages 8 to 12 form part of these financial statements.

**SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Note	£	2008 £	£	2007 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	7		4,062		-
<b>CURRENT ASSETS</b>					
Stocks		5,140		3,000	
Debtors: amounts falling due after more than one year	8	6,086,663		7,497,000	
Debtors: amounts falling due within one year	8	137,278		40,791	
Cash at bank and in hand		53,905		187,908	
			<u>6,282,986</u>	<u>7,728,699</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(157,239)</u>		<u>(71,798)</u>	
<b>NET CURRENT ASSETS</b>			<u>6,125,747</u>		<u>7,656,901</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,129,809</u>		<u>7,656,901</u>
<b>CREDITORS: amounts falling due after more than one year</b>	10		<u>(5,405,971)</u>		<u>(5,102,377)</u>
<b>NET ASSETS</b>			<u><u>723,838</u></u>		<u><u>2,554,524</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		150,002		150,002
Profit and loss account	12		573,836		2,404,522
<b>SHAREHOLDERS' FUNDS</b>	13		<u><u>723,838</u></u>		<u><u>2,554,524</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30<sup>th</sup> JUNE 2009



**A G Roche**  
Director

The notes on pages 8 to 12 form part of these financial statements.



## SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

At the balance sheet date, the company had net assets of £723,838 (2007: £2,554,524). The group of which the company is a member is party to loan note facilities of up to £50 million, with a redemption date of 27 January 2016. At the date of approving these financial statements, £12.15 million (2007: £12.65 million) of this loan facility remains available and the group has obtained a letter from the loan note provider confirming that they are not aware of any reasons why they would withdraw or reduce this facility. Although there can be no absolute certainty that this facility will be available throughout the next twelve months, the directors have no reason to believe that the support will be withdrawn. Based on the availability of this facility, the Board are satisfied that it is appropriate to prepare the financial statements on the basis that the company is a going concern.

##### 1.2 Turnover

Turnover comprises of revenue recognised by the company in respect of nursing and care services supplied, exclusive of Value Added Tax and trade discounts. Turnover is recognised in the period to which it relates.

##### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture, fittings and equipment - 16.7% - 33% straight line

##### 1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

#### 2. TURNOVER

The whole of the turnover is attributable to nursing home fees.

All turnover arose within the United Kingdom.

#### 3. OPERATING LOSS

The operating loss is stated after charging:

	2008 £	2007 £
Depreciation of tangible fixed assets:		
- owned by the company	583	-

The audit fee for the company has been borne by Signature Senior Lifestyle Limited, a company which meets all the group overheads.

**SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**4. STAFF COSTS**

Staff costs were as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,076,097</b>	1,002,187
Social security costs	<b>75,528</b>	54,480
	<u><b>1,151,625</b></u>	<u>1,056,667</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
	<u><b>93</b></u>	<u>99</u>

During the year, no director received any emoluments (2007 - £nil).

**5. INTEREST PAYABLE**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<u><b>202</b></u>	<u>94,582</u>

**6. TAXATION**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Analysis of tax charge in the year</b>		
Current tax (see note below)		
UK corporation tax charge on loss for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(24,546)
	<u>-</u>	<u>(24,546)</u>
<b>Tax on loss on ordinary activities</b>	<u><b>-</b></u>	<u><b>(24,546)</b></u>

# SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 6. TAXATION (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2007 - the same as) the standard rate of corporation tax in the UK (28%) as set out below:

	2008 £	2007 £
Loss on ordinary activities before tax	(330,686)	(137,866)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007 - 30%)	(92,592)	(41,360)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	1,852
Capital allowances for year in excess of depreciation	163	(7,388)
Current year losses to be carried forward	92,429	46,896
<b>Current tax charge for the year (see note above)</b>	-	-

#### Factors that may affect future tax charges

The company has tax losses of approximately £461,401 (2007: £131,696) to carry forward against profits of future periods.

### 7. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
<b>Cost</b>	
At 1 January 2008	-
Additions	4,645
At 31 December 2008	4,645
<b>Depreciation</b>	
At 1 January 2008	-
Charge for the year	583
At 31 December 2008	583
<b>Net book value</b>	
At 31 December 2008	4,062
At 31 December 2007	-

# SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 8. DEBTORS

	2008 £	2007 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<u>6,086,663</u>	<u>7,497,000</u>
	2008 £	2007 £
<b>Due within one year</b>		
Trade debtors	118,178	22,880
Other debtors	19,100	17,911
	<u>137,278</u>	<u>40,791</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are not repayable in the immediate future.

### 9. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Trade creditors	48,693	14,042
Social security and other taxes	21,742	18,570
Other creditors	31,784	35,493
Accruals and deferred income	55,020	3,693
	<u>157,239</u>	<u>71,798</u>

### 10. CREDITORS: Amounts falling due after more than one year

	2008 £	2007 £
Amounts owed to group undertakings	<u>5,405,971</u>	<u>5,102,377</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are not repayable in the immediate future.

### 11. SHARE CAPITAL

	2008 £	2007 £
<b>Authorised</b>		
150,100 Ordinary Shares shares of £1 each	<u>150,100</u>	<u>150,100</u>
<b>Allotted, called up and fully paid</b>		
150,002 Ordinary Shares shares of £1 each	<u>150,002</u>	<u>150,002</u>

# SIGNATURE AT THE MIRAMAR (OPERATIONS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 12. RESERVES

	Profit and loss account £
At 1 January 2008	2,404,522
Loss for the year	(330,686)
Dividends: Equity capital	(1,500,000)
At 31 December 2008	<u>573,836</u>

### 13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening shareholders' funds	2,554,524	2,667,844
Loss for the year	(330,686)	(113,320)
Dividends (Note 14)	(1,500,000)	-
Closing shareholders' funds	<u>723,838</u>	<u>2,554,524</u>

### 14. DIVIDENDS

	2008 £	2007 £
Dividends paid on equity capital	<u>1,500,000</u>	<u>-</u>

### 15. CONTINGENT LIABILITIES

The company has contingent liabilities at 31 December 2008 in respect of unlimited guarantees given in the normal course of business to support borrowings by Signature at the Miramar (Property) Limited. At 31 December 2008 Signature at the Miramar (Property) Limited had net indebtedness to the bank of £9,325,097 (2007: £7,668,663).

### 16. RELATED PARTY TRANSACTIONS

As permitted by FRS 8 'Related Party Disclosures' these financial statements do not disclose transactions with the parent undertakings and fellow subsidiaries where 90% of the voting rights are controlled within the group.

### 17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent company is Signature at the Miramar (Property) Limited, and its ultimate parent company is Signature Senior Lifestyle Holdings Limited, which is the largest and smallest group in which consolidated accounts are produced. The accounts are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The ultimate controlling party is considered by the directors to be John Van Deventer.