

**SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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## **SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	K J Maddin T B Newell A G Roche
<b>Company secretary</b>	A G Roche
<b>Company number</b>	05640296
<b>Registered office</b>	Grosvenor House Horseshoe Crescent Beaconsfield Buckinghamshire HP9 1LJ
<b>Auditor</b>	PKF (UK) LLP Pannell House Park Street Guildford Surrey GU1 4HN

**SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

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# **SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report and the financial statements for the year ended 31 December 2011

### **Principal activity**

The principal activity of the company is to source suitable funding to finance its member group's activities

### **Business review**

At the balance sheet date CS Capital Partners II L P "the Fund" has invested £39.75m in other group companies. As at the date of this report the Fund has committed to invest up to £50m in the group.

Subsequent to the year end, in May 2012, the fund waived accrued interest on its deep discount bonds of £4,663,606.

### **Results**

The loss for the year, after taxation and exceptional items, amounted to £4,711,408 (2010 - profit £11,907,145).

### **Directors**

The directors who served during the year were

K J Maddin  
T B Newell  
A G Roche

### **Financial instruments**

In order to mitigate any risk from fluctuating interest rates over the next 10 years, the company has entered into fixed interest arrangements in the form of unsecured deep discount bonds 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.

**SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**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 auditor is unaware, and
- that 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 auditor in connection with preparing their report and to establish that the company's auditor is aware of that information

This report was approved by the board on *25<sup>th</sup> June 2012* and signed on its behalf



**A G Roche**  
Director

## **SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

We have audited the financial statements of Signature Senior Lifestyle Finance Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other 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.

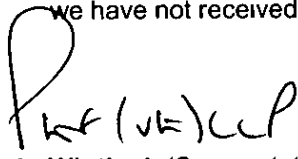
**SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

**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

  
**Rhodri Whitlock** (Senior statutory auditor)  
for and behalf of **PKF (UK) LLP**, Statutory auditor  
**Guildford, UK**

26 June 2012



**SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
Administrative expenses		<u>(36,416)</u>	<u>(120)</u>
<b>OPERATING LOSS</b>		<b>(36,416)</b>	<b>(120)</b>
Profit on disposal of investments		<b>116,658</b>	900,303
Interest receivable and similar income		<b>175</b>	138
Interest payable and similar charges	4	<u><b>(4,791,825)</b></u>	<u>11,006,824</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(4,711,408)</b>	11,907,145
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	11	<u><b>(4,711,408)</b></u>	<u>11,907,145</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements.

**SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**  
**REGISTERED NUMBER. 05640296**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Fixed asset investments	6		442,026		442,023
<b>CURRENT ASSETS</b>					
Debtors amounts falling due after more than one year	7	26,062,868		23,230,751	
Debtors amounts falling due within one year	7	-		4,642	
Cash at bank		2,536,390		4,269,273	
		<u>28,599,258</u>		<u>27,504,666</u>	
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(41,300)</u>		<u>(200,000)</u>	
<b>NET CURRENT ASSETS</b>			<u>28,557,958</u>		<u>27,304,666</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>28,999,984</u>		<u>27,746,689</u>
<b>CREDITORS: amounts falling due after more than one year</b>	9		<u>(46,068,496)</u>		<u>(40,103,793)</u>
<b>NET LIABILITIES</b>			<u>(17,068,512)</u>		<u>(12,357,104)</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	10		2		2
Profit and loss account	11		<u>(17,068,514)</u>		<u>(12,357,106)</u>
<b>SHAREHOLDERS' DEFICIT</b>	12		<u>(17,068,512)</u>		<u>(12,357,104)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
25<sup>th</sup> JUNE 2012.

  
**A G Roche**  
Director

The notes on pages 8 to 14 form part of these financial statements

## **SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

At the balance sheet date, the company had net liabilities of £17,068,512 (2010: £12,357,104). 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, £10.25 million (2010: £11.95 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. The directors have no reason to believe that the support will not be forthcoming.

Taking all these factors together, coupled with strong EBITDA performance at the group level, the Board is satisfied that it is appropriate to prepare the financial statements on the basis that the company is a going concern.

##### **1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **1.3 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

##### **1.4 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.

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.

##### **1.5 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 a 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 a creditor due after more than one year.

# SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 2 AUDITORS REMUNERATION

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

### 3 STAFF COSTS

The average monthly number of employees during the year was as follows

2011	2010
3	3

The company has no employees other than the directors, who did not receive any remuneration (2010 £NIL)

### 4 INTEREST PAYABLE

	2011 £	2010 £
Interest on unsecured deep discount loan notes 2016	4,779,478	5,732,578
Exceptional - interest waived on unsecured deep discount loan notes 2016	-	(16,711,870)
Exceptional interest waived on unsecured management loan notes 2016	-	(82,011)
Interest on unsecured management loan notes 2016	12,347	54,479
	<u>4,791,825</u>	<u>(11,006,824)</u>

In the prior year, unsecured loan notes held by certain directors of the company were redeemed and the accumulated interest of £82,011 was waived

In the prior year, the interest accrued on the unsecured deep discount bonds up to 30 September 2010 of £16,711,870 was waived

In 2011 there were no waivers of interest. Subsequent to the year end £4,633,606 of accrued interest has been waived (see note 15)

The exceptional items referred to has had no impact on the company's profits attributable to corporation tax

# SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 5. TAXATION

	2011 £	2010 £
UK corporation tax charge on (loss)/profit for the year	-	-

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(4,711,408)	11,907,145
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	(1,248,523)	3,334,001
<b>Effects of.</b>		
Expenses not deductible for tax purposes	9,620	(252,085)
Group relief surrendered	-	(39)
Current year losses carried forward	1,238,903	(3,081,877)
<b>Current tax charge for the year (see note above)</b>	-	-

#### Factors that may affect future tax charges

The company has losses of £5,574,775 (2010 £899,667) to carry forward against future profits. Deferred taxation of £1,393,694 (2010 £242,910) in relation to the losses has not been recognised on the grounds that there is not sufficient evidence that the asset will be recoverable

# SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 6. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
<b>Cost or valuation</b>	
At 1 January 2011	442,023
Additions	3
	<hr/>
At 31 December 2011	442,026
	<hr/>
<b>Net book value</b>	
At 31 December 2011	442,026
	<hr/>
At 31 December 2010	442,023
	<hr/>

The fixed asset investment additions relate to 1 ordinary shares of £1 in each of Signature Senior Lifestyle Investments II Limited and Signature Senior Lifestyle Nominee II Limited and £1 member contribution in Signature Senior Lifestyle GP II LLP

#### Subsidiary undertakings

The following were subsidiary undertakings of the company at the year end

Name	Class of shares	Holding
Signature Senior Lifestyle Limited	Ordinary	100 %
Signature Senior Lifestyle Developments Limited	Ordinary	100 %
Signature at Loxley Park (Operations) Limited	Ordinary	100 %
Signature at Loxley Park (Homecare) Limited	Ordinary	100 %
Signature at the Miramar (Operations) Limited	Ordinary	100 %
Signature Senior Lifestyle Investments 1 Limited	Ordinary	100 %
Signature Senior Lifestyle Investment Management Limited	Ordinary	100 %
Signature of Leicester (Property) Guernsey Limited	Ordinary	100 %
Signature of Nottingham (Property) Guernsey Limited	Ordinary	100 %
Signature Senior Lifestyle Operations Limited	Ordinary	100 %
Signature of Leicester (Operations) Limited	Ordinary (Indirect Holding)	100 %
Signature Miramar Limited	Ordinary	100 %
Signature Senior Lifestyle GP1 LLP	-	50 %
Signature Senior Lifestyle Nominee 1 Limited	Ordinary (Indirect Holding)	100 %
Signature Senior Lifestyle Investments II limited	Ordinary	100 %
Signature Senior Lifestyle GP II LLP	-	50 %
Signature Senior Lifestyle Nominee II Limited	Ordinary (Indirect Holding)	100 %

**SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**7 DEBTORS**

	2011 £	2010 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	26,062,868	23,230,751
	<u>26,062,868</u>	<u>23,230,751</u>
<b>Due within one year</b>		
Other debtors	-	4,642
	<u>-</u>	<u>4,642</u>

Amounts owed by group undertakings are unsecured, interest free and are not repayable until after 1 January 2013

**8. CREDITORS:  
Amounts falling due within one year**

	2011 £	2010 £
Accruals	<u>41,300</u>	<u>200,000</u>

**9 CREDITORS  
Amounts falling due after more than one year**

	2011 £	2010 £
Unsecured loan notes 2016	115,245	102,898
Amounts owed to group undertakings	241,505	268,627
Unsecured deep discount management loan notes 2016	45,711,746	39,732,268
	<u>46,068,496</u>	<u>40,103,793</u>

The discount on issue of deep discount bonds and unsecured loan notes is accrued using the effective interest method over the period of the loan. The deep discount bonds and loan notes are repayable at nominal value on 27 January 2016. Interest is accrued at a rate of 12% per annum.

Amounts owed to group undertakings are unsecured, interest free and are not repayable until after 1 January 2013.

**10 SHARE CAPITAL**

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

# SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 11 RESERVES

	Profit and loss account £
At 1 January 2011	(12,357,106)
Loss for the year	(4,711,408)
At 31 December 2011	<u>(17,068,514)</u>

### 12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011 £	2010 £
Opening shareholders' deficit	(12,357,104)	(24,264,249)
(Loss)/profit for the year	(4,711,408)	11,907,145
Closing shareholders' deficit	<u>(17,068,512)</u>	<u>(12,357,104)</u>

### 13 DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES

The directors have provided finance to the company in the form of unsecured management loan notes

In 2010 M Wills' Unsecured Loan Notes £400,000 and rolled up interest thereon of £253,504 were converted to Deep Discounted Bonds for a subscription price of £653,504 which are subject to the same terms and conditions as the group's existing 2016 Deep Discounted Bonds

In 2010 A Roche redeemed his holding of £75,000 loan notes in the year at par and waived the accrued interest on these loan notes of £54,093 (up to 11 November 2010)

No loan notes were redeemed in 2011

T Newell is the principal holder of the loan notes remaining at the year end notes to a value of £100,000 (2010 £100,000) There was interest accrued in the year of £12,348 In 2010 he waived the interest accrued on these loan notes up to 30 September 2010 of £27,918

At the year end M Wills, T Newell and A Roche are due the following interest respectively £NIL (2010 £NIL), £15,245 (2010 £2,898) and £NIL (2010 £NIL)

### 14 RELATED PARTY TRANSACTIONS

As permitted by FRS 8 'Related Party Disclosures' these financial statements do not disclose transactions with the parent undertaking and fellow subsidiaries where 100% of the voting rights are controlled within the group

During the year, the company issued Unsecured Deep Discount Bonds to CS Capital Partners II LP to the value of £1,200,000 (2010 £3,650,000) and redeemed the value of £NIL (2010 £4,650,000) In addition, Unsecured Loan Notes of £NIL (2010 £75,000) were repaid and £NIL (2010 £400,000) plus the accumulated interest thereon of £NIL (2010 £253,504) were converted in to Deep Discount Bonds At the year end, £45,711,746 (2010 £39,732,268) including accrued interest was owed by the company CS Capital Partners II LP and the company are under common control through the ultimate controlling party



## **SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

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

In May 2012, CS Capital Partners II LP waived interest accrued on the Unsecured Deep Discount Bonds up to 30 September 2011 amounting to £4,633,606

#### **16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's 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, Mandy, Cardiff, CF14 3UZ. The ultimate controlling party is considered by the directors to be John Van Deventer.