

Registered number: 05640296

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013



SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

COMPANY INFORMATION

Directors	K J Maddin T B Newell A G Roche
Company secretary	A G Roche
Registered number	05640296
Registered office	Grosvenor House Horseshoe Crescent Beaconsfield Buckinghamshire HP9 1LJ
Independent auditor	BDO LLP Pannell House Park Street Guildford Surrey GU1 4HN

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

CONTENTS

	Page
Directors' report	1
Strategic report	2
Directors' responsibilities	3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 14

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

Principal activity

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

Results

The loss for the year, after taxation, amounted to £4,803,498 (2012 - loss £743,651).

Directors

The directors who served during the year were:

K J Maddin
T B Newell
A G Roche

Disclosure 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 relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 July 2014 and signed on its behalf.

.....
A G Roche
Director

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their strategic report and the financial statements for the year ended 31 December 2013.

Business review

The principal activity of the company is to source suitable funding to finance fellow group member's activities. At the balance sheet date the provider of the company's financing facility, CS Capital Partners II L.P. "the Fund", had invested £32.8m which had been used to fund other group companies. At the year end the Fund had committed to invest up to £50m in the group.

On 28 February 2014 the Fund agreed to release in full the utilised facility in consideration for the issuance of shares in the group's holding company.

Principal risks and uncertainties

The risks associated with the activities performed by the company may be summarized as;

Interest rate risk

In order to mitigate any risk from fluctuating interest rates, the company had 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.

Funding risk

The company is dependent upon the continuation of available finance facilities. At the year end the Fund had committed to invest up to £50m in the group with a redemption date of 27 January 2016 of which £32.8m had been utilised. On 28 February 2014 the Fund agreed to release in full the utilised facility in consideration for the issuance of shares in the group's holding company.

All risks are continually under review. The Board is comprised of directors with direct relevant experience from within the property investment, development and care industries, the sectors in which the Group as a whole operates.

Financial key performance indicators

The company considers its key financial performance indicator as being the level of committed funds that have been utilised. At the year end the company had utilised 66% (2012: 76%) of the available committed facility from the fund.

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.

This report was approved by the board on 23 July 2014 and signed on its behalf.

.....
A G Roche
Director

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

DIRECTORS' RESPONSIBILITIES

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

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

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, 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 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

BDO LLP

Rhodri Whitlock (senior statutory auditor)
for and on behalf of BDO LLP, statutory auditor
Guildford
United Kingdom

Date: *25 July 2014*

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

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Administrative expenses		<u>(98)</u>	<u>(417,803)</u>
OPERATING LOSS		(98)	(417,803)
Loss on disposal of investments		(221,730)	(103,939)
Interest payable and similar charges	4	<u>(4,581,670)</u>	<u>(221,909)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,803,498)	(743,651)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	12	<u><u>(4,803,498)</u></u>	<u><u>(743,651)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 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 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Fixed asset investments	6		292,021		442,026
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	7	25,284,131		21,121,338	
Debtors: amounts falling due within one year	7	36,000		-	
Investments	8	-		2,325,327	
Cash at bank		4,799,933		4,189,681	
		<u>30,120,064</u>		<u>27,636,346</u>	
CREDITORS: amounts falling due within one year	9	<u>(38,545)</u>		<u>(2,768,845)</u>	
NET CURRENT ASSETS			<u>30,081,519</u>		<u>24,867,501</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>30,373,540</u>		<u>25,309,527</u>
CREDITORS: amounts falling due after more than one year	10		<u>(52,989,202)</u>		<u>(43,121,691)</u>
NET LIABILITIES			<u>(22,615,662)</u>		<u>(17,812,164)</u>
CAPITAL AND RESERVES					
Share capital	11		2		2
Profit and loss account	12		<u>(22,615,664)</u>		<u>(17,812,166)</u>
SHAREHOLDERS' DEFICIT	13		<u>(22,615,662)</u>		<u>(17,812,164)</u>

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

23 July 2014

.....
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 2013

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 £22,615,662 (2012: £17,812,164). 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. On 28 February 2014 CS Capital Partners II LP, the loan note holder, agreed to release in full the utilised facility in consideration for the issuance of shares in the group's holding company. In addition, the group has obtained a letter from CS Capital Partners II LP confirming that they are not aware of any reasons why they would withdraw their continuing support. The directors have no reason to believe that the support will not be forthcoming.

Taking all these factors together, coupled with strong growth in fee income through the expansion of the Management Business, 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 within creditors.

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 within creditors.

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. AUDITORS REMUNERATION

The audit fee for the company of £8,500 (2012: £8,000) has been borne by Signature Senior Lifestyle Limited, a company which meets all the group overheads.

3. STAFF COSTS

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

2013	2012
3	3

The company's directors are remunerated by a fellow group company Signature Senior Lifestyle Limited and no recharge is made given the size of the group and the practicality of making such a charge. The directors have assessed that, having regard to the level of time spent and the nature of the company's affairs, a fair apportionment of the directors annual remuneration that would be attributable to this company is approximately £30,000 (2012: £21,395).

4. INTEREST PAYABLE

	2013 £	2012 £
Interest on overdraft	1,035	-
Interest on unsecured deep discount loan notes 2016	4,569,082	4,854,555
Interest waived on unsecured management loan notes 2016	-	(12,000)
Exceptional - interest waived on unsecured deep discount loan notes 2016	-	(4,633,606)
Interest on unsecured management loan notes 2016	11,553	12,960
	<u>4,581,670</u>	<u>221,909</u>

In the prior year, the interest accrued on the unsecured deep discount bonds up to 30 September 2012 of £4,633,606 was waived.

The exceptional item referred to in the prior year 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 2013**

5. TAXATION

	2013 £	2012 £
UK corporation tax charge on loss for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(4,803,498)	(743,651)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(1,116,813)	(182,194)
Effects of:		
Expenses not deductible for tax purposes	51,552	128,613
Non-taxable income	-	(809)
Group relief	-	11,075
Current year losses carried forward	1,065,261	43,315
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

The company has losses of £10,145,917 (2012: £5,751,600) to carry forward against future profits. Deferred taxation of £2,130,643 (2012: £1,322,868) in relation to the losses has not been recognised on the grounds that there is not sufficient evidence that the asset will be recoverable.

6. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
Cost or valuation	
At 1 January 2013	442,026
Additions	3
Disposals	(150,008)
At 31 December 2013	292,021
Net book value	
At 31 December 2013	292,021
At 31 December 2012	442,026

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

6. FIXED ASSET INVESTMENTS (continued)

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 Senior Lifestyle Investments 1 Limited	Ordinary	100 %
Signature Senior Lifestyle Investment Management Limited	Ordinary	100 %
Signature of Nottingham (Property) Guernsey 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 Lessee Limited	Ordinary	100 %
Signature Senior lifestyle Nominee III Limited	Ordinary (Indirect Holding)	100 %
Signature Senior Lifestyle GP III LLP	-	50 %
Signature Senior Lifestyle Investments III Limited	Ordinary	100 %
Signature of Leicester (Operations) Limited	Ordinary (Indirect Holding)	100 %
Signature at Loxely Park (Homecare) Limited	Ordinary (Indirect Holding)	100 %
Signature at Loxely Park (Operations) Limited	Ordinary (Indirect Holding)	100 %
Signature at the Miramar (Operations) Limited	Ordinary (Indirect Holding)	100 %

7. DEBTORS

	2013 £	2012 £
Due after more than one year		
Amounts owed by group undertakings	25,284,131	21,121,338
	2013 £	2012 £
Due within one year		
Other debtors	6,000	-
Prepayments and accrued income	30,000	-
	36,000	-

Amounts owed by group undertakings are unsecured, interest free and are not repayable until after 1 January 2015.

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

8. CURRENT ASSET INVESTMENTS

	2013 £	2012 £
Shares in group undertakings	-	2,325,327

On the 24 December 2012 the company entered into an agreement to acquire the share capital of MedicX Health (Miramar) Ltd and MedicX Health (Loxley Park) Ltd. Prior to 24 December 2012, the properties owned by the respective companies were leased by the Signature Group from a UK Healthcare Fund.

Also on 24 December 2012, the company entered into an agreement to dispose of the share interests at MedicX Health (Miramar) Ltd and MedicX Health (Loxley Park) Ltd, subject to the exercise of an option agreement and satisfaction of various legal requirements including title of the property and variations to the leases in place. The acquisition and disposal of the share interests was completed by 11 January 2013, following a variation to the lease.

9. CREDITORS:

Amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	-	60,000
Other creditors	-	2,325,327
Accruals	38,545	383,518
	38,545	2,768,845

10. CREDITORS:

Amounts falling due after more than one year

	2013 £	2012 £
Unsecured loan notes 2016	106,420	107,493
Amounts owed to group undertakings	10,481,003	181,503
Unsecured deep discount loan notes 2016	42,401,779	42,832,695
	52,989,202	43,121,691

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 2015.

SIGNATURE SENIOR LIFESTYLE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

11. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

12. RESERVES

	Profit and loss account £
At 1 January 2013	(17,812,166)
Loss for the financial year	(4,803,498)
At 31 December 2013	(22,615,664)

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2013 £	2012 £
Opening shareholders' deficit	(17,812,164)	(17,068,513)
Loss for the financial year	(4,803,498)	(743,651)
Closing shareholders' deficit	(22,615,662)	(17,812,164)

14. DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES

A director has provided finance to the company in the form of unsecured management loan notes.

T Newell is the holder of the loan notes which at the year end had a value of £83,513 (2012: £93,244). In the year £12,626 (2012: £7,752) of loan notes were repaid. There was interest accrued in the year of £11,553 (2012: £12,960) and interest of £nil (2012: £12,000) was waived in the year.

15. 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 L.P to the value of £nil (2012: £2,050,000) and redeemed the value of £5,000,000 (2012: £5,100,000). At the year end, £42,401,779 (2012: £42,832,695) 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 2013

16. POST BALANCE SHEET EVENTS

On the 28th of February 2014 CS Capital Partners II, LP, ("the Fund") and Signature Senior Lifestyle Finance Limited, agreed to release in full the Funds Bonds in consideration of Signature Senior Lifestyle Finance Limited issuing to the Fund 43,184,248 B Shares of £1 value, in Signature Senior Lifestyle Finance Limited. In addition, 81,535 B Shares of £1 value in Signature Senior Lifestyle Finance Limited were also issued on this date to the holder of the Loan Notes, in exchange for the holder of the Loan Notes releasing the notes in full, and waiving interest accrued on the Loan Notes to that date.

Following the exercise of put options on 4th March 2014, the B shares previously held as Fund Bonds were exchanged for 1 Ordinary "A" share in the capital of Signature Senior Lifestyle Holdings Ltd, with the B shares previously held as Loan Notes exchanged for 1 Ordinary "E" share also in the capital of Signature Senior Lifestyle Holdings Ltd.

On the 6th of January 2014 Signature Senior Lifestyle Finance Limited and New Care Projects (WB) Limited, completed the sale of the entire share capital in Signature of Nottingham Property(Guernsey) Limited for the consideration of £2.

17. 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, Maindy, Cardiff, CF14 3UZ. The ultimate controlling party is considered by the directors to be John Van Deventer.