

Registered number: 05715862

St George Ultimate Care Limited

**Annual Report
and Financial Statements**

For the year ended 31 March 2009

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ST GEORGE ULTIMATE CARE LIMITED

Company Information

Directors	Dr N M Fouad Mrs H Elnarshy-Fouad
Company secretary	Mrs H Elnarshy-Fouad
Company number	05715862
Registered office	10 Westbourne Drive Wilmslow Cheshire SK9 2GY
Auditors	CLB Coopers Fleet House New Road Lancaster LA1 1EZ

ST GEORGE ULTIMATE CARE LIMITED

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ST GEORGE ULTIMATE CARE LIMITED

Directors' report For the year ended 31 March 2009

The directors present their report and the financial statements for the year ended 31 March 2009.

Principal activities

The principal activity is that of a holding company. On 3 July 2008 the company acquired the whole of the issued A Ordinary shares in St George Care UK Limited which represented 75% of the assets and 100% of the voting rights in that company. On 20 November 2008 the company acquired the entire share capital of St George Homes Limited, a company which owns a residential property development site. In addition, the company owns a Spanish development company, St George Villas SL. Details of the activities of the St George Care UK trading group are summarised below:

St George Care UK Limited

The company was incorporated on 20 February 2008. The principal activity is that of a holding company. On 3 April 2008 the company acquired the entire share capital of St George Healthcare Group Limited which owns the entire issued share capital of St Mary's Hospitals Limited and St George Healthcare Limited.

St George Healthcare Group Limited

The principal activity is that of an intermediate holding company.

St Mary's Hospitals Limited

The principal activity of the company is to operate independent rehabilitation hospitals providing facilities and services for patients with mental health needs that are associated with brain injuries or deafness and developmental disorders.

The company operates two centres from the same site (St Mary's Hospital) at Floyd Drive, off Winwick Road, Warrington; the Phineas Gage Centre which opened in March 2006 and the James Pullen Centre which opened in May 2007.

During the year the company acquired a new site in Brampton, Carlisle for the development of an independent secure hospital for people with developmental disorders and mental health needs.

St George Healthcare Limited

The company completed building works and opened a new residential rehabilitation unit at the beginning of December 2008 on its Oldham site, All Saints Hospital, for patients with mental illness and sensory impairment. Development of a new site within the grounds of the Countess of Chester Hospital commenced during the year with a planned opening date of September 2009. In addition the company obtained planning permission for another independent hospital at a site in Knowsley, Liverpool.

Results and key performance indicators

The profit for the year, after taxation and minority interests, amounted to £2,439,110 (2008: loss £39,305).

The key performance indicator for the business is the occupancy rate. By maintaining a high level of patient care the group aims to achieve a minimum occupancy level of 70% on all completed centres.

Future developments

The group will continue to develop and open the new hospitals in progress and look for further opportunities for new centres. For the centres currently open the group will continue to review and develop its services to ensure the occupancy rates are maximised.

ST GEORGE ULTIMATE CARE LIMITED

Directors' report For the year ended 31 March 2009

Directors

The directors who served during the year were:

Dr N M Fouad
Mrs H Elnarshy-Fouad

Political and charitable contributions

During the year the group made charitable donations amounting to £7,000. £6,000 was donated in support of a monastery in Egypt and £1,000 in support of an appeal in relation to the humanitarian crisis in Burma.

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 18 to the financial statements.

Provision of information to auditors

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 and the group's auditors are 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 and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on 14TH OCTOBER 2009 and signed on its behalf.



Mrs H Elnarshy-Fouad
Director

ST GEORGE ULTIMATE CARE LIMITED

Statement of directors' responsibilities For the year ended 31 March 2009

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 by law 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 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 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 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ST GEORGE ULTIMATE CARE LIMITED

Independent auditors' report to the shareholders of St George Ultimate Care Limited

We have audited the group and parent company financial statements (the "financial statements") of St George Ultimate Care Limited for the year ended 31 March 2009, set out on pages 6 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the group 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 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 which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ST GEORGE ULTIMATE CARE LIMITED

Independent auditors' report to the shareholders of St George Ultimate Care 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 March 2009 and of the group's profit, 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.

CLB Coopers

CLB Coopers

Chartered Accountants and Registered Auditors

Fleet House
New Road
Lancaster
LA1 1EZ

Date: *14th October 2009*

ST GEORGE ULTIMATE CARE LIMITED

Consolidated profit and loss account For the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover	1,2	6,941,988	-
Cost of sales		(3,335,218)	-
Gross profit		3,606,770	-
Administrative expenses		(1,091,140)	(12,142)
Operating profit/(loss)	3	2,515,630	(12,142)
Interest receivable	7	26,626	1,337
Interest payable	8	(937,706)	(28,500)
Profit/(loss) on ordinary activities before taxation		1,604,550	(39,305)
Tax on profit/(loss) on ordinary activities	9	278,375	-
Profit/(loss) on ordinary activities after taxation		1,882,925	(39,305)
Minority interests		556,185	-
Profit/(loss) for the financial year	20	2,439,110	(39,305)

All amounts relate to continuing operations.

The notes on pages 11 to 28 form part of these financial statements.

ST GEORGE ULTIMATE CARE LIMITED

Statement of total recognised gains and losses For the year ended 31 March 2009

	Note	2009 £	2008 £
Profit/(loss) for the financial year		2,439,110	(39,305)
Currency translation differences on foreign currency net investments		<u>(24,976)</u>	<u>(3,132)</u>
Total recognised gains and losses relating to the year		<u>2,414,134</u>	<u>(42,437)</u>

The notes on pages 11 to 28 form part of these financial statements.

ST GEORGE ULTIMATE CARE LIMITED

Consolidated balance sheet As at 31 March 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Intangible fixed assets	10		32,603		-
Tangible fixed assets	11		34,224,792		32,680
Investment property	12		2,058,576		-
Fixed asset investments	13		70,000		70,000
			<u>36,385,971</u>		<u>102,680</u>
Current assets					
Debtors	14	1,225,211		145,346	
Cash at bank and in hand		1,029,005		131,203	
		<u>2,254,216</u>		<u>276,549</u>	
Creditors: amounts falling due within one year	15	(4,894,501)		(425,150)	
Net current liabilities			<u>(2,640,285)</u>		<u>(148,601)</u>
Total assets less current liabilities			<u>33,745,686</u>		<u>(45,921)</u>
Creditors: amounts falling due after more than one year	16		<u>(23,356,569)</u>		<u>-</u>
Net assets/(liabilities)			<u><u>10,389,117</u></u>		<u><u>(45,921)</u></u>
Capital and Reserves					
Called up share capital	19		200		2
Share premium account	20		5,385,522		-
Profit and loss account	20		2,368,211		(45,923)
Shareholders' funds/(deficit)	21		<u>7,753,933</u>		<u>(45,921)</u>
Minority interests	22		<u>2,635,184</u>		<u>-</u>
			<u><u>10,389,117</u></u>		<u><u>(45,921)</u></u>

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

14th October 2009



Mrs H Elnarshy-Fouad
Director

The notes on pages 11 to 28 form part of these financial statements.

ST GEORGE ULTIMATE CARE LIMITED

Company balance sheet As at 31 March 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible fixed assets	11		-		32,680
Fixed asset investments	13		5,638,568		72,450
			<u>5,638,568</u>		<u>105,130</u>
Current assets					
Debtors	14	373,232		121,810	
Cash at bank		119,474		127,565	
		<u>492,706</u>		<u>249,375</u>	
Creditors: amounts falling due within one year	15	(897,386)		(425,150)	
Net current liabilities			<u>(404,680)</u>		<u>(175,775)</u>
Total assets less current liabilities			<u>5,233,888</u>		<u>(70,645)</u>
Capital and Reserves					
Called up share capital	19		200		2
Share premium account	20		5,385,522		-
Profit and loss account	20		(151,834)		(70,647)
Shareholders' funds/(deficit)	21		<u>5,233,888</u>		<u>(70,645)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
14th October 2009

H Elnarshy-Fouad

Mrs H Elnarshy-Fouad
Director

The notes on pages 11 to 28 form part of these financial statements.

ST GEORGE ULTIMATE CARE LIMITED

Consolidated cash flow statement For the year ended 31 March 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	24	2,352,332	232,252
Returns on investments and servicing of finance	25	(868,258)	(6,163)
Capital expenditure and financial investment	25	(8,861,145)	(102,680)
Acquisitions and disposals	25	1,648,995	-
Cash (outflow)/inflow before financing		(5,728,076)	123,409
Financing	25	5,780,961	-
Increase in cash in the year		52,885	123,409

Reconciliation of net cash flow to movement in net funds/debt For the year ended 31 March 2009

	2009 £	2008 £
Increase in cash in the year	52,885	123,409
Cash inflow from increase in debt and lease financing	(4,759,961)	-
Change in net debt resulting from cash flows	(4,707,076)	123,409
Other non-cash changes	(18,596,608)	-
Movement in net debt in the year	(23,303,684)	123,409
Net funds at 1 April 2008	131,203	7,794
Net (debt)/funds at 31 March 2009	(23,172,481)	131,203

The notes on pages 11 to 28 form part of these financial statements.

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

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.

1.2 Basis of consolidation

The financial statements consolidate the accounts of St George Ultimate Care Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Negative goodwill is written off to the profit and loss account in the year of acquisition. Positive goodwill is written off over its estimated useful life of five years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Freehold land is not depreciated. No depreciation is charged on the group's properties. The directors are of the opinion that the depreciation charge and accumulated depreciation on properties is immaterial owing to these assets having very long useful lives and high residual values. In the absence of provision for depreciation on such assets, an impairment review is carried out on an annual basis in accordance with FRS 11. 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:

Freehold property	-	No depreciation
Fixtures & fittings	-	10-25% reducing balance

1.6 Investments

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

(ii) Other investments

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

1.7 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group.

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

1. Accounting policies (continued)

1.8 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.

1.9 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 discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.11 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

1.12 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

The whole of the turnover is attributable to the provision of rehabilitation services for patients with brain injury and a range of therapies in the field of mental health and deafness.

All turnover arose within the United Kingdom.

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

3. Operating profit/(loss)

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

	2009 £	2008 £
Amortisation - intangible fixed assets	(1,095,911)	-
Depreciation of tangible fixed assets:		
- owned by the group	73,950	-
Operating lease rentals:		
- plant and machinery	7,782	-
Difference on foreign exchange	(45,072)	(25,283)
	<u> </u>	<u> </u>

4. Auditors' remuneration

	2009 £	2008 £
Fees payable to the company's auditor for the audit of the company's annual accounts	32,861	-
Fees payable to the company's auditor in respect of:		
Other services relating to taxation	4,819	-
All other services	29,474	-
	<u> </u>	<u> </u>

5. Staff costs

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

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Wages and salaries	4,091,369	-	-	-
Social security costs	327,082	-	-	-
Other pension costs	36,753	-	-	-
	<u>4,455,204</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2009 No.	2008 No.	2009 No.	2008 No.
Directors	2	2	2	2
Management	4	-	-	-
Medical	206	-	-	-
	<u>212</u>	<u>2</u>	<u>2</u>	<u>2</u>

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

6. Directors' remuneration

	2009 £	2008 £
Emoluments	<u>279,000</u>	<u>-</u>

The highest paid director received remuneration of £225,000 (2008: £NIL).

7. Interest receivable

	2009 £	2008 £
Bank interest receivable	<u>26,626</u>	<u>1,337</u>

8. Interest payable

	2009 £	2008 £
On bank loans and overdrafts	924,206	-
On other loans	13,500	28,500
	<u>937,706</u>	<u>28,500</u>

9. Taxation

	2009 £	2008 £
Analysis of tax charge in the year		
Deferred tax		
Origination and reversal of timing differences	201,053	-
Tax losses	(479,428)	-
Total deferred tax (see note 17)	<u>(278,375)</u>	<u>-</u>
Tax on profit/loss on ordinary activities	<u>(278,375)</u>	<u>-</u>

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008: lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £	2008 £
Profit (loss) on ordinary activities before tax	<u>1,604,550</u>	<u>(39,305)</u>
Profit (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 28%)	<u>449,274</u>	<u>(11,005)</u>
Effects of:		
Expenses not deductible for tax purposes	25,410	7,009
Capital allowances for year in excess of depreciation	(29,822)	-
Amortisation of goodwill not allowable for tax	740	-
Write off of negative goodwill not chargeable to tax	(307,595)	-
Exchange gains not chargeable to tax	(12,620)	(7,079)
Tax losses utilised in the year	(214,549)	-
Tax losses arising in the year carried forward	89,162	11,075
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The group has aggregate trading losses of £2,370,661 carried forward available for set off against future trading profits.

10. Intangible fixed assets

Group	Goodwill on consolidation £	Negative goodwill on consolidation £	Total £
Cost			
Additions	35,247	(1,098,555)	(1,063,308)
At 31 March 2009	<u>35,247</u>	<u>(1,098,555)</u>	<u>(1,063,308)</u>
Amortisation			
Charge for the year	2,644	(1,098,555)	(1,095,911)
At 31 March 2009	<u>2,644</u>	<u>(1,098,555)</u>	<u>(1,095,911)</u>
Net book value			
At 31 March 2009	<u>32,603</u>	<u>-</u>	<u>32,603</u>
At 31 March 2008	<u>-</u>	<u>-</u>	<u>-</u>

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

11. Tangible fixed assets

Group	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 April 2008	32,680	-	32,680
Additions	8,561,374	216,931	8,778,305
Disposals	-	(1,646)	(1,646)
On acquisition of subsidiaries	25,102,994	539,093	25,642,087
At 31 March 2009	33,697,048	754,378	34,451,426
Depreciation			
Charge for the year	-	73,950	73,950
On acquisition of subsidiaries	-	110,942	110,942
Impairment charge	41,742	-	41,742
At 31 March 2009	41,742	184,892	226,634
Net book value			
At 31 March 2009	33,655,306	569,486	34,224,792
At 31 March 2008	32,680	-	32,680
Company			Land and buildings £
Cost			
At 1 April 2008			32,680
Additions			9,062
At 31 March 2009			41,742
Depreciation			
At 1 April 2008			-
Impairment charge			41,742
At 31 March 2009			41,742
Net book value			
At 31 March 2009			-
At 31 March 2008			32,680

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

12. Investment property

	Freehold property £
Group	
Cost and valuation	
At 1 April 2008	-
Additions at cost	328,576
On acquisition of subsidiaries	1,730,000
	<u>2,058,576</u>
At 31 March 2009	<u>2,058,576</u>

In the opinion of the directors the open market value as at 31 March 2009 is not materially different to the book value.

13. Fixed asset investments

		Other investments £	
Group			
Cost or valuation			
At 1 April 2008 and 31 March 2009		70,000	
		<u>70,000</u>	
Company	Shares in group undertakings £	Other investments £	Total £
Cost or valuation			
At 1 April 2008	2,450	70,000	72,450
Additions	5,566,118	-	5,566,118
	<u>5,568,568</u>	<u>70,000</u>	<u>5,638,568</u>
At 31 March 2009	<u>5,568,568</u>	<u>70,000</u>	<u>5,638,568</u>

Details of the subsidiaries are given in note 33 to the financial statements.

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

14. Debtors

	<u>Group</u>		<u>Company</u>	
	2009 £	2008 £	2009 £	2008 £
Due after more than one year				
Deferred tax asset (see note 17)	278,375	-	-	-
Due within one year				
Trade debtors	341,896	-	-	-
Amounts owed by group undertakings	-	-	372,451	121,810
Other debtors	252,288	145,346	-	-
Called up share capital not paid	244,199	-	-	-
Prepayments and accrued income	108,453	-	781	-
	<u>1,225,211</u>	<u>145,346</u>	<u>373,232</u>	<u>121,810</u>

15. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2009 £	2008 £	2009 £	2008 £
Bank loans and overdrafts	844,917	-	-	-
Trade creditors	617,284	1,500	2,107	1,500
Amounts owed to group undertakings	-	250,000	301,059	250,000
Social security and other taxes	133,843	-	-	-
Other creditors	2,470,428	150,474	587,310	150,474
Accruals and deferred income	828,029	23,176	6,910	23,176
	<u>4,894,501</u>	<u>425,150</u>	<u>897,386</u>	<u>425,150</u>

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

16. Creditors: Amounts falling due after more than one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans	23,356,569	-	-	-

Included within the above are amounts falling due as follows:

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Between two and five years				
Bank loans	4,843,404	-	-	-
Over five years				
Bank loans	18,513,165	-	-	-

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Repayable other than by instalments	18,513,165	-	-	-

Bank loans of £18,000,000 and £5,250,000 are repayable in 15 equal instalments followed by a lump sum payment on the last day of the term which is in 19 years. Interest is charged at 1.75% and 2% above libor on the respective loans.

Bank loans amounting to £23,250,000 are secured by an unlimited intercompany composite guarantee by and between St George Care UK Limited, St George Healthcare Group Limited, St Mary's Hospitals Limited and St George Healthcare Limited supported by first legal charges over the following properties and their respective associated assets:

Phase 1 and Phase 2, Phineas Gage Secure Hospital, Winwick Road, Warrington;

Land on the North West side of Victoria Road, Huyton Road, Liverpool;

Hartford House, Wellington Road, Werneth, Oldham;

Hartford Grange Residential Home, Grange Avenue, Werneth, Oldham;

Milton Hall development site, Milton, Brampton, Cumbria;

Intermediate Care Unit, Countess of Chester Heath Park, Liverpool Road, Chester.

Bank loans amounting to £106,569 are secured by a legal charge over the freehold property known as Amberley, Stanhope Road, Bowden, Cheshire.

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements
For the year ended 31 March 2009

17. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
At 1 April 2008	-	-	-	-
Asset realised during the year	278,375	-	-	-

The deferred taxation balance is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2009	2008	2009	2008
	£	£	£	£
Accelerated capital allowances	201,053	-	-	-
Tax losses brought forward	(479,428)	-	-	-
	(278,375)	-	-	-

A deferred tax asset has been recognised on the basis of forecasted future profits.

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

18. Financial risk management objectives and policies

The group holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

Interest rate risk

The group is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans. The group has entered into interest rate swap agreements on its loans so as to minimise its exposure to changes in interest rates.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

Liquidity risk

The group has historically financed its operations predominantly through new equity and cash generated from operations. The group has continued with its policy of ensuring that there are sufficient funds available to meet the expected funding requirements of the group's operations and investment opportunities. The group monitors its liquidity position through cash flow forecasting.

Foreign currency risk

The group is exposed to foreign exchange risk principally via:

- (a) Transactional exposure, from the cost of future purchases of goods for resale, where those purchases are denominated in a currency other than the functional currency of the purchasing company.
- (b) Net investment exposure, from the value of net investments outside the UK.
- (c) Loans to non-UK subsidiaries.

Cash held includes balances denominated in sterling and euro's and therefore the group is affected by the exchange rate variances between these two currencies.

The directors monitor the exposure to this risk by reviewing the level of transactions and balances held in foreign currency at regular intervals and if necessary, implement appropriate procedures to reduce the risk associated with foreign exchange. The Board are aware of the risk and do not believe the foreign currency risk to be a significant threat to the group at the present time.

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

19. Share capital

	2009 £	2008 £
Authorised		
200 (2008: 100) Ordinary shares of £1 each	<u>200</u>	<u>100</u>
Allotted, called up and fully paid		
200 (2008: 2) Ordinary shares of £1 each	<u>200</u>	<u>2</u>

On 2 July 2008 the authorised share capital was increased to 200 ordinary shares of £1 each.

On 2 July 2008 the company issued 98 new ordinary shares of £1 each at par for cash consideration.

On 3 July 2008 the company issued 100 new ordinary shares of £1 each at a value of £5,385,622. The consideration comprised the entire issued A ordinary shares of St George Care UK Limited, a company registered in England. The acquisition represented 100% of the voting rights and 75% of the net assets of St George Care UK Limited.

20. Reserves

	Share premium account £	Profit and loss account £
Group		
At 1 April 2008		(45,923)
Profit for the year		2,439,110
Premium on shares issued during the year	5,385,522	
Currency translation differences		(24,976)
At 31 March 2009	<u>5,385,522</u>	<u>2,368,211</u>
Company		
At 1 April 2008		(70,647)
Loss for the year		(81,187)
Premium on shares issued during the year	5,385,522	
At 31 March 2009	<u>5,385,522</u>	<u>(151,834)</u>

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

21. Reconciliation of movement in shareholders' funds

Group	2009	2008
	£	£
Opening shareholders' deficit	(45,921)	(3,484)
Profit/(loss) for the year	2,439,110	(39,305)
Shares issued during the year	198	-
Share premium on shares issued (net of expenses)	5,385,522	-
Other recognised gains and losses during the year	(24,976)	(3,132)
	<u>7,753,933</u>	<u>(45,921)</u>
Closing shareholders' funds/(deficit)		

Company	2009	2008
	£	£
Opening shareholders' deficit	(70,645)	(6,088)
Profit/(loss) for the year	(81,187)	(64,557)
Shares issued during the year	198	-
Share premium on shares issued (net of expenses)	5,385,522	-
	<u>5,233,888</u>	<u>(70,645)</u>
Closing shareholders' funds/(deficit)		

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £81,187 (2008: £64,557).

22. Minority interests

Equity	£
At 1 April 2008	-
Proportion of profit/(loss) after taxation for the year	(556,185)
Shares issued to minority shareholders during the year	1,021,000
Share of net assets on acquisition	2,170,369
	<u>2,635,184</u>
At 31 March 2009	

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

23. Acquisitions and Disposals

Acquisitions

(a) Acquisition of St George Care UK Limited

On 3 July 2008 the company acquired the entire issued A ordinary share capital of St George Care UK Limited.

The acquisition represented 100% of the voting rights and 75% of the net assets of St George Care UK Limited.

	Vendors' book value £	Fair value to the group £
Assets and liabilities acquired		
Tangible fixed assets	25,531,145	25,531,145
Debtors	1,320,636	1,320,636
Cash at bank	1,882,187	1,882,187
Bank overdrafts	(52,696)	(52,696)
Creditors	(1,403,188)	(1,403,188)
Bank loans	(18,596,608)	(18,596,608)
Minority shareholders' interests	(2,170,369)	(2,170,369)
Negative goodwill	(1,098,555)	(1,098,555)
Net assets acquired	<u>5,412,552</u>	<u>5,412,552</u>
Satisfied by		
Consideration:		
Cash		26,930
Shares allotted		5,385,622
		<u>5,412,552</u>

The consideration includes costs of acquisition amounting to £26,930.

Pre-acquisition results:

The summarised consolidated profit and loss account for St George Care UK Limited for the period from incorporation on 20 February 2008 to the date of acquisition was as follows:

Turnover	<u>2,325,142</u>
Operating profit	<u>1,699,096</u>
Profit before tax	<u>1,404,399</u>
Profit after tax	<u>1,404,399</u>

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

(b) Acquisition of St George Homes Limited

On 20 November 2008 the company acquired 100% of the share capital of St George Homes Limited.

	Vendors' book value £	Fair value to the group £
Assets and liabilities acquired		
Tangible fixed assets	1,730,000	1,730,000
Debtors	20,489	20,489
Creditors	(1,632,170)	(1,632,170)
Net assets acquired	<u>118,319</u>	<u>118,319</u>
Satisfied by		
Consideration:		
Cash		132,603
Acquisition costs		20,963
		<u>153,566</u>
Goodwill arising on consolidation (see note 10)		<u>35,247</u>

Pre-acquisition results:

The summarised profit and loss account for St George Homes Limited for the period from 1 October 2008 to the date of acquisition was as follows:

Operating loss	(187)
Loss before tax	(187)
Loss after tax	(187)

The loss after tax for the year ended 30 September 2008 was £1,430.

24. Net cash flow from operations

	2009 £	2008 £
Operating profit/(loss)	2,515,630	(12,142)
Foreign exchange movement - STRGL	(24,976)	(3,132)
Amortisation of intangible fixed assets	(1,095,911)	-
Depreciation of tangible fixed assets	73,950	-
Impairments of fixed assets	41,742	-
Loss on disposal of tangible fixed assets	1,646	-
Decrease in debtors	539,633	95,138
Increase in creditors	300,618	152,388
Net cash inflow from operations	<u>2,352,332</u>	<u>232,252</u>

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements
For the year ended 31 March 2009

25. Analysis of cash flows for headings netted in cash flow statement

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest received	26,626	1,337
Interest paid	(894,884)	(7,500)
Net cash outflow from returns on investments and servicing of finance	(868,258)	(6,163)
	2009 £	2008 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(8,736,301)	(32,680)
Purchase of investment properties	(124,844)	-
Purchase of other investments	-	(70,000)
Net cash outflow from capital expenditure	(8,861,145)	(102,680)
	2009 £	2008 £
Acquisitions and disposals		
Purchase of fixed asset investments	(180,496)	-
Net cash acquired with subsidiary undertakings	1,829,491	-
Net cash inflow from acquisitions and disposals	1,648,995	-
	2009 £	2008 £
Financing		
Issue of ordinary shares	1,021,000	-
New secured loans	23,356,569	-
Repayment of loans	(18,596,608)	-
Net cash inflow from financing	5,780,961	-

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

26. Analysis of changes in net debt

	1 April 2008 £	Cash flow £	Acquisition £	Other non-cash changes £	31 March 2009 £
Cash at bank and in hand:	131,203	897,802	-	-	1,029,005
Bank overdraft	-	(844,917)	-	-	(844,917)
	<u>131,203</u>	<u>52,885</u>	<u>-</u>	<u>-</u>	<u>184,088</u>
Debt:					
Debts due within one year	-	596,608	(596,608)	-	-
Debts falling due after more than one year	-	(5,356,569)	(18,000,000)	-	(23,356,569)
	<u>-</u>	<u>(5,356,569)</u>	<u>(18,000,000)</u>	<u>-</u>	<u>(23,356,569)</u>
Net funds	<u>131,203</u>	<u>(4,707,076)</u>	<u>(18,596,608)</u>	<u>-</u>	<u>(23,172,481)</u>

27. Contingent liabilities

There is a cross company guarantee between all the undertakings within the group in respect of all group borrowings provided by The Royal Bank of Scotland plc. At the balance sheet date this contingent liability amounted to £24,079,842.

28. Pension commitments

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group in independent trustee administered funds. The pension costs charge for the period amounted to £36,753. All contributions were paid during the year.

29. Operating lease commitments

At 31 March 2009 the group had annual commitments under non-cancellable operating leases as follows:

Group	2009 £	2008 £
Expiry date:		
Between 2 and 5 years	<u>5,188</u>	<u>-</u>

30. Related party transactions

During the year the group continued to borrow funds interest free from Dr N M Fouad and Mrs H Elnarshy-Fouad, the directors. At the balance sheet date the group owed £2,273,799 (2008 : £40,474) to Dr N M Fouad and Mrs H Elnarshy-Fouad.

ST GEORGE ULTIMATE CARE LIMITED

Notes to the financial statements For the year ended 31 March 2009

31. Post balance sheet events

On 11 May 2009 the group issued a further 516,000 new Ordinary B shares of £1 each at par for cash consideration to the minority shareholders of St George Care UK Limited.

32. Controlling party

There is no ultimate controlling party.

33. Subsidiaries

The interests in group undertakings are as follows:

Company name	Country	Percentage Shareholding	Principal activities
St George Villas SL	Spain	100%	Property investment
St George Homes Limited	England	100%	Property investment
St George Care UK Limited	England	75%	Holding company
St George Healthcare Group Limited *	England	75%	Intermediate holding company
St George Healthcare Limited **	England	75%	Rehabilitation hospitals
St Mary's Hospitals Limited **	England	75%	Rehabilitation hospitals

* - Wholly owned subsidiary of St George Care UK Limited

** - Wholly owned subsidiary of St George Healthcare Group Limited