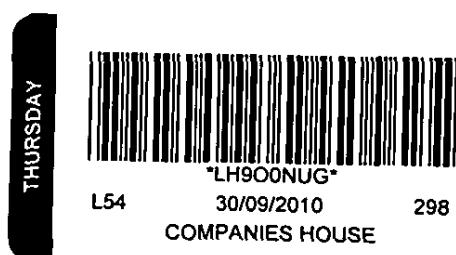


Lighthouse Healthcare Limited
CONSOLIDATED FINANCIAL STATEMENTS

31 March 2010



Company Registration No 05820919

Lighthouse Healthcare Limited

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Lighthouse Healthcare Limited

DIRECTORS AND ADVISORS

DIRECTORS

GH Blackoe
DJ Cole
G Delaney-Smith
TZ Gowers
AC Muchatuta
D Whittaker
KA Willis

SECRETARY

TZ Gowers

REGISTERED OFFICE

2nd Floor Bezant House
Bradgate Park View
Chellaston
Derbyshire
DE73 5UH

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

Lighthouse Healthcare Limited

DIRECTORS' REPORT

The directors present their report and the audited group financial statements of Lighthouse Healthcare Limited for the year ended 31 March 2010

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company, providing a support office and financing function for its subsidiaries. The principal activity of the group is the provision of learning disability and mental health services.

REVIEW OF THE BUSINESS

The directors are satisfied with the performance of the company and the group for the year and do not anticipate any significant changes to the group's activities in the forthcoming year.

Details of the results for the year are set out in the profit and loss account on page 7.

The group consolidated its performance during the year, increasing occupancy levels from 74% to 87% on registered bed numbers of 178 across 8 facilities.

The group's patients and service users are mainly funded by the public sector. During the period the company has continued to put significant effort into building relationships with NHS Specialised Commissioning Groups, local authorities and other public sector purchasing agencies.

An important part of the company's activities is the strength of its property portfolio of healthcare facilities. In this context, the company's strategy includes the ongoing economic development of the property portfolio and a regular refurbishment programme.

KEY PERFORMANCE INDICATORS

Financial Performance

The group prepares detailed financial budgets for all of its facilities and operations, against which actual performance is monitored.

Quality and Compliance with Regulations

The group operates in a highly regulated environment, registered with the Care Quality Commission in England and with Health Inspectorate Wales in Wales. The quality of care provided by the group and its compliance with regulation are monitored in a structured manner and subject to continuous review by the senior managers and executive directors.

Position at the year end

The group's performance against these measures was satisfactory at the year end.

FUTURE DEVELOPMENTS

The directors expect the general level of activity in the healthcare sector to increase and believe that the company is well positioned to take advantage of opportunities for additional growth, although they recognise that funding in the sector will come under pressure in the next few years.

The directors expect the future performance of the group to be satisfactory.

Lighthouse Healthcare Limited

DIRECTORS' REPORT

RISKS AND UNCERTAINTIES

The group is exposed to a variety of risks that could affect the performance of the business. The Board is responsible for maintaining a risk management programme that seeks to identify, manage and mitigate business risk.

Customer and Price risk

The group's main customer is the NHS and any changes in government purchasing policy away from the independent sector would constitute a risk. NHS, government bodies and local authorities will be under pressure to cut spending, which represents a risk to the business in terms of fees for new admissions and inflationary increases on fees for existing users of the services.

Wherever possible the group mitigates price risk through negotiating long term contracts for patients and service users with fixed price agreements and it is committed to working with its purchasers to find solutions that provide demonstrable value for money. In an increasingly competitive market, the strategy is to continue to focus on providing high quality person-centred services at fee levels which are competitive and represent good value.

Credit risk

The group has limited exposure to this risk as counterparties are all local NHS, governmental departments and local authorities.

Liquidity risk

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient funds available for operations and planned exposures.

Interest rate cash flow risk

The group utilises interest rate swaps to manage its exposure to interest rate fluctuations. At the year end 53% of the group's bank borrowings were hedged. In July 2010, the group entered into an additional hedge, increasing the percentage of hedged bank borrowings to 77%.

Health and safety risk

Due to the nature of the group operations, an independent adviser monitors health and safety risk in conjunction with the operations team, to ensure that company policies are adhered to.

DIVIDENDS

No dividends have been paid during the year (2009 £nil)

GOING CONCERN

After making appropriate enquiries the directors have reasonable expectations that the company and group have adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. Full detail is given in the accounting policies to the accounts.

Lighthouse Healthcare Limited

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT AND DISABLED PERSONS

The group's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the regular and frequent financial and economic factors affecting the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made wherever possible for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes.

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors, the market value of the land and buildings of the group and company exceeds book values of those assets at 31 March 2010. However, as the group does not adopt a policy of valuation, the excess of market value over book value has not been quantified.

DIRECTORS

The directors who held office during the year were as follows:

GH Blackoe (appointed 1 June 2009)
DJ Cole
MA Cork (resigned 21 May 2009)
G Delaney-Smith (appointed 22 December 2009)
TZ Gowers (appointed 26 May 2009)
AC Muchatuta (appointed 23 February 2010)
D Whittaker
K Willis

AUDITORS

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditors by the company. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore Baker Tilly UK Audit LLP will continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



TZ Gowers
Company Secretary

22 September 2010

Lighthouse Healthcare Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIGHTHOUSE HEALTHCARE LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 27. 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 more fully explained in the Directors' Responsibilities Statement set out on page 5, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2010 and of the group's 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.

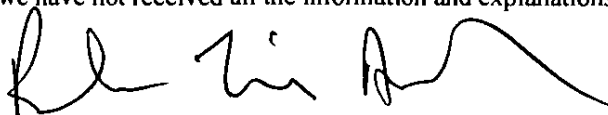
Opinion on other matters prescribed by the Companies Act 2006

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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Ronald Goodwin (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

29 September

2010

Lighthouse Healthcare Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2010


	Note	2010 £'000	2009 £'000
TURNOVER – CONTINUING OPERATIONS	1	21,714	18,257
Cost of sales		(11,504)	(11,011)
GROSS PROFIT		10,210	7,246
Administrative expenses		(6,076)	(6,039)
OPERATING PROFIT – CONTINUING OPERATIONS		4,134	1,207
Loss on disposal of assets	2	(440)	-
PROFIT BEFORE INTEREST AND TAX		3,694	1,207
Interest receivable and similar income	3	1	65
Interest payable and similar charges	4	(4,202)	(4,601)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2-6	(507)	(3,329)
Taxation	7	(308)	(11)
LOSS FOR THE FINANCIAL YEAR	16	(815)	(3,340)

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

Lighthouse Healthcare Limited
CONSOLIDATED BALANCE SHEET
at 31 March 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible fixed assets	9		58,050		59,281
Tangible fixed assets	10		21,026		20,723
			<u>79,076</u>		<u>80,004</u>
CURRENT ASSETS					
Debtors	11	751		633	
Property held for resale		350		260	
Cash at bank and in hand		2,522		1,146	
		<u>3,623</u>		<u>2,039</u>	
CREDITORS Amounts falling due within one year	12	(3,820)		(2,955)	
NET CURRENT LIABILITIES			<u>(197)</u>		<u>(916)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>78,879</u>		<u>79,088</u>
CREDITORS Amounts falling due after more than one year	13		(80,824)		(80,277)
PROVISIONS FOR LIABILITIES	14		(552)		(493)
NET LIABILITIES			<u>(2,497)</u>		<u>(1,682)</u>
CAPITAL AND RESERVES					
Called up share capital	15		-		-
Share premium account	16		7,000		7,000
Profit and loss account	16		(9,497)		(8,682)
SHAREHOLDERS' DEFICIT			<u>(2,497)</u>		<u>(1,682)</u>

The financial statements on pages 7 to 27 were approved by the board and authorised for issue on 22 September 2010 and are signed on its behalf by



D Whittaker
Director

Company Registration No 05820919

Lighthouse Healthcare Limited

BALANCE SHEET

at 31 March 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	8		69,157		69,157
Tangible fixed assets	10		1,963		2,666
			<u>71,120</u>		<u>71,823</u>
CURRENT ASSETS					
Debtors – (of which £5,659,000 (2009 £6,822,000) is due after more than one year)	11	5,662		6,825	
Property held for resale		350		260	
Cash at bank and in hand		93		57	
		<u>6,105</u>		<u>7,142</u>	
CREDITORS Amounts falling due within one year	12	(1,665)		(1,468)	
NET CURRENT ASSETS			<u>4,440</u>		<u>5,674</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>75,560</u>		<u>77,497</u>
CREDITORS Amounts falling due after more than one year	13		(81,178)		(80,210)
NET LIABILITIES			<u>(5,618)</u>		<u>(2,713)</u>
CAPITAL AND RESERVES					
Called up share capital	15		-		-
Share premium account	16		7,000		7,000
Profit and loss account	16		(12,618)		(9,713)
SHAREHOLDERS' DEFICIT			<u>(5,618)</u>		<u>(2,713)</u>

The financial statements on pages 7 to 27 were approved by the board and authorised for issue on 22 September 2010 and are signed on its behalf by

GASZ: HWA

D Whittaker
Director

Lighthouse Healthcare Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
CASH FLOW FROM OPERATING ACTIVITIES	17	6,132	3,888
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18	(2,989)	(3,716)
TAXATION		21	(415)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(1,868)	(2,678)
Purchase of property for resale		-	(364)
Sale of tangible fixed assets		348	24
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(1,520)	(3,018)
ACQUISITIONS AND DISPOSALS			
Acquisition of subsidiary		-	(11)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,644	(3,272)
FINANCING	18	(268)	(194)
INCREASE/(DECREASE) IN CASH IN THE YEAR		1,376	(3,466)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(decrease) in cash in the year		1,376	(3,466)
Cash outflow from decrease in debt and lease financing		268	194
Changes in net debt resulting from cash flows		1,644	(3,272)
Interest accrued on loans		(1,184)	(1,262)
New finance leases		(12)	(204)
Deferred consideration converted to loan		(2,000)	-
Capitalised arrangement fees released		(82)	-
Movement in net debt in the year		(1,634)	(4,738)
Net debt at start of year	19	(77,479)	(72,741)
NET DEBT AT END OF YEAR	19	(79,113)	(77,479)

Lighthouse Healthcare Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 March 2010

	GROUP		COMPANY	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
LOSS FOR THE FINANCIAL YEAR	(815)	(3,340)	(2,905)	(3,874)
NET INCREASE IN SHAREHOLDERS' DEFICIT	(815)	(3,340)	(2,905)	(3,874)
OPENING SHAREHOLDERS' (DEFICIT)/ FUNDS	(1,682)	1,658	(2,713)	1,161
CLOSING SHAREHOLDERS' DEFICIT	(2,497)	(1,682)	(5,618)	(2,713)

Lighthouse Healthcare Limited

ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Lighthouse Healthcare Limited group

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Lighthouse Healthcare Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired during a year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 March.

Purchased goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the separable net asset acquired, is capitalised and written off on a straight line basis over its estimated useful economic life of 50 years. The goodwill on the business is intrinsically linked to the value of the freehold buildings and the directors believe that the amortisation profile should reflect the depreciation policy of the freehold asset.

Under the provisions of FRS 10 – Goodwill and intangible fixed assets, an impairment review is carried out annually. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

GOING CONCERN

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2 to 4.

Occupancy levels within the business continue to rise and fee rate targets are being achieved although, as the group is reliant on public funding and given the current uncertain economic outlook, there is a risk that these may not be maintained. The group continues to focus on winning long term contracts to ensure a level of cashflow certainty and controlling staffing costs in units where occupancy levels are not at a maximum. The group is utilising its increased size to enter into group purchasing contracts to realise efficiencies on the other cost lines. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The group has bank funding in place until October 2017, with significant headroom on current and forecast performance to meet its obligations. In future years, an adequate level of free cash will be generated to allow for development opportunities to build on the profitability of the business. The group currently hedges 77% of its bank debt to mitigate the risk of increased interest costs as a result of adverse LIBOR fluctuations.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Lighthouse Healthcare Limited

ACCOUNTING POLICIES

INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	- 50 years
Plant and equipment	- 3 to 10 years
Motor vehicles	- 4 to 5 years

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

PROPERTY HELD FOR SALE

Properties held for sale are stated at the lower of cost and net realisable value.

LEASED ASSETS AND OBLIGATIONS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

RETIREMENT BENEFITS

The group operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

DEFERRED TAXATION

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only to the extent that it will be realised in the foreseeable future.

CASH AND CASH EQUIVALENTS

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

TURNOVER

Turnover represents the amounts derived from the provision of nursing care services to customers during the year. Turnover relating to the supply of nursing care is recognised at the beginning of the month to which it relates.

Lighthouse Healthcare Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1 TURNOVER

In the opinion of the directors there is only one class of business, being the provision of nursing care services. All turnover is derived in the UK.

2 LOSS ON DISPOSAL OF ASSETS

	2010 £'000	2009 £'000
Provision for disposal of The Grange	440	-

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Bank interest receivable	1	64
Other interest receivable	-	1
	1	65

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Bank loan interest	3,779	4,314
Interest on loan stock	275	276
Other loan interest	46	-
Interest on finance leases	16	11
Other interest	4	-
Amortisation of finance costs	82	-
	4,202	4,601

Lighthouse Healthcare Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging		
Depreciation – owned	608	603
Depreciation – leased	74	66
Loss on disposal of fixed assets	16	13
Impairment of property held for resale	-	104
Goodwill amortisation	1,231	1,232
Auditors' remuneration		
Audit services		
- statutory audit of parent and consolidated accounts	3	3
Other services		
- audit of subsidiaries	28	28
Tax services		
- compliance services	6	6
Operating lease rental		
Other	19	19
	=====	=====

Lighthouse Healthcare Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

6 EMPLOYEES

The average monthly number of persons (including directors) employed during the year was	2010 Number	2009 Number
Directors	5	4
Management and administration	40	34
Nursing and residential	525	474
	570	512

The aggregate payroll costs for these persons	2010 £'000	2009 £'000
Wages and salaries	11,354	10,731
Social security costs	1,057	1,028
Pension costs	62	85
	12,473	11,844

DIRECTORS' REMUNERATION	2010 £'000	2009 £'000
Aggregate emoluments	590	223
Compensation for loss of office	-	249
Sums charged by third parties for directors' services	83	95
Company pension contributions	23	13
	696	580

Director emoluments disclosed above include the following payments to the highest paid director	2010 £'000	2009 £'000
Emoluments	260	157
Compensation for loss of office	-	249
Company contributions to money purchase schemes	-	13
	260	419

The number of directors to whom retirement benefits are accruing under

	2010 Number	2009 Number
Money purchase schemes	3	1

Lighthouse Healthcare Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

7 TAXATION

	2010	2009
	£'000	£'000
Current tax		
UK corporation tax on loss of the year	249	-
Adjustment in respect of prior years	-	1
	<hr/>	<hr/>
Total current tax	249	1
	<hr/>	<hr/>
Deferred taxation		
Origination and reversal of timing differences	59	(20)
Adjustment in respect of prior years	-	30
	<hr/>	<hr/>
Total deferred tax	59	10
	<hr/>	<hr/>
Tax on loss on ordinary activities	308	11
	<hr/>	<hr/>

Factors affecting tax charge for year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010	2009
	£'000	£'000
Loss on ordinary activities before tax	(507)	(3,329)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2009 28%)	(142)	(932)
Expenses not deductible for tax purposes	639	483
Other timing differences	(108)	81
Capital allowances in excess of depreciation	(96)	(56)
Adjustment in respect of prior years	-	1
Tax losses carried forward	(44)	430
Utilisation of tax losses	-	(6)
	<hr/>	<hr/>
Tax charge for year	249	1
	<hr/>	<hr/>

Lighthouse Healthcare Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

8	INVESTMENTS	COMPANY Shares in group undertakings £'000
	<i>Cost</i>	
	At beginning and end of year	69,157

The company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings

<i>Company</i>	<i>Principal activity</i>	<i>Percentage and class of share held</i>
Acorn Care Limited	Provision of nursing care	100% Ordinary
Acorn Care (Welshpool) Limited	Provision of nursing care	100% Ordinary
Healthline Individual Care Limited	Provision of nursing care	100% Ordinary
Growing Older With Learning Disability Limited	Provision of nursing care	100% Ordinary

9	INTANGIBLE FIXED ASSETS	GROUP Goodwill £'000
	COST	
	At beginning and end of year	62,955
	AMORTISATION	
	At beginning of year	3,674
	Charge for year	1,231
	At end of year	4,905
	NET BOOK VALUE	
	At 31 March 2010	58,050
	At 31 March 2009	59,281

Lighthouse Healthcare Limited
NOTES TO THE FINANCIAL STATEMENTS
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10	TANGIBLE FIXED ASSETS	GROUP			
		Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
	COST				
	At beginning of year	20,074	1,578	385	22,037
	Additions	1,382	355	142	1,879
	Disposals	(854)	(16)	(134)	(1,004)
	At end of year	20,602	1,917	393	22,912
	DEPRECIATION				
	At beginning of year	542	663	109	1,314
	Charge for year	352	241	89	682
	Disposals	(25)	(2)	(83)	(110)
	At end of year	869	902	115	1,886
	NET BOOK VALUE				
	At 31 March 2010	19,733	1,015	278	21,026
	At 31 March 2009	19,532	915	276	20,723

The net book value of motor vehicles includes £253,000 (2009 £238,000) in respect of fixed assets held under finance leases and hire purchase contracts. Depreciation charged for the year on these assets was £74,000 (2009 £66,000).

Included in freehold property is land with a value of £2,625,000 (2009 £2,685,000) which is not depreciated.

Lighthouse Healthcare Limited
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10 TANGIBLE FIXED ASSETS (continued)

	COMPANY			
	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
COST				
At beginning of year	2,580	33	91	2,704
Additions	66	111	29	206
Disposals	(850)	-	(22)	(872)
At end of year	1,796	144	98	2,038
DEPRECIATION				
At beginning of year	17	4	17	38
Charge for year	32	15	22	69
Disposals	(25)	-	(7)	(32)
At end of year	24	19	32	75
NET BOOK VALUE				
At 31 March 2010	1,772	125	66	1,963
At 31 March 2009	2,563	29	74	2,666

The net book value of motor vehicles includes £66,000 (2009 £74,000) in respect of fixed assets held under finance leases and hire purchase contracts. Depreciation charged for the year on these assets was £22,000 (2009 £17,000).

Included in freehold land and property is land with a value of £240,000 (2009 £300,000) which is not depreciated.

Lighthouse Healthcare Limited
NOTES TO THE FINANCIAL STATEMENTS
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11	DEBTORS	GROUP		COMPANY	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
	<i>Due within one year</i>				
	Trade debtors	667	538	-	-
	Corporation tax	-	22	-	-
	Other debtors	10	2	-	-
	Prepayments and accrued income	74	71	3	3
		<u>751</u>	<u>633</u>	<u>3</u>	<u>3</u>
	<i>Due after more than one year</i>				
	Amounts owed by group undertakings	-	-	5,659	6,822
		<u>-</u>	<u>-</u>	<u>5,659</u>	<u>6,822</u>
12	CREDITORS Amounts falling due within one year	GROUP		COMPANY	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
	Obligations under finance leases	73	98	32	30
	Bank loan (net of arrangement fees of £311,000 (2009 £nil))	71	-	71	-
	Trade creditors	188	314	89	77
	Corporation tax	249	1	-	-
	Other taxation and social security	365	497	122	28
	Other creditors	34	266	20	8
	Accruals and deferred income	2,173	1,529	664	1,075
	Other loans	667	250	667	250
		<u>3,820</u>	<u>2,955</u>	<u>1,665</u>	<u>1,468</u>
13	CREDITORS Amounts falling due after more than one year	GROUP		COMPANY	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
	Bank loan (net of arrangement fees of £1,857,000 (2009 £nil))	74,468	75,798	74,468	75,798
	Obligations under finance leases	38	103	20	36
	Loan stock	2,901	2,626	2,901	2,626
	Amounts owed to group undertakings	-	-	372	-
	Bank arrangement fees	2,250	-	2,250	-
	Other loans	1,167	1,750	1,167	1,750
		<u>80,824</u>	<u>80,277</u>	<u>81,178</u>	<u>80,210</u>

Lighthouse Healthcare Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

13 CREDITORS Amounts falling due after more than one year (continued)

One of the bank loans is repayable by quarterly instalments commencing on 1 January 2011 to 1 July 2017, with a final bullet payment in October 2017

Prior to December 2009 the loan bore interest at 1.5% above base rate. The terms were revised in December 2009, and from that date the loan bears interest at 2% above LIBOR for the period to 31 March 2011, increasing to 2.5% above LIBOR for the year to 31 March 2012 and 3% above LIBOR from 1 April 2012. At the year end the all-in rate was 2.74%.

The other bank loan is repayable on 18 October 2017 and prior to December 2009 bore interest at 5.0% above LIBOR. The terms were revised in December 2009 and from that date the loan bears interest at 8% above LIBOR. At the year end the all-in rate was 8.60%.

All bank loans are secured against all of the freehold property owned by the group by way of legal mortgage.

Obligations under finance leases are secured against the underlying assets.

The other loan is repayable by quarterly instalments over 3 years, bears interest at 10% and matures on 31 October 2012.

The loan stock is due for repayment on 30 June 2011, although it is subordinated to the bank loans and has therefore been disclosed as due in greater than 5 years. The stock bears interest at 10% per annum on a monthly compounded basis.

Arrangement fees as a result of the December 2009 refinancing are due to the bank. A fee of £1,000,000 is due on 30 April 2012 and a further fee of £1,250,000 is due in the event of a sale or other disposal of the group which realises £7,500,000 in excess of its indebtedness.

	GROUP		COMPANY	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Analysis of debt maturity				
Amounts payable				
In one year or less or on demand	738	250	738	250
In more than one year but not more than two years	1,888	1,382	1,888	1,382
In more than two years but not more than five years	5,212	7,960	5,212	7,960
In five years or more	73,686	70,832	73,686	70,832
	81,524	80,424	81,524	80,424

	GROUP		COMPANY	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Obligations under finance leases				
Amounts payable				
In one year or less	73	98	32	30
Within two to five years	38	103	20	36
	111	201	52	66

Lighthouse Healthcare Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

13 CREDITORS Amounts falling due after more than one year (continued)

	GROUP		COMPANY	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Included above are the following.				
Amounts repayable other than by instalments falling due after more than five years	69,866	65,484	69,866	65,484
Of amounts repayable by instalments, the amount falling due after more than five years	3,820	5,348	3,820	5,348

14 PROVISIONS FOR LIABILITIES

	GROUP Deferred tax £'000	COMPANY Deferred tax £'000
At beginning of year	493	-
Charge for the year	59	-
At end of year	552	-

Provision for deferred tax has been made as follows

GROUP	2010		2009	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	673	-	580	(1)
Other timing differences	(2)	(250)	(3)	-
Tax losses	(119)	(778)	(84)	(433)
	552	(1,028)	493	(434)

COMPANY	2010		2009	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	-	-	-	-
Other timing differences	-	(250)	-	-
Tax losses	-	(474)	-	-
	-	(724)	-	-

The group and company do not provide deferred taxation assets unless sufficient taxable profits to utilise the assets can be foreseen

Lighthouse Healthcare Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

15	CALLED UP SHARE CAPITAL	2010	2009
		£'000	£'000
	ALLOTTED, CALLED UP AND FULLY PAID		
	9,200 Ordinary A shares of 1 pence each	-	-
	1,855 Ordinary B shares of 1 pence each	-	-
	4,065 Ordinary C shares of 1 pence each	-	-
	698 Ordinary D shares of 1 pence each	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>

The Ordinary A shares, Ordinary C shares and the Ordinary D shares rank pari passu as regards voting rights and entitlement to dividends. The Ordinary B shares have no voting rights and no entitlement to dividends.

In the event of an exit, the first £35 million of equity is to be distributed pari passu amongst the Ordinary A shares, Ordinary C shares and Ordinary D shares, and any excess over this sum (the excess equity value) is distributed equally amongst all shareholders, save that all of the C ordinary shares then in issue shall not be entitled to less than 27.5% of the excess equity value.

On a return of assets on liquidation or capital reduction or otherwise, the assets of the company shall be applied as follows:

- (a) First in paying to the Ordinary shareholders the issue price of each Ordinary share, and
- (b) the balance of such assets shall be distributed amongst the A Ordinary Shareholders and the C Ordinary Shareholders (pari passu, as if the A Ordinary Shares and C Ordinary Shares constituted one class of share), save where such assets are returned following an exit.

On 2 November 2009, 1,570 Ordinary B shares and 698 Ordinary D shares were issued at par and fully paid up.

16	RESERVES	Share premium account		Profit and loss account	
		GROUP	COMPANY	GROUP	COMPANY
		£'000	£'000	£'000	£'000
	At beginning of year	7,000	7,000	(8,682)	(9,713)
	Result for the year	-	-	(815)	(2,905)
		<hr/>	<hr/>	<hr/>	<hr/>
	At end of year	7,000	7,000	(9,497)	(12,618)
		<hr/>	<hr/>	<hr/>	<hr/>

Lighthouse Healthcare Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

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RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2010 £'000	2009 £'000
Operating profit	4,134	1,207
Depreciation	682	669
Amortisation	1,231	1,232
Loss on disposal of assets	16	13
(Increase)/decrease in debtors	(139)	1,541
Increase/(decrease) in creditors	208	(878)
Impairment of property held for resale	-	104
Net cash flow from operating activities	6,132	3,888

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ANALYSIS OF CASHFLOWS	2010 £'000	2009 £'000
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid on bank loans and overdraft	(2,974)	(3,772)
Finance lease interest	(16)	(11)
Interest received	1	67
	(2,989)	(3,716)
FINANCING		
Repayment of loans	(166)	(110)
Capital element of finance lease payments	(102)	(84)
	(268)	(194)

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ANALYSIS OF NET DEBT	At beginning of year £'000	Cash flow £'000	Other non- cash changes £'000	At end of year £'000
Cash at bank and in hand	1,146	1,376	-	2,522
Debt due after one year	(78,424)	-	(2,362)	(80,786)
Debt due within one year	-	166	(904)	(738)
Finance leases	(201)	102	(12)	(111)
TOTAL	(77,479)	1,644	(3,278)	(79,113)

Lighthouse Healthcare Limited
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20 COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non cancellable operating leases are as follows

	2010	2010	2009	2009
	Property	Other	Property	Other
	£'000	£'000	£'000	£'000
Group and Company				
Operating leases which expire				
Between two and five years	21	6	21	6

21 RELATED PARTY TRANSACTIONS

During the year the group were charged £83,000 by Keith Willis Consultancy for consultancy and related expenses by Keith Willis, of which £23,500 was outstanding at the year end £25,000 was charged by Keith Willis Associates for providing payroll and company secretarial services during the year. The balance outstanding at the year end was £nil. Both entities are under the control of Keith Willis who is a director and shareholder of Lighthouse Healthcare Limited.

22 PENSION SCHEME

The group and company operate a defined contribution pension scheme that is administered independently of the group and company.

The contributions for the year were as follows

	2010	2009
	£'000	£'000
Group	62	85
Company	42	30

Outstanding contributions at the end of the year, included in creditors, were as follows -

	2010	2009
	£'000	£'000
Group	28	15
Company	20	8

Lighthouse Healthcare Limited

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for the year ended 31 March 2010

23 FINANCIAL INSTRUMENTS – INTEREST RATE EXPOSURE

The company manages exposure to interest rate risk by using interest rate swaps

At the year end the unrealised gains and losses on open interest rate swaps were as follows

	Gains	2010	Total	Gains	2009	Total
	£'000	Losses	£'000	£'000	Losses	£'000
		£'000			£'000	
Unrecognised gains and losses on hedges at 31 March	-	(3,240)	(3,240)	-	(4,237)	(4,237)