

C&C ALPHA HEALTHCARE GROUP LIMITED
FINANCIAL STATEMENTS
31 MARCH 2009

THURSDAY



LTJWLH1W

L11

28/01/2010

205

COMPANIES HOUSE

SLAVEN JEFFCOTE LLP

Chartered Certified Accountants & Registered Auditor

1 Lumley Street

Mayfair

London

W1K 6TT

C&C ALPHA HEALTHCARE GROUP LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the shareholders	6
Profit and loss account	8
Note of historical cost profits and losses	9
Group balance sheet	10
Balance sheet	11
Group cash flow cash flow statement	12
Notes to the financial statements	13

C&C ALPHA HEALTHCARE GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	B Choudhrie P Hodgkinson
Company secretary	S Pudaruth
Registered office	1 Vincent Square Victoria London SW1P 2PN
Auditor	Slaven Jeffcote LLP Chartered Certified Accountants & Registered Auditor 1 Lumley Street Mayfair London W1K 6TT

C&C ALPHA HEALTHCARE GROUP LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

The directors present their report and the financial statements of the group for the period from 28 February 2008 to 31 March 2009.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the group during the year was that of specialist secure psychiatric nursing and residential care homes for the elderly.

RESULTS AND DIVIDENDS

The loss for the period, after taxation and minority interests, amounted to £3,884,341. The directors have not recommended a dividend.

Financial Summary

	31 Mar 09
	£
Turnover	47,941,668
Operating Profit	1,477,234
Profit / (Loss) before taxation	(3,769,217)
Profit / (Loss) after taxation and minority interests	(3,884,341)
Shareholders funds	83,100,104

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks.

The directors have set out below the principal risks facing the business.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

High proportion of fixed overheads and variable revenues

A large proportion of the group's overheads are fixed. There is the risk that any significant changes in revenue may lead to the inability to cover such costs.

Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented when there is an anticipated decline in revenues.

Competition

The market in which the group operates is highly competitive. As a result there is constant downward pressure on margins and the additional risk of being unable to meet customers expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

C&C ALPHA HEALTHCARE GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

Regulatory Environment

The group operates in an highly regulated environment and requirements are increasing year on year to meet minimum standards. The group mitigates this risk by investing in a dedicated quality assurance function to internally monitor and assess performance against minimum standards. The group has dedicated management programs that review and update all policy and procedure on a regular basis.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of finance and related finance costs.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk

In order to manage credit risk, the Directors set working capital targets including debtor days. Outstanding balances are reviewed by the credit controller on a regular basis, in conjunction with debt ageing, and the Group operates a robust collection procedure.

Liquidity risk

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

Interest rate and cashflow risk

The group has both interest bearing assets and interest bearing liabilities. The group has a policy of monitoring debt levels and interest rates to estimate future interest cashflows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

DIRECTORS

The directors who served the company during the period were as follows:

B Choudhrie
P Hodgkinson
Lumley Management Limited

B Choudhrie was appointed as a director on 8 April 2008.

P Hodgkinson was appointed as a director on 8 April 2008.

Lumley Management Limited was appointed as a director on 28 February 2008.

Lumley Management Limited retired as a director on 8 April 2008.

C&C ALPHA HEALTHCARE GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

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

DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

The group's policy is to consult and discuss with employee's matters likely to affect employee's interests.

Information of 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 financial and economic factors affecting the group's performance.

C&C ALPHA HEALTHCARE GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

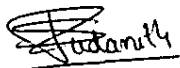
PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

AUDITOR

Slaven Jeffcote LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
1 Vincent Square
Victoria
London
SW1P 2PN

Signed by order of the directors



S PUDARUTH
Company Secretary

Approved by the directors on 19/01/2010.....

C&C ALPHA HEALTHCARE GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
C&C ALPHA HEALTHCARE GROUP LIMITED
PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

We have audited the group and parent company financial statements ("the financial statements") of C&C Alpha Healthcare Group Limited for the period from 28 February 2008 to 31 March 2009, which have been prepared on the basis of the accounting policies set out on pages 13 to 14.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

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

C&C ALPHA HEALTHCARE GROUP LIMITED

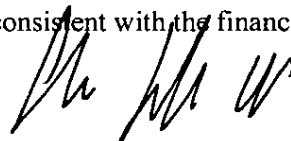
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
C&C ALPHA HEALTHCARE GROUP LIMITED *(continued)***

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

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 loss for the period 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.



SLAVEN JEFFCOTE LLP
Chartered Certified Accountants
& Registered Auditor

1 Lumley Street
Mayfair
London
W1K 6TT

26/01/2010

C&C ALPHA HEALTHCARE GROUP LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

	Note	Period from 28 Feb 08 to 31 Mar 09 £
GROUP TURNOVER	2	47,941,668
Cost of sales		29,846,153
GROSS PROFIT		<u>18,095,515</u>
Administrative expenses		16,618,281
Other operating income	3	(580,000)
OPERATING PROFIT	4	<u>2,057,234</u>
Interest receivable		8,264
Interest payable and similar charges	7	(5,856,127)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(3,790,629)</u>
Tax on loss on ordinary activities	8	168,505
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(3,959,134)</u>
Minority interests		(74,793)
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	9	<u>(3,884,341)</u>
LOSS FOR THE FINANCIAL PERIOD		<u><u>(3,884,341)</u></u>

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the period as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 13 to 25 form part of these financial statements.

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	Period from 28 Feb 08 to 31 Mar 09 £
Reported loss on ordinary activities before taxation	(3,790,629)
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>859,176</u>
Historical cost loss on ordinary activities before taxation	<u>(2,931,453)</u>
Historical cost loss for the period retained after taxation, minority interests and dividends	<u>(3,025,165)</u>

The notes on pages 13 to 25 form part of these financial statements.

C&C ALPHA HEALTHCARE GROUP LIMITED

GROUP BALANCE SHEET

31 MARCH 2009

	Note	£	31 Mar 09 £
FIXED ASSETS			
Intangible assets	10		13,695,948
Tangible assets	11		137,751,819
			<u>151,447,767</u>
CURRENT ASSETS			
Stocks	13	28,299	
Debtors	14	15,849,832	
Cash at bank and in hand		4,102,904	
			<u>19,981,035</u>
CREDITORS: Amounts falling due within one year	15	15,299,215	
NET CURRENT ASSETS			<u>4,681,820</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>156,129,587</u>
CREDITORS: Amounts falling due after more than one year	16		72,071,365
PROVISIONS FOR LIABILITIES			
Deferred taxation	19		958,118
			<u>83,100,104</u>
MINORITY INTERESTS			<u>2,697,910</u>
			<u>80,402,194</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23		100,001
Share premium account	24		73,659,999
Other reserves	24		10,526,535
Profit and loss account	24		(3,884,341)
SHAREHOLDERS' FUNDS	25		<u>80,402,194</u>

These financial statements were approved by the directors and authorised for issue on 19/01/2010,
and are signed on their behalf by:


P HODGKINSON

The notes on pages 13 to 25 form part of these financial statements.

C&C ALPHA HEALTHCARE GROUP LIMITED

BALANCE SHEET

31 MARCH 2009

	Note	31 Mar 09 £
FIXED ASSETS		
Investments	12	156,509,037
CREDITORS: Amounts falling due within one year	15	11,710,843
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>144,798,194</u>
CREDITORS: Amounts falling due after more than one year	16	72,000,000
		<u>72,798,194</u>
CAPITAL AND RESERVES		
Called-up equity share capital	23	100,001
Share premium account	24	73,659,999
Profit and loss account	24	(961,806)
SHAREHOLDERS' FUNDS		<u>72,798,194</u>

These financial statements were approved by the directors and authorised for issue on 19/01/2010....., and are signed on their behalf by:


P HODGKINSON

Company Registration Number: 06517718

The notes on pages 13 to 25 form part of these financial statements.

C&C ALPHA HEALTHCARE GROUP LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

		Period from 28 Feb 08 to 31 Mar 09
	Note	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	26	7,558,882
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26	(5,847,863)
TAXATION	26	585,255
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26	(155,307,883)
CASH OUTFLOW BEFORE FINANCING		<u>(153,011,609)</u>
FINANCING	26	157,114,513
INCREASE IN CASH	26	<u><u>4,102,904</u></u>

The notes on pages 13 to 25 form part of these financial statements.

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty to thirty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Related parties transactions

The company is a wholly owned subsidiary of C&C Alpha Group Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the C&C Alpha Group Limited group.

Turnover

Turnover represents the amounts receivable, excluding VAT, by the company for goods supplied and services provided during the year.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Over 20 to 30 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% Straight Line
Leasehold Property	- Straight Line over the term of lease
Plant and Machinery	- 25% to 33% Straight Line
Fixtures and Fittings	- 10% to 33% Straight Line
Freehold Improvements	- 20% to 33% Straight Line

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

1. ACCOUNTING POLICIES *(continued)*

Stocks

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

Finance lease agreements

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 in accordance with the above depreciation policies. 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 on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for the employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	Period from 28 Feb 08 to 31 Mar 09 £
United Kingdom	<u>47,941,668</u>

3. OTHER OPERATING INCOME

	Period from 28 Feb 08 to 31 Mar 09 £
Other operating income	<u>580,000</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	Period from 28 Feb 08 to 31 Mar 09 £
Amortisation of intangible assets	774,807
Depreciation of owned fixed assets	3,076,158
Depreciation of assets held under hire purchase and finance lease agreements	9,151
Operating lease costs:	
- Other	52,001
Auditor's remuneration - audit of the financial statements	56,270
Auditor's remuneration - other fees	20,500
Exceptional items	<u>2,743,286</u>
	31 Mar 09
	£
Auditor's remuneration - audit of the financial statements	<u>56,270</u>
Auditor's remuneration - other fees:	
- Local statutory audit of subsidiary	14,000
- Taxation services	<u>6,500</u>
	<u>20,500</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial period amounted to:

	Period from 28 Feb 08 to 31 Mar 09 No
Number of nursing staff	1,141
Number of administrative staff	222
	<u>1,363</u>

The aggregate payroll costs of the above were:

	Period from 28 Feb 08 to 31 Mar 09 £
Wages and salaries	26,196,894
Social security costs	2,030,175
Other pension costs	165,222
	<u>28,392,291</u>

6. DIRECTORS' EMOLUMENTS.

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 28 Feb 08 to 31 Mar 09 £
Emoluments receivable	264,993
Value of company pension contributions to money purchase schemes	25,332
	<u>290,325</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Period from 28 Feb 08 to 31 Mar 09 No
Money purchase schemes	<u>1</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 28 Feb 08 to 31 Mar 09 £
Interest payable on bank borrowing	5,834,715
Finance charges	21,412
	<u>5,856,127</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 28 Feb 08 to 31 Mar 09 £
Current tax:	
In respect of the period:	
UK Corporation tax based on the results for the period at 28%	(205,759)
(Over)/under provision in prior year	(68,920)
Total current tax	(274,679)
Deferred tax:	
Origination and reversal of timing differences	443,184
Tax on loss on ordinary activities	<u>168,505</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28%.

	Period from 28 Feb 08 to 31 Mar 09 £
Loss on ordinary activities before taxation	<u>(3,790,629)</u>
Loss on ordinary activities by rate of tax	(1,061,385)
Expenses not deductible for tax purposes	422,295
Capital Allowances for period in excess of depreciation	55,761
Utilisation of tax losses	166,554
Tax losses carried forward	269,306
Adjustment to tax charge in respect of previous periods	(68,920)
Other adjustments	<u>(58,290)</u>
Total current tax (note 8(a))	<u>(274,679)</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £(961,806).

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
Additions	14,470,755
At 31 March 2009	<u>14,470,755</u>
AMORTISATION	
Charge for the period	774,807
At 31 March 2009	<u>774,807</u>
NET BOOK VALUE	
At 31 March 2009	<u>13,695,948</u>

11. TANGIBLE FIXED ASSETS

Group	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Refurbish- ment £	Total £
COST					
Additions	131,185,361	633,782	2,131,060	6,887,124	140,837,327
Disposals	—	—	(13,288)	—	(13,288)
At 31 March 2009	<u>131,185,361</u>	<u>633,782</u>	<u>2,117,772</u>	<u>6,887,124</u>	<u>140,824,039</u>
DEPRECIATION					
Charge for the period	2,176,890	69,827	570,015	268,577	3,085,309
On disposals	—	—	(13,089)	—	(13,089)
At 31 March 2009	<u>2,176,890</u>	<u>69,827</u>	<u>556,926</u>	<u>268,577</u>	<u>3,072,220</u>
NET BOOK VALUE					
At 31 March 2009	<u>129,008,471</u>	<u>563,955</u>	<u>1,560,846</u>	<u>6,618,547</u>	<u>137,751,819</u>

Hire purchase and finance lease agreements

Included within the net book value of £137,751,819 is £32,033 relating to assets held under hire purchase agreements, and £83,192 relating to assets held under finance lease agreements. The depreciation charged in the period in respect of assets held under hire purchase agreements amounted to £9,151, and £Nil in respect of assets held under finance lease agreements.

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

12. INVESTMENTS

Company	Group companies £
COST	
Additions	86,798,099
At 31 March 2009	<u>86,798,099</u>
LOANS	
Advanced in period	69,710,938
At 31 March 2009	<u>69,710,938</u>
NET BOOK VALUE	
At 31 March 2009	<u>156,509,037</u>

Subsidiary undertakings

Held directly by the company:

	Holding	Nature of business
Alpha Hospitals Holdings Limited	96%	Holding company
Alpha Health Care Limited	100%	Residential and Nursing Care Homes

Held by Alpha Hospitals Holdings Limited:

Alpha Hospitals Limited	100%	Mental Healthcare
Alpha Hospitals (NW) Limited	100%	Mental Healthcare
Safe Spaces Limited	100%	Dormant\Non-trading

Held by Alpha Health Care Limited:

Cloisters Care Limited	100%	Residential and Nursing Care Homes
Falcon Lodge Limited	100%	Holding company
Alpha Care Homes Limited	100%	Dormant\Non-trading
Ralton Care Homes Limited	100%	Dormant\Non-trading

13. STOCKS

	Group £	Company £
Finished goods	<u>28,299</u>	<u>-</u>

14. DEBTORS

	Group £	Company £
Trade debtors	2,140,117	-
Amounts owed by group undertakings	12,604,522	-
Corporation tax repayable	204,358	-
Other debtors	458,805	-
Prepayments and accrued income	442,030	-
	<u>15,849,832</u>	<u>-</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

15. CREDITORS: Amounts falling due within one year

	Group £	Company £
Bank loans	11,186,235	11,186,236
Trade creditors	1,525,331	—
Hire purchase and finance lease agreements	96,913	—
Other creditors including taxation and social security:		
PAYE and social security	698,043	—
Other creditors	360,630	—
Accruals and deferred income	1,432,063	524,607
	<u>15,299,215</u>	<u>11,710,843</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group £	Company £
Bank loans	<u>11,186,235</u>	<u>11,186,235</u>

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

	Group £	Company £
Bank loans and overdrafts	72,000,000	72,000,000
Hire purchase and finance lease agreements	71,365	—
	<u>72,071,365</u>	<u>72,000,000</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group £	Company £
Bank loans and overdrafts	<u>72,000,000</u>	<u>72,000,000</u>

17. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	Group £	Company £
Amounts repayable:		
In one year or less or on demand	11,186,235	11,186,235
In more than two years but not more than five years	72,000,000	72,000,000
	<u>83,186,235</u>	<u>83,186,235</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

18. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	Group	Company
	£	£
Amounts payable within 1 year	90,000	-
Amounts payable between 1 and 2 years	53,714	-
Amounts payable between 3 and 5 years	23,545	-
	<u>167,259</u>	<u>-</u>
Less interest and finance charges relating to future periods	1,019	-
	<u>168,278</u>	<u>-</u>

19. DEFERRED TAXATION

The movement in the deferred taxation provision during the period was:

	Group	Company
	£	£
Provision for period	958,118	-
Provision carried forward	<u>958,118</u>	<u>-</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Provided	Unprovided
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>958,118</u>	<u>-</u>

20. DERIVATIVES

The fair value of derivatives held by the group at 31 March 2009, not recognised in the financial statements is set out below:

	Group	Company
	£	£
Interest Rate Swaps	<u>(4,089,282)</u>	<u>(4,089,282)</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

21. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2009 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings 31 Mar 09 £
Operating leases which expire:	
Within 2 to 5 years	73,308
After more than 5 years	41,203
	<u>114,511</u>

22. RELATED PARTY TRANSACTIONS

In the opinion of the directors there is no one controlling party.

The company has taken advantage of the exemption from reporting related party transactions between the C&C Alpha Healthcare Group of companies and other members of the C&C Alpha Group of companies, conferred by Financial Reporting Standard No. 8, on the grounds that the company is a wholly owned subsidiary and the parent undertaking prepares consolidated financial statements which include the C&C Alpha Healthcare Group.

23. SHARE CAPITAL

Authorised share capital:

	31 Mar 09 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>

Allotted, called up and fully paid:

	No	£
100,001 Ordinary shares of £1 each	<u>100,001</u>	<u>100,001</u>

24. RESERVES

Group	Share premium account £	Consolidation reserve £	Profit and loss account £
Loss for the period	—	—	(3,884,341)
Other movements			
New equity share capital subscribed	73,659,999	—	—
Other	—	10,526,535	—
Balance carried forward	<u>73,659,999</u>	<u>10,526,535</u>	<u>(3,884,341)</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

24. RESERVES *(continued)*

Company	Share premium account £	Profit and loss account £
Loss for the period	–	(961,806)
Other movements		
New equity share capital subscribed	73,659,999	–
Balance carried forward	<u>73,659,999</u>	<u>(961,806)</u>

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	31 Mar 09 £
Loss for the financial period		(3,884,341)
New equity share capital subscribed	100,001	
Premium on new share capital subscribed	<u>73,659,999</u>	
		73,760,000
Consolidation reserve		<u>10,526,535</u>
Net addition to shareholders' funds		<u>80,402,194</u>
Closing shareholders' funds		<u>80,402,194</u>

26. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period from 28 Feb 08 to 31 Mar 09 £
Operating profit	2,057,234
Amortisation	774,807
Depreciation	3,085,309
Increase in stocks	(28,299)
Increase in debtors	(15,645,474)
Increase in creditors	4,016,067
Consolidation adjustments	<u>13,299,238</u>
Net cash inflow from operating activities	<u>7,558,882</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period from 28 Feb 08 to 31 Mar 09 £
Interest received	8,264
Interest paid	(5,834,715)
Interest element of hire purchase and finance lease	(21,412)
Net cash outflow from returns on investments and servicing of finance	<u>(5,847,863)</u>

TAXATION

	Period from 28 Feb 08 to 31 Mar 09 £
Taxation	<u>585,255</u>

CAPITAL EXPENDITURE

	Period from 28 Feb 08 to 31 Mar 09 £
Payments to acquire intangible fixed assets	(14,470,755)
Payments to acquire tangible fixed assets	(140,837,327)
Receipts from sale of fixed assets	199
Net cash outflow from capital expenditure	<u>(155,307,883)</u>

FINANCING

	Period from 28 Feb 08 to 31 Mar 09 £
Issue of equity share capital	100,001
Share premium on issue of equity share capital	73,659,999
Increase in bank loans	83,186,235
Capital element of hire purchase and finance lease	168,278
Net cash inflow from financing	<u>157,114,513</u>

C&C ALPHA HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 28 FEBRUARY 2008 TO 31 MARCH 2009

26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 Mar 09
	£
Increase in cash in the period	4,102,904
Net cash (inflow) from bank loans	(83,186,235)
Cash outflow in respect of hire purchase and finance lease	(168,278)
	<u>(79,251,609)</u>
Change in net debt	(79,251,609)
Net funds at 28 February 2008	—
Net debt at 31 March 2009	<u>(79,251,609)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 28 Feb 2008	Cash flows	At 31 Mar 2009
	£	£	£
Net cash:			
Cash in hand and at bank	—	4,102,904	4,102,904
Debt:			
Debt due within 1 year	—	(11,186,235)	(11,186,235)
Debt due after 1 year	—	(72,000,000)	(72,000,000)
Hire purchase and finance lease agreements	—	(168,278)	(168,278)
	—	<u>(83,354,513)</u>	<u>(83,354,513)</u>
Net debt	—	<u>(79,251,609)</u>	<u>(79,251,609)</u>

27. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking at the balance sheet date is Harberry Investments Limited, a company incorporated in the British Virgin Islands.

The parent company of the largest and smallest group for which group accounts including C & C Alpha Healthcare Group Limited are drawn up is C & C Alpha Group Limited, a company incorporated in England.

Copies of the accounts of C & C Alpha Group Limited are available from 1 Vincent Square, Victoria, London, SW1P 2NP.