Whitefield Nursing Home Limited

Directors' report and financial statements

Registered number SC157455

31 December 2009

Contents

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2009.

Principal activity

The principal activity of the company is the operation of care homes for elderly and disabled people.

Business and financial review

Details of key performance indicators including available beds, occupancy levels and average fee rates of the Fino Propco Holdco group, of which the company is a member, can be found in the financial statements of Fino Propco Holdco Limited. Copies of these financial statements can be obtained from the address given in note 12.

Principal risks and uncertainties

There is a risk management program in place which is designed to identify, manage and mitigate business risk. This program is overseen by the group's Chief Executive Officer. Further details can be found in the financial statements of Four Seasons Health Care Limited.

Going concern

As disclosed in note 1 the company, together with its intermediate parent company FSHC (Jersey) Holdings Limited, successfully negotiated an extension to the maturity date of the group's debt from 3 September 2010 to 3 September 2012. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

Results and dividends

The results for the year are shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend *(2008:£nil)*.

Directors

The directors during the year under review were:

P Calveley	
N J Mitchell	(resigned 1 April 2010)
D J Kay	
B R Taberner	(appointed 26 March 2010)

Employment policies

The company encourages staff involvement through a process of communication and participation. This involves the provision of information through normal management channels and the group newsletter 'For All Seasons' in which employees have also been encouraged to present their suggestions and views.

The company gives full consideration to applications for employment from disabled persons where the requirement of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continued employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Ownership

From 9 December 2009 the ultimate parent undertaking has been FSHC (Guernsey) Holdings Limited, a company incorporated in Guernsey.

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

D J Kay
Secretary

1st Floor, Suite 2
Clydesdale House
300 Springhill Parkway
Glasgow Business Park
Glasgow
G69 6GA

28 September 2010

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:
• select suitable accounting policies and then apply them consistently;
• make 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; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Whitefield Nursing Home Limited

We have audited the financial statements of Whitefield Nursing Home Limited for the year ended 31 December 2009 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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
As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's -site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditors' report to the members of Whitefield Nursing Home Limited *(continued)*

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

28 September 2010

Profit and loss account

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover	*2*	**1,798**	1,735
Cost of sales		**(1,285)**	(1,260)
Operating profit		**513**	475
Other interest receivable and similar income		**1**	10
Profit on ordinary activities before taxation	*3*	**514**	485
Tax on profit on ordinary activities	*5*	**203**	117
Profit on ordinary activities after taxation	*10*	**717**	602

The company has not recognised gains or losses in the current or prior year other than those reported above.

All amounts relate to continuing operations.

Balance sheet
at 31 December 2009

	Note	2009		2008	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6		1,515		1,520
Current assets					
Debtors	7	1,046		500	
Cash at bank and in hand		199		214	
		1,245		714	
Creditors: amounts falling due within one year	8	(732)		(923)	
Net current assets/(liabilities)			513		(209)
Total assets less current liabilities			2,028		1,311
Net assets			2,028		1,311
Capital and reserves					
Called up share capital	9		135		135
Profit and loss account	10		1,893		1,176
Shareholders' funds			2,028		1,311

These financial statements were approved by the board of directors on 28 September 2010 and were signed on its behalf by:

B. R. Taberner

B R Taberner
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2009

	2009	2008
	£000	£000
Opening shareholders' funds	**1,311**	709
Profit for the financial year	**717**	602
Closing shareholders' funds	**2,028**	1,311

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and within the requirements of the Companies Act 2006.

Going concern

The company, together with its intermediate parent company FSHC (Jersey) Holdings Limited ("FSHC Jersey") and fellow subsidiary undertakings of FSHC Jersey (collectively the "FSHC Jersey Group"), is party to a number of financing agreements. Under the terms of the financing agreements the company has guaranteed the performance of the FSHC Jersey Group's obligations and the settlement of its liabilities as defined in those financing agreements.

On 9 December 2009, the FSHC Jersey Group completed a significant restructuring of its financing agreements. This restructuring involved the acquisition by FSHC Jersey of Fino Propco Holdco Limited and its subsidiaries and the release of approximately £960 million of the existing debt combined with an equity investment in the FSHC Jersey Group. The remaining c£790m of debt was due for repayment on 3 September 2010. On 10 September 2010 the directors of the FSHC Jersey Group successfully negotiated an extension to the maturity date of this debt from 3 September 2010 to 3 September 2012. Under the terms of the extension the interest rate payable has increased from LIBOR plus 0.4% to LIBOR plus 3.75% - 10.0% on the first £600m of debt and new interest rate hedging arrangements have been entered into. The terms for the balance of the debt are materially unchanged. The stable platform afforded by this extended maturity date provides a number of options for the directors of the FSHC Jersey Group to consider regarding the long term financing and capital structure of the FSHC Jersey Group.

Notwithstanding the restructuring process, the company and the wider FSHC Jersey Group has continued to trade satisfactorily and continues to have adequate working capital for its operational needs. The FSHC Jersey Group's sensitised forecast, taking account of the updated terms of its debt facility, indicates that it should be able to operate within the requirements of the amended financing agreements. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

Related party transactions

The directors have taken advantage of the exemption in FRS 8, Paragraph 3(c) and as the company is a wholly owned subsidiary of FSHC Guernsey Holdings Limited have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Cash flow statement

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as at 31 December 2009 it was a wholly owned subsidiary undertaking of Fino Propco Holdco Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Freehold property	-	straight line basis over 45 years
Equipment and fixtures	-	20% of cost per annum

No depreciation is charged on freehold land

Notes *(continued)*

1 Accounting policies *(continued)*

Guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other related parties which are subsidiaries of its ultimate parent, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Turnover

Turnover represents the amounts net of VAT derived from the provision of healthcare services to customers and all arose in the United Kingdom.

3 Profit on ordinary activities before tax

	2009	2008
	£000	£000
Loss on ordinary activities before tax is stated after charging:		
Depreciation	**70**	72

The auditors' remuneration of £1,500 *(2008: £1,400)* for audit services was borne by another group undertaking. Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Notes *(continued)*

4 Staff numbers and costs

	2009	2008
	£000	£000
Wages and salaries	**936**	813
Social security costs	**57**	58
	993	871

The directors received no emoluments during the current year or prior period.

The average number of employees during the year was:

	Number of employees	
	2009	2008
Care and domestic	**78**	80
Administration	**2**	2
	80	82

5 Taxation

Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows:

	2009	2008
	£000	£000
Current tax		
Charge in respect of current period	-	-
Adjustment in respect of prior period	**(203)**	-
Deferred tax		
Current period	-	(117)
Tax credit on current year profits	**(203)**	(117)

Factors affecting current tax charge

The current tax charge for the year is lower (period ended 31 December *2008: lower*) than the standard rate of corporation tax in the UK (28%, *2008: 28.5%*) due principally to the availability of current year losses in other group companies. The differences are explained below.

Notes *(continued)*

5 Taxation *(continued)*

	2009 £000	2008 £000
Profit on ordinary activities before tax	**514**	485
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% *(period ended 31 December 2008: 28.5%)*	**144**	138
Effects of		
Group relief without payment	**(164)**	(158)
Permanent differences	**11**	11
Difference between capital allowances and depreciation	**9**	9
Adjustment in respect of prior period	**(203)**	-
Total current tax (credit)/charge	**(203)**	-

Factors that may affect future current and total tax charge:

The corporation tax applicable to the company was 28% in the current period. From 1 April 2011 the corporation tax rate payable by the company is to reduce to 27% with further 1% reductions each year until 2014/15 (stabilising at a rate of 24%). As the change in rate of corporation tax was not enacted as at 31 December 2009 deferred tax has not been accounted for at the new rate and the impact of the change is not expected to be material.

6 Tangible fixed assets

	Freehold property £000	Equipment and fixtures £000	Total £000
Cost			
At beginning of year	1,653	498	2,151
Additions	-	65	65
At end of year	1,653	563	2,216
Depreciation			
At beginning of year	356	275	631
Charge for the year	12	58	70
At end of year	368	333	701
Net book value			
At 31 December 2009	**1,285**	**230**	**1,515**
At 31 December 2008	1,297	223	1,520

Notes *(continued)*

7 Debtors

	2009 £000	2008 £000
Trade debtors	68	34
Intercompany	974	-
Other debtors	4	466
	1,046	500

The amounts owed by group undertakings are interest free, unsecured and repayable on demand.

8 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	34	30
Amounts owed to group undertakings	590	590
Tax and social security costs	16	14
Other creditors	64	54
Accruals and deferred income	28	32
Corporation tax	-	203
	732	923

The amounts due to group undertakings are interest free, unsecured and repayable on demand.

9 Called up share capital

	2009		2008	
	No	£000	No	£000
Issued and fully paid				
Ordinary shares of £1 each	135,000	135	135,000	135

10 Profit and loss account

	Profit and loss account £000
At beginning of year	1,176
Profit for the financial year	717
At end of financial year	1,893

Notes *(continued)*

11 Contingent liabilities

The company, together with its parent and fellow subsidiary undertakings is party to a number of financing arrangements. The implications of this are explained more fully in note 1.

12 Ultimate parent

The immediate parent of the company is Mericourt Limited.

From 9 December 2009 the ultimate parent undertaking has been FSHC (Guernsey) Holdings Limited, a company incorporated in Guernsey.

The smallest group in which the results of the company are consolidated is that headed by Fino Propco Holdco Limited. The consolidated financial statements of this company are available to the public and may be obtained from Ogier Corporate Services (Jersey) Limited, Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG.

The largest group in which the results of the company are consolidated is that headed by FSHC (Guernsey) Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from Ogier Corporate Services (Jersey) Limited, Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG.