

**Report of the Directors and
Financial Statements for the Year Ended 30 April 2008
for
MNH Limited**



Gibson McKerrell Brown LLP
Chartered Accountants and Registered Auditors
14 Rutland Square
Edinburgh
EH1 2BD

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for the Year Ended 30 April 2008**

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MNH Limited

Company Information **for the Year Ended 30 April 2008**

DIRECTORS:	J M Wilkie B Ferguson K Murdoch M Kelly Mrs R Wales
SECRETARY:	K Murdoch
REGISTERED OFFICE:	11A Dublin Street Edinburgh EH1 3PG
REGISTERED NUMBER:	106708 (Scotland)
AUDITORS:	Gibson McKerrell Brown LLP Chartered Accountants and Registered Auditors 14 Rutland Square Edinburgh EH1 2BD
BANKERS:	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
SOLICITORS:	DLA Piper Scotland LLP Collins House Rutland Square Edinburgh EH1 2AA

MNH Limited

Report of the Directors for the Year Ended 30 April 2008

The directors present their report with the financial statements of the company for the year ended 30 April 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the operation of private nursing homes and an investment company.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

MNH Limited ('the company') operates two private nursing homes in the East of Scotland and undertakes investment activity.

The results for the company show a pre tax profit of £319,863 (2007: £434,228) for the year on turnover of £2,183,624 (2007: £2,099,005).

The company has net debt of £4,172,342 (£2007: £2,334,031).

FUTURE OUTLOOK

On 08 September 2009, the company sold the nursing home business and associated assets to Randolph Hill Group. The directors are looking for suitable business opportunities to invest into.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The key business risks and uncertainties affecting the company are considered to relate to competition from local and national care home operators, regulatory restrictions and employee retention.

KEY PERFORMANCE INDICATORS ('KPIs')

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

DIRECTORS

The directors during the year under review were:

J M Wilkie
B Ferguson
K Murdoch
M Kelly
Mrs R Wales

The beneficial interests of the directors holding office on 30 April 2008 in the issued share capital of the company were as follows:

	30.4.08	1.5.07
Ordinary £1 shares		
J M Wilkie (including spouse)	686	686
B Ferguson (including spouse)	168	168
K Murdoch (including spouse)	146	146
M Kelly	-	-
Mrs R Wales	-	-

**Report of the Directors
for the Year Ended 30 April 2008**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 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;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

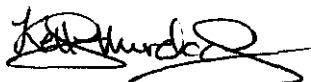
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



K Murdoch - Secretary

24 February 2009

Report of the Independent Auditors to the Shareholders of MNH Limited

We have audited the financial statements of MNH Limited for the year ended 30 April 2008 on pages five to eleven. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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

Basis of audit opinion

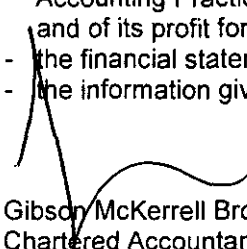
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 April 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



Gibson McKerrell Brown LLP
Chartered Accountants and Registered Auditors
14 Rutland Square
Edinburgh
EH1 2BD

25 February 2009

MNH Limited

**Profit and Loss Account
for the Year Ended 30 April 2008**

	Notes	30.4.08		30.4.07	
		£	£	£	£
TURNOVER	2		2,183,624		2,099,005
Cost of sales			<u>78,451</u>		<u>76,251</u>
GROSS PROFIT			2,105,173		2,022,754
Administrative expenses			<u>1,683,954</u>		<u>1,642,516</u>
OPERATING PROFIT	3		421,219		380,238
Income from fixed asset investments		(20,159)		47,221	
Interest receivable and similar income		<u>49,682</u>		<u>159,248</u>	
			<u>29,523</u>		<u>206,469</u>
			450,742		586,707
Interest payable and similar charges			<u>130,879</u>		<u>152,479</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			319,863		434,228
Tax on profit on ordinary activities	4		<u>80,671</u>		<u>97,627</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>239,192</u>		<u>336,601</u>

The notes form part of these financial statements

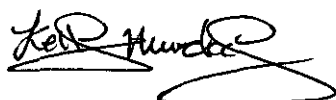
MNH Limited

Balance Sheet
30 April 2008

	Notes	30.4.08 £	30.4.07 £
FIXED ASSETS			
Tangible assets	5	4,143,395	2,038,402
Investments	6	<u>4</u>	<u>4</u>
		4,143,399	2,038,406
CURRENT ASSETS			
Stocks		2,000	2,000
Debtors	7	<u>3,213,131</u>	<u>3,244,461</u>
		3,215,131	3,246,461
CREDITORS			
Amounts falling due within one year	8	<u>4,166,620</u>	<u>2,226,017</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(951,489)</u>	<u>1,020,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,191,910	3,058,850
CREDITORS			
Amounts falling due after more than one year	9	(280,810)	(417,077)
PROVISIONS FOR LIABILITIES	11	<u>(70,249)</u>	<u>(40,114)</u>
NET ASSETS		<u>2,840,851</u>	<u>2,601,659</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,000	1,000
Share premium	13	91,030	91,030
Revaluation reserve	13	376,910	376,910
Profit and loss account	13	<u>2,371,911</u>	<u>2,132,719</u>
SHAREHOLDERS' FUNDS		<u>2,840,851</u>	<u>2,601,659</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board of Directors on 24 February 2009 and were signed on its behalf by:



K Murdoch - Director

**Notes to the Financial Statements
for the Year Ended 30 April 2008**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, except for the company's property which is stated at valuation, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities.

Tangible fixed assets

Freehold land and buildings are incorporated into the accounts at a valuation. The cost of other fixed assets is their purchase cost together with any incidental costs of acquisition.

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land and buildings	Nil
Fixtures and fittings	25% reducing balance

The company adopts a policy to maintain its properties to a high standard and their useful economic lives and residual values are such that depreciation would not be material.

Stocks

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

Deferred tax

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2. TURNOVER

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2008

3. OPERATING PROFIT

The operating profit is stated after charging:

	30.4.08	30.4.07
	£	£
Depreciation - owned assets	3,903	5,203
Auditors' remuneration	<u>5,579</u>	<u>4,877</u>
Directors' emoluments and other benefits etc	<u>105,658</u>	<u>103,233</u>

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	30.4.08	30.4.07
	£	£
Current tax:		
UK corporation tax	50,536	87,890
Deferred tax	<u>30,135</u>	<u>9,737</u>
Tax on profit on ordinary activities	<u>80,671</u>	<u>97,627</u>

5. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 May 2007	2,022,750	135,850	2,158,600
Additions	<u>2,108,896</u>	<u>-</u>	<u>2,108,896</u>
At 30 April 2008	<u>4,131,646</u>	<u>135,850</u>	<u>4,267,496</u>
DEPRECIATION			
At 1 May 2007	-	120,198	120,198
Charge for year	<u>-</u>	<u>3,903</u>	<u>3,903</u>
At 30 April 2008	<u>-</u>	<u>124,101</u>	<u>124,101</u>
NET BOOK VALUE			
At 30 April 2008	<u>4,131,646</u>	<u>11,749</u>	<u>4,143,395</u>
At 30 April 2007	<u>2,022,750</u>	<u>15,652</u>	<u>2,038,402</u>

Included in cost of land and buildings is freehold land of £783,203 (2007 - £525,260).

Notes to the Financial Statements - continued
for the Year Ended 30 April 2008

5. TANGIBLE FIXED ASSETS - continued

The fixed assets of the company are represented by the investment and heritable properties included in land and buildings as detailed above. The company's heritable property was revalued as at 30 April 1995 by William & Inglis, Chartered Surveyors on an open market basis.

If the properties had not been revalued, they would have been included at cost of £3,348,443 (valuation £3,725,353) for the heritable properties and £148,350 (valuation £148,350) for the investment properties.

As stated in note 1 the company adopts a policy to maintain its properties to a high standard. The directors are therefore of the opinion the useful economic lives and residual values of the properties are such that depreciation would not be material. If the properties had been depreciated the profit for the year would be reduced by £82,633 (2007: £40,455).

6. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 May 2007	
and 30 April 2008	<u>4</u>
NET BOOK VALUE	
At 30 April 2008	<u>4</u>
At 30 April 2007	<u>4</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.4.08 £	30.4.07 £
Trade debtors	120,243	183,458
Other debtors	<u>3,092,888</u>	<u>3,061,003</u>
	<u>3,213,131</u>	<u>3,244,461</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.4.08 £	30.4.07 £
Bank loans and overdrafts	3,891,532	1,916,954
Trade creditors	88,990	81,265
Corporation tax	49,341	87,890
Social security and other taxes	22,820	21,490
Other creditors	<u>113,937</u>	<u>118,418</u>
	<u>4,166,620</u>	<u>2,226,017</u>

The bank loans and overdraft are secured.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.4.08 £	30.4.07 £
Bank loans	<u>280,810</u>	<u>417,077</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2008

10. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	30.4.08 £	30.4.07 £
Expiring: Between one and five years	<u>5,666</u>	<u>8,219</u>

11. PROVISIONS FOR LIABILITIES

	30.4.08 £	30.4.07 £
Deferred tax	<u>70,249</u>	<u>40,114</u>

	Deferred tax £
Balance at 1 May 2007	40,114
Movement in year	<u>30,135</u>
Balance at 30 April 2008	<u>70,249</u>

12. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	30.4.08 £	30.4.07 £
1,000	Ordinary		<u>1,000</u>	<u>1,000</u>

13. RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 May 2007	2,132,719	91,030	376,910	2,600,659
Profit for the year	<u>239,192</u>			<u>239,192</u>
At 30 April 2008	<u>2,371,911</u>	<u>91,030</u>	<u>376,910</u>	<u>2,839,851</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2008

14. RELATED PARTY DISCLOSURES

Included in other debtors is a loan to Hazelend Properties of £1,831,694. Mrs J Murdoch, shareholder, and Mrs C Wilkie, shareholder, are partners in Hazelend Properties. The loan is unsecured, repayable any time before 31 December 2008 and the interest rate is 4% above base. The maximum drawdown available is £2,000,000.

Included within other debtors is a loan to Dundas Commercial Property Fund Limited Partnership of £62,844. MNH Limited is a member of Dundas Commercial Property Fund Limited Partnership. The loan is interest free, unsecured and is repayable any time before 30 June 2009.

Included within other debtors is a loan to Dundas Commercial Property Fund II Limited Partnership of £96,034. MNH Limited is a member of Dundas Commercial Property Fund II Limited Partnership. The loan is interest free, unsecured and is repayable any time before 30 June 2009.

Included within other debtors is a loan of £2,515 to M Kelly, director. This loan is interest free, unsecured and is repaid by fixed monthly instalments. The maximum amount loaned to any director through the year was £2,515.

During the year the company paid £2,497 for accountancy and professional services to Springfords LLP, in which K Murdoch, director and shareholder, is a member. At the year end the company was due Springfords LLP £nil.

During the year the company paid £2,787 for professional services to Dundas I.T. Limited, in which J M Wilkie, director and shareholder, is a director. Zest Capital Management in which Mrs C Wilkie, shareholder, and Mrs J Murdoch, shareholder, are partners, is a shareholder in Dundas I.T. Limited. At the year end the company was due Dundas I.T. Limited £161.

During the year the company paid £35,308 for professional services to Zest Capital Management. Included within other debtors is a loan to Zest Capital Management of £1,040,851. This loan is unsecured, has no set repayment terms and the interest rate is 2% above base.

15. ULTIMATE CONTROLLING PARTY

J M Wilkie and Mrs C Wilkie are considered to be the ultimate controlling party by virtue of the ownership of the majority of the issued ordinary share capital of the company.