

Yorkshire Parkcare Company Limited

Annual report

for the year ended 31 December 2002

Registered number: 1915148



# **Yorkshire Parkcare Company Limited**

## **Annual report for the year ended 31 December 2002**

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# **Yorkshire Parkcare Company Limited**

## **Directors and advisors for the year ended 31 December 2002**

### **Executive directors**

M A Stratford  
C Artis  
M Hill (appointed on 1 April 2003)

### **Secretary**

BLG (Professional Services) Limited  
Beaufort House  
15 St. Botolph Street  
London  
EC3A 7NS

### **Auditors**

PricewaterhouseCoopers LLP  
Temple Court  
35 Bull Street  
Birmingham  
B4 6JT

### **Solicitors**

Simon Bishop & Partners  
"Hillcairnie"  
St. Andrew's Road  
Droitwich  
Worcestershire  
WR9 8DJ

### **Registered office**

"Hillcairnie"  
St. Andrew's Road  
Droitwich  
Worcestershire  
WR9 8DJ

### **Bankers**

National Westminster Bank plc  
Cheltenham & Gloucester Business Centre  
68-70 Suffolk Road  
Cheltenham  
Gloucestershire  
GL50 2ED

# **Yorkshire Parkcare Company Limited**

## **Directors' report for the year ended 31 December 2002**

The directors present their report and the audited financial statements for the year ended 31 December 2002.

### **Principal activities**

The principal activity of the company continues to be the operation of care homes.

### **Review of business and future developments**

Both the level of business and the year end position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

### **Results and dividends**

The profit and loss account shows a profit for the year of £163,000 (Restated 2001: £312,000 loss). The directors have not paid any interim dividend in 2002 (2001: Interim dividends of £1,000,000 paid on 6 March 2001 and £450,000 on 6 April 2001). No final dividend has been proposed for the year ended 31 December 2002 (2001: £nil).

### **Directors and their interests**

The directors who held office during the period are listed on page 1.

M A Stratford held no interest in the share capital of Yorkshire Parkcare Company Limited during the year ended 31 December 2002. M A Stratford is a director of the ultimate parent company, Craegmoor Limited, and his share interests in that company are shown in the directors' report of Craegmoor Limited.

C Artis held no interest in the share capital of Yorkshire Parkcare Company Limited during the year ended 31 December 2002. C Artis held 5,000 shares in the ultimate parent company, Craegmoor Limited, as at 31 December 2002 (no shares held at 1 January 2002).

### **Changes in fixed assets**

Movements in tangible fixed assets during the year are set out in note 9 to the financial statements.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

# **Yorkshire Parkcare Company Limited**

## **Directors' report for the year ended 31 December 2002 (continued)**

### **Elective resolutions**

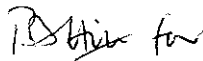
On 3 March 2003 the company elected, in accordance with sections 252 and 366A of the Companies Act UK 1985, to dispense with the need to lay accounts and reports before general meeting and to dispense with holding an annual general meeting.

### **Auditors**

Following the conversion of our auditors, PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 3 March 2003 and the directors appointed its successors, PricewaterhouseCoopers LLP, as auditors.

On 3 March 2003 the company elected, in accordance with section 386 of the Companies Act UK 1985, to dispense with the obligation to appoint auditors annually.

By order of the Board



BLG (Professional Services) Limited  
Company Secretary  
27 October 2003

## **Independent auditors' report to the members of Yorkshire Parkcare Company Limited**

We have audited the financial statements on pages 5 to 18.

### ***Respective responsibilities of directors and auditors***

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

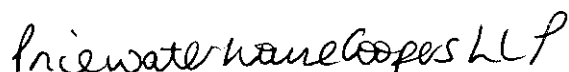
### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
27 October 2003

# Yorkshire Parkcare Company Limited

## Profit and loss account for the year ended 31 December 2002

	Note	2002 £'000	2001 As restated (note 1) £'000
Turnover	2	2,514	1,966
Cost of sales		(1,748)	(1,584)
Gross profit		766	382
Administrative expenses		(489)	(366)
Operating profit	6	277	16
Exceptional item: provision for loss on sale of property	7	-	(278)
Profit/(loss) on ordinary activities before taxation		277	(262)
Tax on profit/(loss) on ordinary activities	8	(114)	(50)
Profit/(loss) on ordinary activities after taxation		163	(312)
Dividends paid		-	(1,450)
Profit/(loss) transferred to/(from) reserves	17	163	(1,762)

All activities relate to continuing operations.

# Yorkshire Parkcare Company Limited

## Statement of total recognised gains and losses

	2002	2001 As restated (note 1)
	£'000	£'000
Profit/(loss) for the financial year	163	(312)
<b>Total recognised gains and losses for the year</b>	<b>163</b>	<b>(312)</b>
Prior year adjustment (note 1 & 15)	(37)	
<b>Total gains and losses since last annual report</b>	<b>126</b>	

## Note of historical cost profits and losses

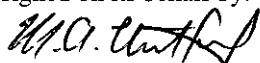
	2002	2001 As restated (note 1)
	£'000	£'000
Reported profit/(loss) on ordinary activities before taxation	277	( 262)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	49	36
Historical cost profit/(loss) on ordinary activities before taxation	326	(226)
<b>Historical cost profit/(loss) for the year retained after taxation and dividends</b>	<b>212</b>	<b>(1,726)</b>

# Yorkshire Parkcare Company Limited

## Balance sheet as at 31 December 2002

	Note	2002 £'000	2001 As restated (note 1) £'000
<b>Fixed assets</b>			
Tangible assets	9	2,799	4,240
Investments	10	-	-
		<b>2,799</b>	<b>4,240</b>
<b>Current assets</b>			
Stock	11	12	12
Debtors	12	2,318	1,619
Cash at bank and in hand		14	20
		<b>2,344</b>	<b>1,651</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(332)</b>	<b>( 144)</b>
<b>Net current assets</b>		<b>2,012</b>	<b>1,507</b>
<b>Total assets less current liabilities</b>		<b>4,811</b>	<b>5,747</b>
<b>Creditors : amounts falling due after more than one year</b>	14	<b>(3,073)</b>	<b>(4,148)</b>
<b>Provisions for liabilities and charges</b>	15	<b>(13)</b>	<b>(37)</b>
<b>Net assets</b>		<b>1,725</b>	<b>1,562</b>
<b>Capital and reserves</b>			
Called up share capital	16	91	91
Share premium account	17	10	10
Revaluation reserve	17	1,439	1,488
Profit and loss account	17	109	(103)
Other reserves	17	76	76
<b>Total equity shareholders' funds</b>	18	<b>1,725</b>	<b>1,562</b>

The financial statements on page 5 to 18 were approved by the board of directors on 27 October 2003 and signed on its behalf by:



M A Stratford  
Director

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002

### 1 Principal accounting policies

#### Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. In accordance with the requirements of Financial Reporting Standard ("FRS") 18, "Accounting Policies" the directors have reviewed the accounting policies of the company to ensure that they remain the most appropriate to its particular circumstances. This review has not resulted in any changes to the accounting policies of the company. A summary of the more important accounting policies, which have been consistently applied, and the impact of adopting a new accounting standard, is set out below:

#### Change in accounting policy

The company has adopted FRS 19, "Deferred Tax" in the financial statements. The adoption of this new standard represents a change in accounting policy and the comparative figures have been restated accordingly.

FRS 19 requires full provision to be made for deferred tax assets and liabilities arising from timing differences.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

The effect of the change in accounting policy to adopt FRS 19 was to decrease tax on profit on ordinary activities by £24,000 (2001: £3,000 increase) and to increase profit for the financial year by £24,000 (2001: £3,000 decrease). The adjustments to opening reserves are shown in note 16.

#### Tangible fixed assets

The cost of fixed assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use. Land and buildings are revalued by professionally qualified valuers every five years, on an existing use open market value basis, and in the intervening years these valuations are updated by the directors with the assistance of independent professional advice as required.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on the following bases:

Freehold land	- nil
Freehold buildings	- 2% straight line
Short term leasehold property	- over lease term
Equipment	- 10% to 25% straight line
Furniture and fittings	- 10% to 25% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

Provision is made for any impairment in the period in which it arises. The impairment is calculated by comparing the carrying value to the recoverable amount as required by FRS 11, "Impairment of fixed assets and goodwill". The recoverable amount of land and buildings is taken to be the higher of realisable value and value in use. Value in use is determined by reference to the expected future cash flows of the care home, discounted at a risk adjusted weighted cost of capital. Realisable value is determined by professional valuers on an existing use open market value basis.

# **Yorkshire Parkcare Company Limited**

## **Notes to the financial statements for the year ended 31 December 2002 (continued)**

### **1 Principal accounting policies (continued)**

#### **Tangible fixed assets (continued)**

Provisions for impairment in the carrying value of fixed assets to below historical cost are charged to the profit and loss account.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

#### **Debtors**

Specific provisions are made against those trade debtor amounts where settlement is considered unlikely.

#### **Finance and operating leases**

Costs in respect of operating leases are charged as incurred.

Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

#### **Pension costs**

The company does not operate a pension scheme. Pension costs represent amounts paid to employees' private pension schemes.

#### **Cash flow statement**

The company is a wholly owned subsidiary of Craegmoor Limited, and the cash flows of the company are included in the consolidated group cash flow statement of that company. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a cash flow statement.

#### **Consolidation**

The company has taken advantage of the exemption under section 228(i) of the Companies Act, not to prepare and file consolidated accounts. The results of the company are included within the group accounts of Craegmoor Limited its ultimate parent undertaking that is incorporated in the United Kingdom. In accordance with section 228(ii), the company will deliver to the registrar, copies of these group accounts.

#### **Investments**

The carrying value of fixed asset investments is based on cost less provision for impairment.

### **2 Turnover**

Turnover which excludes value added tax consists entirely of fee income for the year in the United Kingdom.

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 3 Related party transactions

The company has taken advantage of the exemption granted under paragraph 3 (c) of FRS 8 and not disclosed any transactions with other group companies.

### 4 Directors' emoluments

M A Stratford received no emoluments in respect of his services to the company for the year ended 31 December 2002 (2001: £nil). The emoluments of C Artis are paid by the intermediate parent company, Craegmoor Healthcare Company Limited. C Artis was also a director of a number of fellow subsidiaries during the year ended 31 December 2002 and it is not possible to make an accurate apportionment of her emoluments in respect of each of the subsidiaries. Accordingly, no emoluments have been included above for C Artis.

### 5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2002	2001
	Number	Number
<b>Nursing, ancillary and administrative</b>		
Full time	81	91
Part time	96	117
	177	208

	2002	2001
	£'000	£'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	1,482	1,264
Social security costs	90	72
	1,572	1,336

### 6 Operating profit

	2002	2001
	£'000	£'000
<b>Operating profit is stated after charging:</b>		
Depreciation of owned tangible fixed assets	192	134
Auditors' remuneration - audit	11	11

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 7 Exceptional item

	2002	2001
	£'000	£'000
Exceptional provision for loss on sale of properties	-	278

The closure and subsequent marketing of Greno Nursing Home during the year ended 31 December 2001 resulted in the requirement to recognise a provision for loss on disposal of £278,000 in that period.

### 8 Tax on profit on ordinary activities

	2002	As restated 2001
	£'000	£'000
<b>Current taxation</b>		
UK Corporation tax at 30% (2001: 30%)	138	47
<b>Deferred taxation</b>		
Current year	(24)	3
<b>Tax charge</b>	<b>114</b>	<b>50</b>

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 8 Tax on profit on ordinary activities (continued)

The tax for the year differs from the standard rate of Corporation Tax in the UK (30%). The differences are explained below:

	2002	2001 As restated (note 1)
	£'000	£'000
<b>Profit/(loss) on ordinary activities</b>	<b>277</b>	<b>(262)</b>
Profit/(loss) on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	83	(79)
Effects of:		
Expenses not deductible for tax purposes	31	129
Capital allowance for the year in excess of depreciation	24	(3)
<b>Current tax charge</b>	<b>138</b>	<b>47</b>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief. The total amount unprovided for is £532,000 (2001: £532,000).

Deferred tax liabilities have not been discounted.

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 9 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2002	5,213	860	6,073
Additions	10	24	34
Transfer to group undertaking	(1,096)	(82)	(1,178)
Disposals	(522)	(106)	(628)
<b>At 31 December 2002</b>	<b>3,605</b>	<b>696</b>	<b>4,301</b>
<b>Accumulated depreciation</b>			
At 1 January 2002	1,245	588	1,833
Charge for the year	82	110	192
Transfer to group undertaking	(47)	(57)	(104)
Disposals	(339)	(80)	(419)
<b>At 31 December 2002</b>	<b>941</b>	<b>561</b>	<b>1,502</b>
<b>Net book value</b>			
<b>At 31 December 2002</b>	<b>2,664</b>	<b>135</b>	<b>2,799</b>
At 31 December 2001	3,968	272	4,240

<b>Cost or valuation at 31 December 2002 is represented as follows:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Valuation in 2000	3,595	-	3,595
Cost	10	696	706
<b>At 31 December 2002</b>	<b>3,605</b>	<b>696</b>	<b>4,301</b>

In accordance with the company's accounting policy, the land and buildings occupied by the company, were revalued during 2000, by independent external valuers, Matthews and Goodman, Chartered Surveyors and Valuers. This was on the basis of existing use value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The directors consider that there has been no material change in value since 31 December 2000 and therefore the valuation has not been amended.

Included in the cost/valuation of freehold land and buildings is £105,000 (2001: £105,000) of interest on capital borrowed to finance the construction of Bolton Hall. The net book value of capitalised interest at 31 December 2002 was £91,000 (2001: £94,000).

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 9 Tangible fixed assets (continued)

If freehold land and buildings had not been re-valued they would have been included at the following amounts:

	2002	2001
	£'000	£'000
Cost	1,853	3,422
Aggregate depreciation based on cost	(260)	(335)
<b>Net book value based on cost</b>	<b>1,593</b>	<b>3,087</b>

### 10 Fixed asset investments

	2002	2001
	£'000	£'000

#### Cost and net book value

At 1 January 2002 and 31 December 2002	-	-
--	---	---

At 31 December 2002 the company owned 100% of the ordinary share capital of Yorkshire Care Homes Limited, a dormant subsidiary undertaking, incorporated in England and Wales. The value of the investment is £1.

### 11 Stocks

	2002	2001
	£'000	£'000
Consumables	12	12

### 12 Debtors

	2002	2001
Amounts falling due within one year	£'000	£'000
Trade debtors	145	218
Amounts owed by group undertakings	2,128	1,378
Other debtors	22	-
Prepayments and accrued income	23	23
	<b>2,318</b>	<b>1,619</b>

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 13 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Trade creditors	31	21
Other creditors	62	-
Corporation tax	4	3
Amounts owed to group undertakings	138	-
Accruals and deferred income	97	120
	332	144

### 14 Creditors: amounts falling due after more than one year

	2002	2001
	£'000	£'000
Amounts owed to immediate parent company	3,073	4,148

Amounts owed to the immediate parent company comprises an interest free loan. There are no defined repayment terms but the immediate parent company has confirmed to the directors that it will not seek any repayments of this loan within the next 12 months.

Included in amounts owed to group companies due after more than one year is £10,000 (2001: £10,000) loaned to the company by Craegmoor Funding PLC, a fellow subsidiary of Craegmoor Limited, under the Issuer/Borrowers Facility Agreement dated 23 November 2000.

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 15 Provisions for liabilities and charges

	£'000
	Deferred tax
At 1 January 2002 as previously reported	-
Prior year adjustment – FRS 19 (see note 1)	37
At 1 January 2002 as restated	37
Charged in profit and loss account	(24)
<b>At 31 December 2002</b>	<b>13</b>

	2002	2001
	£'000	£'000
The amount provided for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	13	37

### 16 Called up share capital

	2002	2001
	£'000	£'000
<b>Authorised</b>		
5,000,000 ordinary shares of 10p each	500	500
<b>Allotted called up and fully paid</b>		
911,755 ordinary shares of 10p each	91	91

# Yorkshire Parkcare Company Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 17 Reserves

	Share premium account	Profit and loss account	Revaluation reserve	Other reserves
	£'000	£'000	£'000	£'000
At 1 January 2002 as previously reported	10	(66)	1,488	76
Prior year adjustment – FRS 19 (see note 1)	-	(37)	-	-
As at 1 January 2002 as restated	10	(103)	1,488	76
Reserve transfer	-	49	(49)	-
Profit for the financial year	-	163	-	-
<b>At 31 December 2002</b>	<b>10</b>	<b>109</b>	<b>1,439</b>	<b>76</b>

### 18 Reconciliation of movement in shareholders' funds

	2002	2001 As restated (note 1)
	£'000	£'000
Profit/(loss) for the financial year	163	(312)
Dividends	-	(1,450)
Net increase/(reduction) in shareholders funds	163	(1,762)
Opening equity shareholders' funds as previously reported	1,599	3,358
Prior year adjustment – FRS 19 (see note 1)	(37)	(34)
Opening equity shareholders' funds as restated	1,562	3,324
<b>Closing equity shareholders' funds</b>	<b>1,725</b>	<b>1,562</b>

# **Yorkshire Parkcare Company Limited**

## **Notes to the financial statements for the year ended 31 December 2002 (continued)**

### **19 Capital commitments and contingent liabilities**

There is a fixed and floating charge over the property, undertakings and assets of the company in respect of a loan from Craegmoor Funding PLC to the company and its fellow subsidiaries under the Issuer/Borrowers Facility Agreement dated 23 November 2000. Craegmoor Funding PLC is a fellow subsidiary of Craegmoor Limited.

Subsequent to the year end the Craegmoor Group completed a refinancing project. As a result, the previous charging and guarantee arrangements ceased and have been replaced with a new charge and guarantee in respect of a loan with Craegmoor Funding (No. 2) Limited.

### **20 Immediate and ultimate parent companies**

The directors regard Craegmoor Holdings Limited, a company registered in England and Wales, as the immediate parent company and Craegmoor Limited as the ultimate parent company in the United Kingdom of Yorkshire Parkcare Company Limited. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, "Hillcairn", St. Andrew's Road, Droitwich, Worcestershire, WR9 8DJ.