

Health and Care Services (UK) Limited
Annual report
for the year ended 31 December 2002

Registered number: 2083074



Health and Care Services (UK) Limited

Annual report for the year ended 31 December 2002

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Health and Care Services (UK) Limited

Directors and advisors for the year ended 31 December 2002

Executive directors

M A Stratford
G Blackoe (resigned on 14 March 2003)
C Artis (appointed 24 March 2003)
A Thomas (appointed 1 April 2003)
E Haines (appointed 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

Health and Care Services (UK) 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 £1,075,000 (Restated 2001: £1,464,000). The directors have not paid any interim dividend in 2002 (2001: Interim dividends of £2,400,000 paid on 6 March 2001 and £650,000 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 year are listed on page 1.

M A Stratford is a director of the ultimate parent company in the United Kingdom, Craegmoor Limited and his share interests are shown in the directors' report of that company. No other director had at 31 December 2002 any interests in the share capital of Health and Care Services (UK) Limited or Craegmoor Limited.

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.

Health and Care Services (UK) 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 Health and Care Services (UK) Limited

We have audited the financial statements on pages 5 to 22.

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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
27 October 2003

Health and Care Services (UK) Limited

Profit and loss account for the year ended 31 December 2002

	Note	2002 £'000	2001 As restated (note 1) £'000
Turnover	2	5,492	5,239
Cost of sales		(2,908)	(2,824)
Gross profit		2,584	2,415
Administrative expenses		(931)	(810)
Operating profit	6	1,653	1,605
Exceptional item: provision for loss on sale of property	7	-	(100)
Income from shares in group undertakings		-	550
Profit on ordinary activities before taxation		1,653	2,055
Tax on profit on ordinary activities	8	(578)	(591)
Profit on ordinary activities after taxation		1,075	1,464
Dividends paid		-	(3,050)
Profit/(loss) transferred to/(from) reserves		1,075	(1,586)

All activities relate to continuing operations.

Health and Care Services (UK) Limited

Statement of total recognised gains and losses

		2002	2001 As restated (note 1)
	Note	£'000	£'000
Profit/(loss) for the financial year		1,075	(1,586)
Unrealised surplus on revaluation of properties		1,151	-
Total recognised gains and losses for the year		2,226	(1,586)
Prior year adjustment	1 & 17	(46)	
Total gains and losses since last annual report		2,180	

Note of historical cost profit and losses

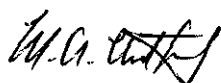
	2002	2001 As restated (note 1)
	£'000	£'000
Reported profit on ordinary activities before taxation	1,653	2,055
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	216	218
Historical cost profit on ordinary activities before taxation	1,869	2,273
Historical cost profit/(loss) for the year retained/transferred from reserves after taxation and dividends	1,291	(1,368)

Health and Care Services (UK) Limited

Balance sheet as at 31 December 2002

	Note	2002 £'000	2001 As restated (note 1) £'000
Fixed assets			
Tangible assets	9	16,072	15,221
Investments	10	-	-
Current assets			
Stock	11	4	4
Debtors	12	4,387	2,834
Cash at bank and in hand		84	35
		4,475	2,873
Creditors: amounts falling due within one year	13	(727)	(486)
Net current assets		3,748	2,387
Total assets less current liabilities		19,820	17,608
Creditors: amounts falling due after more than one year	14	(3,305)	(3,305)
Provisions for liabilities and charges	15	(102)	(116)
Net assets		16,413	14,187
Capital and reserves			
Called up share capital	16	601	601
Share premium account	17	177	177
Revaluation reserve	17	12,929	11,778
Profit and loss account	17	2,663	1,588
Other reserves	17	43	43
Total equity shareholders' funds	18	16,413	14,187

The financial statements on page 5 to 22 were approved by the board on 27 October 2003 of directors and signed on its behalf by:



M A Stratford
Director

Health and Care Services (UK) 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 the 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 £14,000 (2001: £26,000 increase) and to increase profit for the financial year by £14,000 (2001: £26,000 decrease). The adjustments to opening reserves are shown in note 17.

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.

Health and Care Services (UK) 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 cost of providing pensions is charged against profits over employees' working lives. Variations from this regular cost are allocated over the average remaining service lives of the current employees to the extent that these variations do not relate to the estimated cost of providing incremented pension benefits.

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.

Health and Care Services (UK) Limited

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

2 Turnover

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

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 G Blackoe are paid by the intermediate parent company, Craegmoor Healthcare Company Limited. G Blackoe 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 his emoluments in respect of each of the subsidiaries. Accordingly, no emoluments have been included above for G Blackoe.

5 Employee information

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

	2002	2001
	Number	Number
Nursing, ancillary and administrative		
Full time	140	130
Part time	143	150
	283	280

	2002	2001
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	2,395	2,160
Social security costs	154	132
Other pension costs	56	39
	2,605	2,331

Health and Care Services (UK) Limited

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

6 Operating profit

	2002	2001
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets - owned assets	469	375
Auditors' remuneration - audit	12	10

7 Exceptional items

	2002	2001
	£'000	£'000
Exceptional provision for loss on sale of properties	-	(100)

The closure, and subsequent marketing of Holbech Nursing Home resulted in the requirement to recognise a provision for loss on disposal of £100,000 in the year ended 31 December 2001.

8 Tax on profit on ordinary activities

	2002	2001 As restated (note 1)
	£'000	£'000
Current taxation		
UK Corporation tax at 30% (2001: 30%)	592	565
Deferred taxation		
Current year	(14)	26
Tax charge	578	591

The tax charge 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
Profit on ordinary activities	1,653	2,055
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	496	617
Effects of:		
Expenses not deductible for tax purposes	82	137
Capital allowance for the year in excess of depreciation	14	(25)
Income not subject to taxation	-	(164)
Current tax charge	592	565

Health and Care Services (UK) Limited

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

8 Tax on profit on ordinary activities (continued)

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 £3,740,000 (2001: £3,395,000).

Deferred tax liabilities have not been discounted.

9 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2002	15,452	1,182	120	16,754
Additions	15	147	7	169
Revaluation (see below)	119	-	-	119
At 31 December 2002	15,586	1,329	127	17,042
Accumulated depreciation				
At 1 January 2002	754	665	114	1,533
Charge for the year	278	191	-	469
Revaluation (see below)	(1,032)	-	-	(1,032)
At 31 December 2002	-	856	114	970
Net book value				
At 31 December 2002	15,586	473	13	16,072
At 31 December 2001	14,698	517	6	15,221

Health and Care Services (UK) Limited

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

9 Tangible fixed assets (continued)

Cost or valuation at 31 December 2002 is represented by:	£'000	£'000	£'000	£'000
Valuation in 2002	15,586	-	-	15,586
Cost	-	1,329	127	1,456
At 31 December 2002	15,586	1,329	127	17,042

The net book value of fixtures and fittings includes £nil (2001: £4,000) in respect of assets held under finance leases and similar hire purchase contracts.

In accordance with the Company's accounting policy, the land and buildings occupied by the Company, were revalued on 31 December 2002, by independent external valuers, Powell Associates, 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 exercise resulted in the recognition of an increase in the carrying value of £1,151,000 (credited to Revaluation reserve).

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

	2002	2001
	£'000	£'000
Cost	3,424	3,409
Aggregate depreciation based on cost	(507)	(445)
Net book value based on cost	2,917	2,964

10 Investments

	Total
	£'000
Shares in subsidiary undertakings at cost	
At 1 January 2002	-
Disposals	-
At 31 December 2002	-

Health and Care Services (UK) Limited

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

10 Investments (continued)

The Company's subsidiary undertakings are as follows:

Name of undertaking	Principal activity	Description of shares held	Proportion of Nominal value of issued shares held
Health & Care Services (NW) Limited	Operation of residential and nursing homes	Ordinary £1 shares	100%
Health & Care Services (Yorks) Limited	Dormant company	Ordinary £1 shares	100%
Health & Care Services (Humbs) Limited	Operation of residential and nursing homes	Ordinary £1 shares	100%

All of the above companies are incorporated in England and Wales. The total cost of the investment is £9.

11 Stocks

	2002	2001
	£'000	£'000
Consumables	4	4

12 Debtors

	2002	2001
Amounts falling due within one year	£'000	£'000
Trade debtors	330	327
Amounts owed by group undertakings	3,744	2,441
Other debtors	44	-
Prepayments and accrued income	269	66
	4,387	2,834

Health and Care Services (UK) 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
Bank overdraft repayable on demand	2	-
Trade creditors	32	29
Corporation tax	170	170
Other creditors	11	54
Accruals and deferred income	512	233
	727	486

14 Creditors: amounts falling due after more than one year

	2002	2001
	£'000	£'000
Amounts owed to group companies	3,305	3,305

Amounts owed to the immediate parent undertaking comprise an interest free loan. There are no defined repayment terms but the immediate parent company has confirmed to the directors of the Company that it will not seek any repayment 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.

15 Provisions for liabilities and charges

	£'000
	Deferred tax
At 1 January 2002 as previously reported	70
Prior year adjustment – FRS19 (see note 1)	46
At 1 January 2002 as restated	116
Charged in profit and loss account	(14)
At 31 December 2002	102

Health and Care Services (UK) Limited

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

15 Provisions for liabilities and charges (continued)

The amount provided for deferred taxation comprises:

	2002	2001
	£'000	£'000
Timing differences relating to accelerated capital allowances	102	116

16 Called up share capital

	2002	2001
	£'000	£'000
Authorised		
700,000 ordinary shares of £1 each	700	700
Allotted, called up and fully paid		
601,300 ordinary shares of £1 each	601	601

17 Reserves

	Share premium account	Profit and loss account	Revaluation reserve	Other reserves
	£'000	£'000	£'000	£'000
At 1 January 2002 as previously reported	177	1,634	11,778	43
Prior year adjustment – FRS 19 (note 1)	-	(46)	-	-
As at 1 January 2002 as restated	177	1,588	11,778	43
Increase in revaluation reserve	-	-	1,151	-
Profit for the financial year	-	1,075	-	-
At 31 December 2002	177	2,663	12,929	43

Health and Care Services (UK) Limited

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

18 Reconciliation of movement in shareholders' funds

	2002	2001 As restated (note 1)
	£'000	£'000
Profit for the financial year	1,075	1,464
Equity dividends paid	-	(3,050)
Increase in revaluation reserve	1,151	
Net increase/(reduction) in shareholders' funds	2,226	(1,586)
Opening equity shareholders' funds as previously reported	14,233	15,793
Prior year adjustment – FRS 19 (note 1)	(46)	(20)
Opening equity shareholders' funds as restated	14,187	15,773
Closing equity shareholders' funds	16,413	14,187

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.

Health and Care Services (UK) Limited

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

20 Pension scheme

The Company operates a defined benefit pension scheme, the "Health and Care Services (UK) Limited Pension and Life Assurance Scheme" for staff at one of its homes. The scheme is professionally valued tri-annually, under the projected unit method.

The pension cost relating to the above defined benefit scheme is assessed in accordance with the advice of an independent qualified actuary using the projected units method. The latest actuarial valuation of the scheme was at 10 November 2001. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 1.25% per annum higher than increases in earnings and 3.00% higher than increases in present and future pensions.

At the date of the latest actuarial valuation the market value of the assets of the "Health and Care Pension and Life Assurance Plan" were £202,000. The actuarial value of these assets was sufficient to cover 87% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The contributions of the Company and employees are 32.7% and 6% respectively.

The total net pension cost of the Company was £56,000 during the year (2001: £39,000)

FRS 17

The most recent valuation of the Group's defined benefit pension scheme, the "Health and Care Pension and Life Assurance Plan" has been updated to 31 December 2002 to take account of the requirements of FRS 17. The major assumptions used to calculate the present value of scheme liabilities were as follows:

	2002 %	2001 %
Discount rate	5.40	5.81
Inflation rate	2.42	2.67
Rate of increase in salaries	4.00	4.00
Rate of increase of pensions in payment	2.42	2.67

Health and Care Services (UK) Limited

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

20 Pension scheme (continued)

The assets of the scheme and the expected rate of return and liabilities of the scheme at 31 December were:

	Long term rate of return expected at 31 December 2002	Value at 31 December 2002	Long term rate of return expected at 31 December 2001	Value at 31 December 2001
	%	£'000	%	£'000
Equities	N/A		N/A	-
Bonds	N/A		N/A	-
Other – Deposit Administration Contract	6.5	248	6.5	193
Market value of scheme		248		193
Present value of scheme liabilities		(302)		(196)
Surplus/(deficit) in the scheme		(54)		(3)
Related deferred tax asset/(liability)		16		1
Net asset/(liability)		(38)		(2)

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss account at 31 December 2002 would be as follows:

	£'000
Net assets	
Net assets excluding pension asset	16,413
Pension liability	(38)
Net assets including pension liability	16,375
	£'000
Profit and loss account	
Profit and loss account excluding pension asset	2,663
Pension liability	(38)
Profit and loss account including pension liability	2,625

Health and Care Services (UK) Limited

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

21 Pension scheme (continued)

Analysis of the amount charged to operating profit:

	2002
	£'000
Current service cost	49
Past service cost	4
Total operating charge	53

Analysis of the amount credited to other finance income:

	2002
	£'000
Expected return on pension scheme assets	15
Interest on pension scheme liabilities	(15)
Net return	-

Analysis of amount recognised in statement of total recognised gains and losses:

	2002
	£'000
Accrual return less expected return on pension scheme assets	(37)
Experience gains and losses arising on scheme liabilities	(3)
Changes in assumptions underlying the present value of the scheme liabilities	(23)
Actuarial gain recognised in the statement of total recognised gains and losses	(63)

Health and Care Services (UK) Limited

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

21 Pension scheme (continued)

Movement in surplus during the year:

	2002 £'000
Surplus 1 January 2002	(3)
Movement in the year:	-
Current service cost	(49)
Contributions	65
Past service costs	(4)
Other finance income	-
Actuarial losses	(63)
Surplus 31 December 2002	(54)

History of experience gains and losses

2002

Difference between the expected and actual return on scheme assets:

Amount (£'000)	(37)
Percentage of scheme assets	(14.9)%

Experience gains and losses on scheme liabilities:

Amount (£'000)	(3)
Percentage of the present value of scheme liabilities	(1.0)%

Total amount recognised in the statement of total recognised gains and losses:

Amount (£'000)	(63)
Percentage of the present value of scheme liabilities	(20.9)%

Health and Care Services (UK) Limited

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

21 Immediate and ultimate parent companies

The directors regard Craegmoor Holdings Limited, a company registered in England and Wales, as the immediate parent company of Health and Care Services (UK) Limited and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom of Craegmoor Holdings Limited. Copies of Craegmoor Limited's consolidated financial statements may now be obtained from it's registered office, "Hillcairnie", St. Andrews Road, Droitwich, Worcestershire, WR9 8DJ.