

Company Registration Number 2912772

**Woodland Healthcare Limited**

**Financial Statements**

**31 March 2005**



CLB LITTLE | JOHN FRAZER  
Chartered Accountants

# **WOODLAND HEALTHCARE LIMITED**

## **Financial Statements**

**Year ended 31 March 2005**

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# WOODLAND HEALTHCARE LIMITED

## The Directors' Report

Year ended 31 March 2005

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The directors present their report and the audited financial statements of the company for the year ended 31 March 2005.

### Principal activities and business review

The principal activity of the company during the period was the management of three wholly owned nursing homes and the management of South Garth Residential Care Home, on a profit sharing basis, on behalf of the South Garth Residential Care Home Partnership.

The company's subsidiary, Woodland Nursing Homes Limited became dormant on 20 May 2004 on the termination of the Jubilee House Residential Care Home Partnership.

### Results and dividends

The trading results for the year, and the company's financial position at 31 March 2005, are shown in the attached financial statements.

The directors have recommended the following dividends:

	Year to 31 March 2005 £	Period to 31 March 2004 £
Proposed dividends on ordinary shares	—	780,000

### Directors

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

W J Davies  
R J Ellert  
P L Jackson

The company is a wholly owned subsidiary of ADL plc and the interests of the directors are disclosed in the financial statements of that company.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 maintaining 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. The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

# WOODLAND HEALTHCARE LIMITED

## The Directors' Report *(continued)*

Year ended 31 March 2005

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### Auditors

On 28 June 2005, the London partners and staff of CLB joined Littlejohn Frazer and now practice under the name of CLB Littlejohn Frazer. On that date, CLB resigned as auditors in favour of the new firm CLB Littlejohn Frazer and the directors appointed CLB Littlejohn Frazer to fill the casual vacancy created by the resignation. A resolution to re-appoint CLB Littlejohn Frazer as auditors to the company will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
Corbie Steps  
89 Harehills Lane  
Leeds  
West Yorkshire  
LS7 4HA

Signed by order of the directors



R J Ellert  
Company Secretary

Approved by the directors on 27 July 2005

# **WOODLAND HEALTHCARE LIMITED**

## **Independent Auditors' Report to the Shareholders**

**Year ended 31 March 2005**

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We have audited the financial statements of Woodland Healthcare Limited for the year ended 31 March 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the accounting policies and the related notes 1 to 25. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it. Our responsibilities do not extend to any other information.

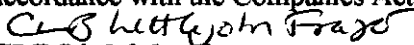
### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**CLB Littlejohn Frazer**  
Chartered Accountants  
and Registered Auditors

1 Park Place, Canary Wharf, London E14 4HJ  
27 July 2005

# WOODLAND HEALTHCARE LIMITED

## Profit and Loss Account

Year ended 31 March 2005

	Note	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Turnover	1	1,628,624	1,108,177
Cost of sales		(1,168,228)	(971,627)
Gross profit		460,396	136,550
Administrative expenses		(242,751)	(109,088)
Other operating income		61,021	49,518
Operating profit	2	278,666	76,980
Exceptional item			
Write down of investment in subsidiary company/gains from restructuring the company	5	(631,995)	1,016,680
		(353,329)	1,093,660
Interest receivable		544	913
Interest payable	6	(8,872)	(71,305)
(Loss)/profit on ordinary activities before taxation		(361,657)	1,023,268
Tax on profit on ordinary activities	7	(45,910)	(294,517)
(Loss)/profit on ordinary activities after taxation		(407,567)	728,751
Dividends	8	—	(780,000)
Loss for the financial period		(407,567)	(51,249)

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

Notes 1 to 25 form part of these financial statements.

# **WOODLAND HEALTHCARE LIMITED**

## **Statement of Total Recognised Gains and Losses**

**Year ended 31 March 2005**

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	<b>Year to 31 Mar 05 £</b>	<b>Period to 31 Mar 04 £</b>
(Loss)/profit for the year attributable to the shareholders	<b>(407,567)</b>	728,751
Unrealised profit on revaluation of intangible and fixed assets	<b>225,000</b>	915,000
Total (losses)/gains relating to the period	<b>(182,567)</b>	1,643,751
Prior year adjustment (note 9)	<b>125,000</b>	—
Total (losses)/gains recognised since the last annual report	<b>(57,567)</b>	1,643,751

Notes 1 to 25 form part of these financial statements.

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# WOODLAND HEALTHCARE LIMITED

## Balance Sheet

31 March 2005

	Note	31 Mar 05 £	31 Mar 04 £
<b>Fixed assets</b>			
Intangible asset	9	250,000	—
Tangible assets	10	3,451,870	3,360,276
Investments	11	495,627	1,127,622
		<u>4,197,497</u>	<u>4,487,898</u>
<b>Current assets</b>			
Stocks	12	3,000	3,000
Debtors	13	161,893	164,473
Cash at bank and in hand		16,024	12,911
		<u>180,917</u>	<u>180,384</u>
<b>Creditors: Amounts falling due within one year</b>	14	679,601	1,674,070
<b>Net current liabilities</b>		<u>(498,684)</u>	<u>(1,493,686)</u>
<b>Total assets less current liabilities</b>		<u>3,698,813</u>	<u>2,994,212</u>
<b>Creditors: Amounts falling due after more than one year</b>	15	2,817,669	2,055,499
		<u>881,144</u>	<u>938,713</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	3,000	3,000
Revaluation reserve	21	1,265,000	915,000
Profit and loss account	22	(386,854)	20,713
<b>Shareholders' funds</b>	23	<u>881,144</u>	<u>938,713</u>

These financial statements were approved by the directors on 27 July 2005 and are signed on their behalf by:

  
W J Davies

  
R J Ellert

Notes 1 to 25 form part of these financial statements.



# **WOODLAND HEALTHCARE LIMITED**

## **Accounting Policies**

**Year ended 31 March 2005**

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### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

### **Going concern**

The financial statements have been prepared on a going concern basis. The company meets its day to day working capital requirements through a loan facility provided by ADL plc (the parent company).

### **Cash flow statement**

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period.

### **Amortisation**

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

Intangible assets	9.75 years from 31 March 2005
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### **Fixed assets**

All fixed assets are initially recorded at cost.

### **Depreciation**

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

Motor Vehicles	- 25% straight line
Office Equipment	- 25% straight line

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings. Included within freehold land and buildings are all fixtures and fittings in respect of care homes. An impairment review permitted by FRS 15 is carried out each year to ensure the carrying value of the cost of the care homes is not overstated. The care homes must be maintained to a standard approved by the Commission for Social Care Inspection.

### **Stocks**

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

### **Deferred taxation**

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

# WOODLAND HEALTHCARE LIMITED

## Accounting Policies *(continued)*

Year ended 31 March 2005

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### Deferred taxation *(continued)*

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

### Group Relief

Taxable losses acquired by the company from another company within the Group are charged /credited to the profit and loss account at a fair value reflecting the reduction in corporation tax liability of the company.

# WOODLAND HEALTHCARE LIMITED

## Notes to the Financial Statements

Year ended 31 March 2005

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### 1. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.  
An analysis of turnover is given below:

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
United Kingdom	<u>1,628,624</u>	<u>1,108,177</u>

### 2. Operating profit

Operating profit is stated after charging:

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Directors' emoluments	—	8,333
Depreciation of owned fixed assets	8,406	3,988
Auditors' remuneration - as auditors	<u>7,500</u>	<u>12,429</u>

### 3. Particulars of employees

The average number of staff employed by the company during the year to 31 March 2005 and the period between 1 August 2003 and 31 March 2004 amounted to:

	Year to 31 Mar 05 No	Period to 31 Mar 04 No
Engaged in provision of care	36	34
Catering, domestic and maintenance	11	13
Management and administration	5	15
	<u>52</u>	<u>62</u>

The aggregate payroll costs of the above were:

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Wages and salaries	790,121	541,968
Social security costs	<u>55,408</u>	<u>37,259</u>
	<u>845,529</u>	<u>579,227</u>

# WOODLAND HEALTHCARE LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2005

### 4. Directors' emoluments

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

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Emoluments receivable	—	8,333

### 5. Exceptional item

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Write down of investment in subsidiary company	(631,995)	—
Gains from restructuring the company	—	1,016,680
	<u>(631,995)</u>	<u>1,016,680</u>

### 6. Interest payable

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Interest payable on bank borrowing	2,437	39,845
Other interest payable	6,435	—
Interest on subordinated loan stock	—	31,460
	<u>8,872</u>	<u>71,305</u>

### 7. Tax on profit on ordinary activities

#### (a) Analysis of charge in the period

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004: 30%)	5,144	294,517
Group relief	46,220	—
Over provision in prior year	<u>(5,457)</u>	—
Total current tax	<u>45,910</u>	<u>294,517</u>

# WOODLAND HEALTHCARE LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2005

### 7. Tax on profit on ordinary activities *(continued)*

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year ended 31 March 2005 and the period ended 31 March 2004 is lower than the standard rate of corporation tax in the UK of 19% (2004: 30%).

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
(Loss)/profit on ordinary activities before taxation	<u>(361,657)</u>	<u>1,023,268</u>
Profit on ordinary activities by rate of tax	(68,715)	306,980
Difference between depreciation and capital allowances	—	3,906
Expenses not deductible for tax	120,079	—
Over provision in prior years	(5,454)	—
Group relief	—	(16,369)
Total current tax (note 7(a))	<u>45,910</u>	<u>294,517</u>

### 8. Dividends

The following dividends have been proposed in respect of the year ended 31 March 2005 and the period ended 31 March 2004:

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Proposed dividend on ordinary shares	<u>—</u>	<u>780,000</u>

### 9. Intangible fixed assets and prior year adjustment

	31 Mar 05 £	31 Mar 04 £
<b>Cost</b>		
Prior year adjustment	125,000	—
Revaluation	<u>125,000</u>	<u>—</u>
<b>Net book value</b>	<u>250,000</u>	<u>—</u>

The intangible asset of £250,000 represents Christie & Co's (valuers, surveyors and agents) open market valuation, at 31 March 2005, of a profit sharing agreement with South Garth Residential Care Home Partnership. This agreement was amended in December 2004 from an annually renewable contract to a fixed ten year contract which is now being amortised over a period of 9.75 years from 31 March 2005.

The prior year adjustment has been made in respect of the value of the intangible asset being understated by £125,000 at 31 March 2004.

# WOODLAND HEALTHCARE LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2005

### 10. Tangible fixed assets

	Freehold Property £	Motor Vehicles £	Office Equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2004	3,350,000	23,600	21,376	3,394,976
Additions	—	—	—	—
Disposals	—	—	—	—
Revaluation	100,000	—	—	100,000
<b>At 31 March 2005</b>	<b>3,450,000</b>	<b>23,600</b>	<b>21,376</b>	<b>3,494,976</b>
<b>Depreciation</b>				
At 1 April 2004	—	20,538	14,162	34,700
Charge for the period	—	3,062	5,344	8,406
<b>At 31 March 2004</b>	<b>—</b>	<b>23,600</b>	<b>19,506</b>	<b>43,106</b>
<b>Net book value</b>				
<b>At 31 March 2005</b>	<b>3,450,000</b>	<b>—</b>	<b>1,870</b>	<b>3,451,870</b>
At 31 March 2004	3,350,000	3,062	7,214	3,360,276

The freehold properties are held for long term retention and were valued by Christie & Co (valuers, surveyors and agents) at 31 March 2005 at existing use value on an individual property basis in accordance with The Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors.

The bank loans to ADL plc (the parent company) are secured by way of a legal charge and a fixed and floating charge over all the company's freehold properties.

### 11. Investments

	Subsidiary Undertakings £
<b>Cost</b>	
At 1 April 2004 and 31 March 2005	1,127,622
Write down of investment in subsidiary company	(631,995)
<b>Net book value at 31 March 2005</b>	<b>495,627</b>

The company owns 100% of the issued share capital of Woodland Nursing Homes Limited a company incorporated in England and Wales. Its net assets at 31 March 2005 were £495,627 (2004: £490,871) and the profit on ordinary activities for the year was £4,756 (2004: £784,297).

# WOODLAND HEALTHCARE LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2005

### 12. Stocks

	31 Mar 05 £	31 Mar 04 £
Stock	<u>3,000</u>	<u>3,000</u>

### 13. Debtors

	31 Mar 05 £	31 Mar 04 £
Trade debtors	132,753	82,795
Other debtors	15,954	78,158
Prepayments and accrued income	13,546	3,520
	<u>161,893</u>	<u>164,473</u>

### 14. Creditors: Amounts falling due within one year

	31 Mar 05 £	31 Mar 04 £
Trade creditors	82,374	35,743
Amounts owed to subsidiary company	495,627	430,027
Corporation tax	5,144	306,388
PAYE and social security	27,691	30,175
Dividends payable	—	780,000
Other creditors	57,310	82,337
Accruals and deferred income	11,455	9,400
	<u>679,601</u>	<u>1,674,070</u>

### 15. Creditors: Amounts falling due after more than one year

	31 Mar 05 £	31 Mar 04 £
Amounts owed to parent company	<u>2,817,669</u>	<u>2,055,499</u>

The company meets its day to day working capital requirements through a loan facility provided by ADL plc (the parent company) which is interest free.

### 16. Deferred taxation

The directors have made no provision in the financial statements as these assets are held for continuing use in the business. The amounts un-provided at the end of the year were as follows:

	Year to 31 Mar 05 £	Period to 31 Mar 04 £
Revaluation of intangible assets and freehold properties	<u>379,500</u>	<u>274,500</u>

# WOODLAND HEALTHCARE LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2005

### 17. Commitments under operating leases

At 31 March 2004 and 31 March 2005 the company had no annual commitments under non-cancellable operating leases.

### 18. Transactions with the directors

A director, W J Davies, had a holding of £150,000 subordinated loan stock in the company that was repaid in full during the period ended 31 March 2004.

During the period ended 31 March 2004, W J Davies was paid £6,452 interest on his holding of subordinated loan stock.

During the period ended 31 March 2004, Star Healthcare Limited, a company owned by P L Jackson, a director, provided consultancy services to the company for a fee of £21,864.

During the year ended 31 March 2005, Solutions (Yorkshire) Limited, a company owned by P L Jackson, a director, provided goods to the company for a consideration of £1,586 (2004: nil).

During the year ended 31 March 2005, Energy Telecom Limited, a company of which directors, W J Davies and R J Ellert are directors and shareholders, provided telecommunications services to the company for a consideration of £809 (2004: nil).

### 19. Related party transactions

The company manages South Garth Residential Care Home on behalf of the South Garth Residential Care Home Partnership for a profit share in accordance with the Partnership Agreement. The share of the profit for year was £61,021 (2004: £49,518). The amount owing to the company at 31 March 2005 was £9,504 (2004: £74,846).

### 20. Share capital

#### Authorised share capital:

	31 Mar 05	31 Mar 04
	£	£
3,000 Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>

#### Allotted, called up and fully paid:

	31 Mar 05		31 Mar 04	
	No	£	No	£
Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

### 21. Revaluation reserve

	Year to 31 Mar 05	Period to 31 Mar 04
	£	£
Balance brought forward	915,000	—
Prior year adjustment (note 9)	<u>125,000</u>	—
Restated balance	1,040,000	—
Revaluation of intangible and fixed assets	<u>225,000</u>	915,000
Balance carried forward	<u>1,265,000</u>	<u>915,000</u>



# WOODLAND HEALTHCARE LIMITED

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2005

### 22. Profit and loss account

	Year to 31 Mar 05	Period to 31 Mar 04
	£	£
Balance brought forward	20,713	49,462
Loss retained for the period	(407,567)	(51,249)
Accrued dividend cancelled	—	22,500
Balance carried forward	<u>(386,854)</u>	<u>20,713</u>

### 23. Reconciliation of movements in shareholders' funds

	31 Mar 05	31 Mar 04
	£	£
(Loss)/profit for the financial period	(407,567)	728,751
Dividends	—	(780,000)
	<u>(407,567)</u>	<u>(51,249)</u>
Other net recognised gains	225,000	915,000
	<u>(182,567)</u>	<u>863,751</u>
Accrued dividend cancelled	—	22,500
Net (reduction)/addition to funds	<u>(182,567)</u>	<u>886,251</u>
Opening shareholders' equity funds	938,713	52,462
Prior year adjustment (note 9)	125,000	—
Closing shareholders' equity funds	<u>881,144</u>	<u>938,713</u>

### 24. Contingent liability

The company's freehold properties are secured by way of a legal charge and a fixed and floating charge in respect of the parent company's bank loans and overdrafts amounting to £7,150,049 (2004: £5,594,885)

### 25. Ultimate parent company

The company is a wholly owned subsidiary company of ADL plc (a company incorporated in England and Wales) and group financial statements are available from Companies House.

In the directors' opinion there was no ultimate controlling party at 31 March 2005.