

Registered number
2912772

Woodland Healthcare Limited
Consolidated Financial Statements
Report and Accounts
30 June 2003



Woodland Healthcare Limited

Directors' Report

The directors present their report and consolidated financial statements for the year ended 30 June 2003.

Principal activities

The company's principal activity during the year continued to be the management of nursing homes.

The directors consider that the company and group had a reasonable year of trading. The result is encouraging, but the trading conditions in the sector are generally unprofitable. The directors are confident that the return to profitability will continue.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2003	2002
W J Davies	300	300
D C King	240	240

Directors' responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, 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 accounts 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 accounts 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.

Auditors

A resolution to reappoint Michael J Lindsey as auditors will be put to the members at the Annual General Meeting.

Small company special provisions

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

This report was approved by the board on 8 December 2003.

W J Davies
Director



Woodland Healthcare Limited
Independent auditors' report
to the shareholders of Woodland Healthcare Limited

We have audited the accounts of Woodland Healthcare Limited for the year ended 30 June 2003 which comprise pages 3 to 12. These accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 within it.

Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

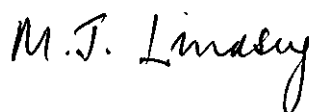
Going concern

We would draw your attention to the basis of preparing the group financial statements detailed in Note 1 to the financial statements regarding the continuation and renewal of the company's bank loan facility. In forming our opinion, we consider that your attention should be drawn to this Note, but we are not qualifying our audit report in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of the group's and the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Michael J Lindsey
Registered auditors



The Chapel, Milton Lilbourne, Wiltshire, SN9 5LF
9 December 2003

Woodland Healthcare Limited
Group Profit and Loss Account
for the year ended 30 June 2003

	Notes	2003 £	2002 £
Group turnover	1	1,791,304	1,859,602
Cost of sales		(1,319,418)	(1,368,850)
Gross profit	2	471,886	490,752
Administration expenses		(302,172)	(388,348)
Other operating income		55,235	54,541
Operating profit		224,949	156,945
Exceptional item:			
Loss on disposal of fixed assets		(953)	-
		223,996	156,945
Interest received		324	1,259
Interest paid		(87,723)	(191,670)
Profit/(loss) on ordinary activities before taxation		136,597	(33,466)
Tax on loss/profit for the year	4	7,445	-
		129,152	(33,466)
	13	129,152	(33,466)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial periods.

Statement of total recognised gains and losses

The company has no recognised gains and losses other than the profit(loss) for the above two financial periods.

Woodland Healthcare Limited
Group Balance Sheet
as at 30 June 2003

	Notes	2003 £	2002 £
Fixed assets			
Intangible assets	5	4,014	8,276
Tangible assets	6	3,248,634	3,244,451
		<u>3,252,648</u>	<u>3,252,727</u>
Current assets			
Stocks	8	3,000	3,000
Debtors	9	189,836	153,776
Cash at bank and in hand		78,010	43,038
		<u>270,846</u>	<u>199,814</u>
Creditors: amounts falling due within one year	10	(2,268,078)	(2,317,258)
Net current liabilities		<u>(1,997,232)</u>	<u>(2,117,444)</u>
Total assets less current liabilities		<u>1,255,416</u>	<u>1,135,283</u>
Creditors: amounts falling due after more than one year	11	(1,052,644)	(1,056,138)
Net assets		<u>202,772</u>	<u>79,145</u>
Capital and reserves			
Called up share capital	13	3,000	3,000
Profit and loss account	13	199,772	76,145
Shareholders' funds		<u>202,772</u>	<u>79,145</u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

W J Davies
 Director



D C King
 Director

Approved by the board on 8 December 2003

Woodland Healthcare Limited
Balance Sheet
as at 30 June 2003

	Notes	2003 £	2002 £
Fixed assets			
Investments	7	1,127,622	1,127,622
Current assets			
Debtors	9	1,894	2,309
Cash at bank and in hand		90	90
		<u>1,984</u>	<u>2,399</u>
Creditors: amounts falling due within one year	10	(24,500)	(63,150)
Net current liabilities		<u>(22,516)</u>	<u>(60,751)</u>
Total assets less current liabilities		1,105,106	1,066,871
Creditors: amounts falling due after more than one year	11	(1,052,644)	(1,052,644)
		<u>52,462</u>	<u>14,227</u>
Capital and reserves			
Called up share capital	13	3,000	3,000
Profit and loss account		49,462	11,227
		<u>52,462</u>	<u>14,227</u>

W J Davies
Director



D C King
Director

Approved by the board on 8 December 2003

Woodland Healthcare Limited
Cash Flow Statement
for the year ended 30 June 2003

	2003	2002
	£	£
Cash generated from operations		
Operating profit	223,996	156,945
Reconciliation to cash generated from operations:		
Depreciation	4,503	6,961
Amortisation of goodwill & goodwill on consolidation	4,262	4,512
Loss on disposal of fixed assets	953	-
(Increase)/decrease in debtors	(36,060)	18,406
Decrease in creditors	(66,596)	(11,254)
	<u>131,058</u>	<u>175,570</u>
Cash from other sources		
Interest received	324	1,259
	<u>324</u>	<u>1,259</u>
Application of cash		
Interest paid	87,723	191,670
Purchase of tangible fixed assets	8,687	-
	<u>96,410</u>	<u>191,670</u>
Net increase/(decrease) in cash	34,972	(14,841)
Cash at bank and in hand less overdrafts at 1 July	43,038	57,879
Cash at bank and in hand less overdrafts at 30 June	<u>78,010</u>	<u>43,038</u>

Woodland Healthcare Limited
Notes to the Accounts
for the year ended 30 June 2003

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Basis of preparing the financial statements

The group meets its day to day working capital requirements through a loan facility amounting to £2,100,000 which is rolled over on a monthly basis. The company and group also have long term finance provided by the subordinated loan stockholders amounting to £1,052,644. The directors consider it reasonable in view of the close relationship with the company's bankers and its subordinated loan stockholders to rely on the continuation of the loan facility and support from the loan stockholders.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the company and all group undertakings. These are adjusted where appropriate to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the date of acquisition. The result of companies acquired or disposed of are included in the profit and loss account after or up to the date control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985.

Goodwill

Goodwill is the difference between the amounts paid on the acquisition of a business and the aggregate fair value of its separate net assets.

Turnover

Turnover represents the invoiced value of services supplied by the group during the period.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives. Any residual value of the asset is taken into account in estimating the useful lives. Depreciation on freehold buildings and Home fixtures and fittings are not depreciated, but are the subject of an impairment review permitted under FRS 15.

Freehold land	Nil
Freehold buildings	Impairment assessment
Home fixtures and fittings	Impairment assessment
Motor vehicles	25% straight line
Equipment	25% straight line

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Woodland Healthcare Limited
Notes to the Accounts
for the year ended 30 June 2003

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2 Operating profit	2003	2002
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	4,503	489
Depreciation of assets held under finance leases and hire purchase contracts	-	6,472
Amortisation of goodwill	1,500	1,750
Operating lease rentals- plant and machinery	1,635	-
Auditors' remuneration	5,700	4,450
	<hr/>	<hr/>
3 Staff costs	2003	2002
	Number	Number
Average number of employees during the year	86	115
	<hr/>	<hr/>
4 Taxation	2003	2002
	£	£
UK corporation tax	7,445	-
	<hr/>	<hr/>
The group has utilised all its tax losses available totalling £58,669.		
5 Intangible fixed assets		£
Goodwill:		
Cost		
At 1 July 2002		42,622
At 30 June 2003		42,622
Amortisation		
At 1 July 2002		34,346
Provided during the year		4,262
At 30 June 2003		38,608
Net book value		
At 30 June 2003		4,014
At 30 June 2002		8,276

Goodwill is being written off in equal annual instalments over its estimated economic life of 10 years.

Woodland Healthcare Limited
Notes to the Accounts
for the year ended 30 June 2003

6 Tangible fixed assets

	Land and buildings £	Home Fixtures & fittings £	Motor vehicles £	Office equipment	Total £
Cost					
At 1 July 2002	2,956,388	281,777	27,413	12,394	3,277,972
Additions	-	-	-	8,687	8,687
Disposals			(7,313)		(7,313)
At 30 June 2003	<u>2,956,388</u>	<u>281,777</u>	<u>20,100</u>	<u>21,081</u>	<u>3,279,346</u>
Depreciation					
At 1 July 2002	-	-	21,884	11,637	33,521
Charge for the year	-	-	3,769	734	4,503
Disposals	-	-	(7,312)	-	(7,312)
At 30 June 2003	<u>-</u>	<u>-</u>	<u>18,341</u>	<u>12,371</u>	<u>30,712</u>
Net book value					
At 30 June 2003	<u>2,956,388</u>	<u>281,777</u>	<u>1,759</u>	<u>8,710</u>	<u>3,248,634</u>
At 30 June 2002	<u>2,956,388</u>	<u>281,777</u>	<u>5,529</u>	<u>757</u>	<u>3,244,451</u>
			2003 £		2002 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts			<u>-</u>		<u>5,529</u>

Woodland Healthcare Limited
Notes to the Accounts
for the year ended 30 June 2003

7 Investments

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Woodland Nursing Homes Limited	England and Wales	Ordinary	100

8 Stocks

	2003	2002
	£	£
Consumables	<u>3,000</u>	<u>3,000</u>

9 Debtors

- Group	2003	2002
	£	£
Trade debtors	108,989	115,375
Amounts owed by group undertakings	69,003	2,762
Prepayments and accrued income	11,844	2,309
Other debtors	-	33,330
	<u>189,836</u>	<u>153,776</u>

- Company

Prepayments and accrued income	-	2,309
Amounts owed by a group undertaking	<u>1,894</u>	<u>-</u>

10 Creditors: amounts falling due within one year
- Group

	2003	2002
	£	£
Secured bank loan	2,111,179	2,100,000
Obligations under finance lease and hire purchase contracts	-	3,276
Trade creditors	88,816	72,166
Corporation tax	7,445	-
Other taxes and social security costs	15,895	49,026
Accruals and deferred income	18,363	70,048
Proposed dividend	22,500	22,500
Other creditors	3,880	242
	<u>2,268,078</u>	<u>2,317,258</u>

The bank loan is secured as a first charge on the Group's freehold properties

- Company

Amounts owed to group undertakings	-	43,738
Corporation tax	250	-
Proposed dividend	22,500	22,500
Accruals	1,750	3,950
	<u>24,500</u>	<u>70,188</u>

Woodland Healthcare Limited
Notes to the Accounts
for the year ended 30 June 2003

11 Creditors: amounts falling due after one year	2003	2002
- Group	£	£
Subordinated loan stock	1,052,644	1,052,644
Obligations under finance lease and hire purchase contracts	-	3,494
	<u>1,052,644</u>	<u>1,056,138</u>

- Company

Subordinated loan stock	<u>1,052,644</u>	<u>1,052,644</u>
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The subordinated loan represents 10% redeemable unsecured loan stock 1994-2010.

The loan stock is redeemable by the company at par at any time.

In the event that the company fails to pay interest for a period of more than sixteen months then the stockholder shall be entitled to convert the stock held into ordinary shares at the rate of one ordinary share for every £1 of loan stock. The ordinary shares allotted and issued as above will rank pari passu with the ordinary shares in issue.

Although interest chargeable would be £105,264, no interest has been paid during the year in view of the group's intended restructuring.

12 Loans	2003	2002
	£	£
Creditors include:		
Secured bank loans	<u>2,111,179</u>	<u>2,100,000</u>

The bank loans are secured on the group's freehold properties.

13 Share capital	2003	2002
	£	£
Authorised:		
Ordinary shares of £1 each	1,500	1,500
Priority shares of £1 each	<u>1,500</u>	<u>1,500</u>

	2003	2002	2003	2002
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1,500	1,500	1,500	1,500
Priority shares of £1 each	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
			<u>3,000</u>	<u>3,000</u>

14 Profit and loss account	2003	2002
	£	£
Profit for the year	129,152	(33,466)
	<u>129,152</u>	<u>(33,466)</u>

Woodland Healthcare Limited
Notes to the Accounts
for the year ended 30 June 2003

15 Post balance sheet events

On 31 July 2003, the debt due to the company's bankers of £2,111,179 was redeemed by way of a new facility and the remainder of the loan was assigned to Woodland Nominees Limited

Woodland Nursing Homes Limited has made an unsecured interest free loan of £57,500 to Woodland Nominees Limited.

Woodland Nursing Homes Limited has hived its assets up to its parent company, Woodland Healthcare Limited. Woodland Nursing Homes Limited will become a dormant company.

16 Other financial commitments	2003	2002
	£	£
At the year end the company had annual commitments under non-cancellable operating leases as set out below:		
Operating leases which expire:		
within one year	3,276	3,276
within two to five years	9,828	8,545
	<u>13,104</u>	<u>11,821</u>

17 Related parties

The company has a partnership agreement with South Garth Residential Care Home to manage their nursing home on behalf of the owners for a profit share in accordance with the partnership agreement. The income for the year amounted to £37,132(2002 £32,272). The amount owing to the company at 30 June 2003 was £Nil(2002 £Nil).

The company's subsidiary company, Woodland Nursing Homes Limited, has a similar management agreement with Jubilee House Residential Care Partnership. The management fee was £15,000(2002 £22,269) and the amount due from the partnership at 30 June 2003 was £37,132(2002 £12,496)

18 Transactions with the directors

The directors, W J Davies and D C King, have holdings of £150,000 and £120,000 respectively of subordinated loan stock in the company. No interest on this loan stock was paid during the year.

19 Controlling party

In the opinion of the directors there is no controlling party.