

Speciality Care (Rest Homes) Limited  
Annual report  
for the year ended 31 December 2003

Registered number: 3010116



# **Speciality Care (Rest Homes) Limited**

## **Annual report for the year ended 31 December 2003**

	<b>Page</b>
Directors and advisors for the year ended 31 December 2003 .....	1
Directors' report for the year ended 31 December 2003 .....	2
Independent auditors' report to the members of Speciality Care (Rest Homes) Limited .....	4
Profit and loss account for the year ended 31 December 2003 .....	5
Balance sheet as at 31 December 2003 .....	6
Notes to the financial statements for the year ended 31 December 2003 .....	7

# **Speciality Care (Rest Homes) Limited**

## **Directors and advisors for the year ended 31 December 2003**

### **Executive directors**

C Artis	(appointed on 24 March 2003)
M Hill	(appointed on 1 April 2003)
K Hall	(appointed on 1 December 2003)
AE Smith	(appointed on 19 April 2004)

### **Secretary**

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

### **Auditors**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **Solicitors**

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

### **Registered office**

Craegmoor House  
Perdiswell Park  
Worcester  
WR3 7NW

### **Bankers**

Barclays Bank Plc  
PO Box 544  
54 Lombard Street  
London  
EC3V 9EX

# **Speciality Care (Rest Homes) Limited**

## **Directors' report for the year ended 31 December 2003**

The directors present their report and the audited financial statements for the year ended 31 December 2003.

### **Principal activities**

The principal activity of the Company continues to be the provision of care.

### **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 £18,000 (2002: £174,000). The directors do not recommend the payment of a dividend for the year ended 31 December 2003 (2002: £nil).

### **Directors and their interests**

The directors who held office up to the date of this report are listed on page 1. In addition G Blackoe resigned on 14 March 2003 and M A Stratford resigned on 20 May 2004. S Hughes was appointed on 1 February 2003 and resigned on 30 November 2003.

M A Stratford was 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.

C Artis held no interest in the share capital of Speciality Care (Rest Homes) Limited during the year ended 31 December 2003. C Artis held 5,000 shares in the ultimate parent company, Craegmoor Limited as at 31 December 2003 (5,000 shares held at 24 March 2003).

No other director had any interests in the share capital of Speciality Care (Rest Homes) 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.

## **Speciality Care (Rest Homes) Limited**

### **Directors' report for the year ended 31 December 2003 (continued)**

#### **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.

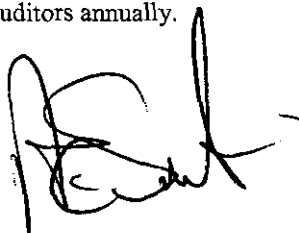
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have 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.

#### **Auditors**

The Company has 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

A handwritten signature in black ink, appearing to be 'AE Smith', written over a horizontal line.

AE Smith  
Director  
23 July 2004

## **Independent auditors' report to the members of Speciality Care (Rest Homes) Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers LLP', is written across the page.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
23 July 2004

## Speciality Care (Rest Homes) Limited

### Profit and loss account for the year ended 31 December 2003

		2003	2002
	Note	£'000	£'000
Turnover	2	3,430	3,222
Cost of sales		(2,505)	(2,184)
Gross profit		925	1,038
Administrative expenses		(944)	(781)
(Loss)/profit on ordinary activities before taxation	6	(19)	257
Tax credit/(charge) on (loss)/profit on ordinary activities	7	37	(83)
Profit transferred to reserves	15	18	174

All activities relate to continuing operations.

The Company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

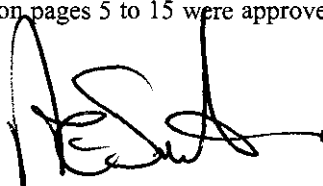
There is no difference between the loss on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalent.

# Speciality Care (Rest Homes) Limited

## Balance sheet as at 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Intangible assets	8	335	356
Tangible assets	9	335	234
		670	590
<b>Current assets</b>			
Debtors	10	1,083	677
Cash at bank and in hand		2	3
		1,085	680
<b>Creditors: amounts falling due within one year</b>	11	(1,238)	(772)
<b>Net current liabilities</b>		(153)	(92)
<b>Total assets less current liabilities</b>		517	498
<b>Creditors: amounts falling due after more than one year</b>	12	(421)	(421)
<b>Provisions for liabilities and charges</b>	13	(27)	(26)
<b>Net assets</b>		69	51
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	69	51
<b>Total equity shareholders' funds</b>	16	69	51

The financial statements on pages 5 to 15 were approved by the board of directors on 23 July 2004 and signed on its behalf by:



AE Smith  
Director



# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2003

### 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. A summary of the more important accounting policies, which have been consistently applied, is set out below:

#### Deferred taxation

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 are not discounted.

#### Intangible fixed assets

Intangible fixed assets comprise goodwill arising on the acquisition of business, trade and assets at the date of incorporation. The goodwill is being amortised over a period of 20 years.

#### 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
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.

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

# **Speciality Care (Rest Homes) Limited**

## **Notes to the financial statements for the year ended 31 December 2003 (continued)**

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

#### **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 Company 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 end. 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.

### **2 Turnover**

Turnover, which excludes value added tax, consists entirely of fee income for care services provided in the year in the United Kingdom. Where fees are billed in advance they are deferred to match the period in which care is provided.

### **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**

Directors' emoluments for the year ended 31 December 2003 were £nil (2002: £nil). M A Stratford received no emoluments in respect of his services to the Company for the year ended 31 December 2003 (2002: £nil). The emoluments of the other directors are paid by the intermediate parent company, Craegmoor Healthcare Company Limited. These directors were also directors of a number of fellow subsidiaries during the year ended 31 December 2003 and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, no emoluments have been included above for these directors.

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 5 Employee information

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

	2003	2002
	Number	Number
<b>Nursing, ancillary and administrative</b>		
Full time	125	123
Part time	60	51
	185	174
<b>Staff costs (for the above persons)</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	2,014	1,836
Social security costs	158	135
	2,172	1,971

### 6 (Loss)/profit on ordinary activities before taxation

	2003	2002
	£'000	£'000
<b>(Loss)/profit on ordinary activities before taxation is stated after charging:</b>		
Depreciation of tangible fixed assets	47	36
Amortisation of goodwill	21	21
Rent payable under operating lease	507	497
Hire of machinery and equipment	2	-
Auditors' remuneration:		
Audit	10	10
Non-audit	1	-

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 7 Tax on (loss)/profit on ordinary activities

	2003	2002
	£'000	£'000
<b>Current taxation</b>		
UK Corporation tax at 30% (2002: 30%)	-	85
Adjustment in respect of previous periods	(38)	-
<b>Total current taxation</b>	<b>(38)</b>	<b>85</b>
<b>Deferred taxation</b>		
Current year – origination and reversal of timing differences	1	(2)
<b>Tax (credit)/charge</b>	<b>(37)</b>	<b>83</b>

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

	2003	2002
	£'000	£'000
<b>(Loss)/profit on ordinary activities</b>	<b>(19)</b>	<b>257</b>
(Loss)/profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(6)	77
Effects of:		
Expenses not deductible for tax purposes	7	6
Capital allowances for the year in excess of depreciation	(2)	2
Movement on tax losses	1	-
Adjustment to tax charge in respect of previous periods	(38)	-
<b>Current tax (credit)/charge</b>	<b>(38)</b>	<b>85</b>

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 8 Intangible fixed assets

	Goodwill
	£'000
<b>Cost</b>	
At 1 January and 31 December 2003	419
<b>Amortisation</b>	
At 1 January 2003	63
Charge for the year	21
At 31 December 2003	84
<b>Net book value</b>	
At 31 December 2003	335
At 31 December 2002	356

### 9 Tangible fixed assets

	Leasehold buildings	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000		£'000
<b>Cost</b>				
At 1 January 2003	66	238	-	304
Additions	27	107	14	148
At 31 December 2003	93	345	14	452
<b>Accumulated depreciation</b>				
At 1 January 2003	5	65	-	70
Charge for the year	1	45	1	47
At 31 December 2003	6	110	1	117
<b>Net book value</b>				
At 31 December 2003	87	235	13	335
At 31 December 2002	61	173	-	234

## Speciality Care (Rest Homes) Limited

### Notes to the financial statements for the year ended 31 December 2003 (continued)

#### 10 Debtors

	2003	2002
	£'000	£'000
Amounts falling due within one year		
Trade debtors	30	30
Amounts owed by group undertakings	1,014	632
Corporation tax recoverable	19	-
Prepayments and accrued income	20	15
	1,083	677

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

	2003	2002
	£'000	£'000
Bank loans and overdrafts	16	9
Trade creditors	28	20
Amounts owed to group undertakings	57	-
Corporation tax payable	-	19
Other creditors	133	-
Accruals and deferred income	1,004	724
	1,238	772

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

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

	2003	2002
	£'000	£'000
Amounts owed to group undertakings	421	421

Amounts owed to the group undertakings comprise an interest free loan. There are no defined repayment terms but the lender has confirmed to the company that it will not seek any repayment of this loan within the next 12 months.

### 13 Provisions for liabilities and charges

	£'000
	Deferred tax
At 1 January 2003	26
Charged in profit and loss account	1
At 31 December 2003	27

	2003	2002
	£'000	£'000
The amount provided for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	28	26
Tax losses	(1)	-
	27	26

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 14 Called up share capital

	2003	2002
	£'000	£'000
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1	1
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	-	-

### 15 Profit and loss account

	£'000
At 1 January 2003	51
Profit for the financial year	18
<b>At 31 December 2003</b>	<b>69</b>

### 16 Reconciliation of movement in shareholders' funds

	2003	2002
	£'000	£'000
Profit for the financial year	18	174
Net increase in shareholders' funds	18	174
Opening equity shareholders' funds/(deficit)	51	(123)
<b>Closing equity shareholders' funds</b>	<b>69</b>	<b>51</b>



## **Speciality Care (Rest Homes) Limited**

### **Notes to the financial statements for the year ended 31 December 2003 (continued)**

#### **17 Financial commitments**

At 31 December 2003 the company had annual commitments for land and buildings under non-cancellable operating leases as follows:

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Expiring in more than five years	<b>522</b>	<b>507</b>

#### **18 Capital commitments and contingent liabilities**

The company had no capital commitments or contingent liabilities at 31 December 2003 (2002: £nil).

#### **19 Immediate and ultimate parent companies**

The directors regard Speciality Care Limited, a company registered in England and Wales, as the immediate parent company of Speciality Care (Rest Homes) Limited, and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.