

Craegmoor Healthcare Company Limited

Annual report

for the year ended 31 December 2001

Registered no: 3830455



# **Craegmoor Healthcare Company Limited**

## **Annual Report**

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# **Craegmoor Healthcare Company Limited**

## **Directors and advisors**

### **Executive directors**

M A Stratford  
F Richardson

### **Secretary**

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

### **Registered office**

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

### **Auditors**

PricewaterhouseCoopers  
Temple Court  
35 Bull Street  
Birmingham B4 6JT

### **Solicitors**

Barlow Lyde & Gilbert  
Beaufort House  
15 St. Botolph Street  
London  
EC3A 7NS

### **Bankers**

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

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

# **Craegmoor Healthcare Company Limited**

## **Directors' report for the year ended 31 December 2001**

The directors present their report and the audited financial statements for the year ended 31 December 2001.

### **Principal activity**

The principal activity of the company is that of an investment holding company.

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

In the prior year the Company acquired the trade and certain assets and liabilities of Craegmoor Group Limited (formerly Craegmoor Healthcare Company Limited). This transaction took place on 13 September 2000, and hence impacted the results for the comparative period for only four months. This structure has remained in place throughout the current year.

Both the level of business and the period end financial 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 £16,381,000 (2000: £59,000 loss). The directors paid interim dividends of £9,824,000 on 6<sup>th</sup> March 2001 and £3,024,000 on 6th April (2000: £nil). The directors do not recommend the payment of a final dividend for the year ended 31 December 2001 (2000: £nil).

### **Directors and their interests**

The directors of the company at 31 December 2001 are listed on page 1.

M A Stratford and F Richardson are directors of the ultimate parent company, Craegmoor Limited, and their share interests are shown in the Directors' report of that company. No director as at 31 December 2001 had any interests in the share capital of Craegmoor Healthcare Company Limited.

### **Changes in fixed assets**

The movements in tangible and intangible fixed assets during the period are set out in notes 8 to 10 of the financial statements.

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

At the end of each financial year the Directors are required by the Companies Act 1985 to prepare accounts 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 the accounts for the year ended 31 December 2001, appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been consistently used and UK applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985. In addition, the Directors are responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Company are properly safeguarded and to ensure that reasonable steps are taken to prevent or detect fraud and other irregularities.

The auditors' responsibilities in relation to the accounts are set out in their report on page 4.

# **Craegmoor Healthcare Company Limited**

## **Directors' report for the year ended 31 December 2001 (continued)**

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers will be proposed at the annual general meeting.

### **By order of the board**



**BLG (Professional Services) Limited**  
**Company secretary**  
21 August 2002

# **Report of the auditors to the members of Craegmoor Healthcare Company Limited**

We have audited the financial statements on pages 5 to 16.

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

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

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

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

## **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 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**Birmingham**  
21 August 2002

# Craegmoor Healthcare Company Limited

## Profit and loss account for the year ended 31 December 2001

	Notes	12 months ended 31 December 2001 £'000	16 months ended 31 December 2000 £'000
Turnover		-	-
Cost of sales		(2,184)	(818)
Gross loss		(2,184)	(818)
Administrative expenses		(3,008)	(1,032)
Other operating income		1,781	1,806
Operating loss	5	(3,411)	(44)
Income from shares in group undertakings		18,899	-
Net interest payable	6	(26)	(7)
Profit/(loss) on ordinary activities before taxation		15,462	(51)
Tax on profit/(loss) on ordinary activities	7	919	(8)
Profit/(loss) on ordinary activities after taxation		16,381	(59)
Dividends paid		(12,848)	-
Profit/(loss) for the financial period	16	3,533	(59)

All activities relate to continuing operations.

There were no other recognised gains or losses other than the gains or losses included in the profit and loss account and therefore no separate statement of recognised gains and losses has been presented.

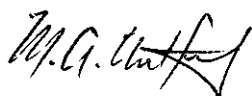
There is no difference between the gains or losses on ordinary activities before taxation and the gains or losses for the financial period stated above, and their historical cost equivalent.

# Craegmoor Healthcare Company Limited

## Balance sheet as at 31 December 2001

	Notes	2001	2000
		£'000	£'000
<b>Fixed assets</b>			
Intangible assets	8	7,016	7,391
Tangible assets	9	1,170	718
Investments	10	131,463	125,428
		<b>139,649</b>	<b>133,537</b>
<b>Current assets</b>			
Debtors	11	3,001	27,010
Cash at bank and in hand		1	1
		<b>3,002</b>	<b>27,011</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(11,958)</b>	<b>(33,580)</b>
<b>Net current liabilities</b>		<b>(8,956)</b>	<b>(6,569)</b>
<b>Total assets less current liabilities</b>		<b>130,693</b>	<b>126,968</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(92,013)</b>	<b>(91,821)</b>
<b>Net assets</b>		<b>38,680</b>	<b>35,147</b>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Share premium account	16	35,206	35,206
Profit and loss account	16	3,474	(59)
<b>Total equity shareholders' funds</b>	17	<b>38,680</b>	<b>35,147</b>

The financial statements on pages 5 to 16 were approved by the board of directors on 21 August 2002 and were signed on its behalf by:



**M A Stratford**  
Director



# **Craegmoor Healthcare Company Limited**

## **Notes to the financial statements for the year ended 31 December 2001**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. During the year, the Company has implemented Financial Reporting Standard ("FRS") 18, "Accounting Policies". Other than the item referred to below under the heading "Tangible fixed assets" this has not resulted in any change to the accounting policies of the Company. A summary of the more important accounting policies, which have been consistently applied, is set out below:

#### **Basis of accounting**

The financial statements have been prepared on the historical cost basis of accounting as modified by the revaluation of certain fixed assets.

#### **Goodwill**

Goodwill arising on the transfer of the trade of Craegmoor Group Limited has been capitalised and amortised over its estimated useful economic life. Goodwill is being amortised over a 20 year period.

#### **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.

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

Equipment, furniture and fittings	- 10% to 25% straight line (previously 15% reducing balance)
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

The change in the basis for depreciating furniture and fittings did not have a material impact on the results for the year.

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 FRS11, 'Impairment of fixed assets and goodwill'. Provisions for impairment in the carrying value of fixed assets to below historical cost are charged to the profit and loss account.

#### **Investments**

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

#### **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

#### **Pension costs**

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

# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 1 Accounting policies (continued)

#### Consolidated accounts

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, an intermediate parent undertaking, which is incorporated in the United Kingdom. In accordance with section 228(ii), the company will deliver to the registrar, copies of these group accounts.

### 2 Related party transactions

The company has taken advantage of the exemption granted under paragraph 3c of Financial Reporting Standard No. 8 and not disclosed any transaction with other group companies.

### 3 Directors' emoluments

No remuneration was paid to the directors in respect of their services to the company.

### 4 Employee information

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

Administrative	12 months ended 31 December 2001	16 months ended 31 December 2000
	Number	Number
Full time	44	50
Part time	1	-
	45	50
<hr/>		
	12 months ended 31 December 2001	16 months ended 31 December 2000
Staff costs (for the above persons)	£'000	£'000
Wages and salaries	1,729	507
Social security costs	159	52
	1,888	559

# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 5 Operating loss

	12 months ended 31 December 2001	16 months ended 31 December 2000
Operating loss is stated after charging:	£'000	£'000
Depreciation charge for the period:		
Tangible owned fixed assets	91	12
Tangible fixed assets held under finance leases	191	20
Operating lease charges – land and buildings	47	41
Amortisation of goodwill	375	109
Loss on disposal of tangible fixed assets:	16	18
Waiver of loan due from group undertaking	100	-
Auditors' remuneration - audit	8	1
Legal and professional fees	1,219	1,165

### 6 Net interest payable

	12 months ended 31 December 2001	16 months ended 31 December 2000
	£'000	£'000
Interest payable on finance leases	26	7

# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 7 Tax on loss on ordinary activities

Taxation on the loss in the period	12 months ended 31 December 2001 £'000	16 months ended 31 December 2000 £'000
United Kingdom corporation tax at 30% (2000: 30%):		
Current	919	(8)

### 8 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2001 and 31 December 2001	7,500
Amortisation	
At January 2001	109
Charge for the period	375
At 31 December 2001	484
Net book value	
At 31 December 2001	7,016
At 31 December 2000	7,391

Goodwill in the period arose on the transfer of the trade and certain assets and liabilities of Craegmoor Group Limited to the company. Goodwill is being amortised over a period of 20 years.

# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 9 Tangible fixed assets

	Furniture, fittings, equipment and computers	Motor vehicles	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2001	665	670	1,335
Additions	587	185	772
Disposals	-	(65)	(65)
<b>At 31 December 2001</b>	<b>1,252</b>	<b>790</b>	<b>2,042</b>
<b>Depreciation</b>			
At 1 January 2001	359	258	617
Charge for the period	143	139	282
Disposals	-	(27)	(27)
<b>At 31 December 2001</b>	<b>502</b>	<b>370</b>	<b>872</b>
<b>Net book value at 31 December 2001</b>	<b>750</b>	<b>420</b>	<b>1,170</b>
Net book value at 1 January 2001	306	412	718

The net book value of furniture, fittings, equipment and computers includes £475,000 (2000: £97,000) in respect of assets held under finance leases. The net book value of motor vehicles includes an amount of £402,000 (2000: £389,000) in respect of assets held under finance leases.

# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 10 Fixed asset investments

	Gilts	Shares	Loans	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2001	1	35,219	90,988	126,208
Additions	-	-	6,035	6,035
<b>At 31 December 2001</b>	<b>1</b>	<b>35,219</b>	<b>97,023</b>	<b>132,243</b>
<b>Impairment in value</b>				
At 1 January 2001 and 31 December 2001	-	-	780	780
<b>Net book value</b>				
<b>At 31 December 2001</b>	<b>1</b>	<b>35,219</b>	<b>96,243</b>	<b>131,463</b>
At 31 December 2000	1	35,219	90,208	125,428

### Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held
			%
Craegmoor Holdings Limited	England & Wales	Ordinary £1 shares	100

# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 11 Debtors

	2001	2000
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	-	227
Amounts owed by group undertakings	2,750	15,943
Prepayments and accrued income	162	216
Other debtors	89	10,624
	<b>3,001</b>	<b>27,010</b>

Other debtors includes £Nil (2000: £10,565,000) in respect of the unconditional sale of Delves House, which completed on 4 January 2001.

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

	2001	2000
	£'000	£'000
Trade creditors	407	163
Bank overdrafts repayable on demand	198	244
Amounts owed to group undertakings	9,402	31,142
Obligations under finance leases (note 13)	289	194
Corporation tax payable	25	-
Other taxation and social security	905	734
Other creditors	732	1,103
	<b>11,958</b>	<b>33,580</b>

# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

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

	2001	2000
	£'000	£'000
Amounts owed to group undertakings	91,739	91,739
Obligations under finance leases	274	82
	92,013	91,821

Finance leases repayable as follows:

	2001	2000
	£'000	£'000
In one year or less	289	194
Between one and two years	274	70
Between two and five years	-	13
	563	277

Obligations under finance leases are secured by charges over the assets to which they relate.

### 14 Provisions for liabilities and charges

Deferred taxation provided in the financial statement and the amount unprovided of the total potential liability are as follows:

	Amounts provided		Amounts unprovided	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Tax effect of timing differences because of:				
Excess capital allowances over depreciation	-	-	41	48
<b>Deferred tax provision</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>48</b>



# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 15 Called up share capital

	2001	2000
	£'000	£'000
<b>Authorised</b>		
100 ordinary shares of £1 each	-	-
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	-	-

### 16 Reserves

	Profit and loss	Share premium
	£'000	£'000
At 1 January 2001	(59)	35,206
Retained profit for the financial period	3,533	-
<b>At 31 December 2001</b>	<b>3,474</b>	<b>35,206</b>

### 17 Reconciliation of movements in shareholders' funds

	2001	2000
	£'000	£'000
Profit/(loss) attributable to shareholders for the period	3,533	(59)
Premium on issue of ordinary shares	-	35,206
Net addition to shareholders' funds	3,533	35,147
Opening shareholders' funds	35,147	-
Closing shareholders' funds	38,680	35,147

# Craegmoor Healthcare Company Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 18 Capital and other financial commitments

The company had no capital commitments at 31 December 2001 (2000: £Nil).

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2001	2000
	£'000	£'000
Operating leases which expire:		
In two to five years	47	41

### 19 Contingent liabilities

There is a fixed and floating charge over the undertaking and assets of the company in respect of a loan from Craegmoor Funding PLC to Parkcare Homes Limited under the Issuer/Borrowers Agreement dated 23 November 2000. Craegmoor Funding PLC and Parkcare Homes Limited are fellow subsidiaries of the company.

### 20 Immediate and ultimate parent undertaking

The directors regard Craegmoor Group Limited, a company registered in England and Wales, as the immediate parent company of Craegmoor Healthcare Company 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, "Hillcainie", St Andrew's Road, Droitwich, Worcester, WR9 8DJ.

At 31 December 2001, Legal & General Group Plc owned 62.85% of the issued share capital of Craegmoor Limited via an intermediate subsidiary and a limited partnership. Legal & General Group Plc has excluded Craegmoor Limited from consolidation in its 2001 report and accounts because the limited partnership agreement imposes severe long term restrictions over its ability to exercise control.

Subsequent to the period end Legal & General Group Plc's holding in the issued share capital of Craegmoor Limited has been reduced to 47.22%.