

Burnside Care Limited

Annual report and financial statements

for the 13 months ended 31 December 2010

Registered number 5628124



Burnside Care Limited

Annual report and financial statements for the 13 months ended 31 December 2010

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Burnside Care Limited

Directors and advisors

Executive Directors

Ted Smith
Christine Cameron
David Manson
Julian Ball

Company Secretary

Scott Morrison
Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors

Pinsent Masons
3 Colmore Circus
Birmingham
B4 6BH

DLA Piper (UK) Solicitors LLP
3 Noble Street
London
EC2V 7EE

Registered Office

Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Allied Irish Banks Plc
St Helen's
1 Undershaft
London
EC3A 8AB

Burnside Care Limited

Directors' report for the 13 months ended 31 December 2010

The Directors present their annual report and the audited financial statements for the 13 months ended 31 December 2010

Principal activities

The principal activity of the Company is that of provision of a care home

Review of business and future developments

On 10 August 2010 the Company's entire share capital was acquired by Craegmoor Hospitals Limited, whose ultimate parent company is Craegmoor Group Limited. In line with Group policy, the accounting reference date was changed from 30 November to 31 December

Results and dividends

The profit and loss account shows a profit after tax for the 13 months to 31 December 2010 of £362,000 (year ended 30 November 2009 £329,000). The Directors do not recommend the payment of a dividend for the 13 months ended 31 December 2010 (year ended 30 November 2009 £Nil)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Craegmoor Group Limited, and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Directors' report of Craegmoor Group Limited for the year ended 31 December 2010

Key Performance Indicators ("KPIs")

The Directors of Craegmoor Group Limited manage the Group's operations on a group-wide basis. For this reason, the Directors of the Company believe that analysis using separate key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Craegmoor Group Limited group, which includes the Company, is discussed in the Directors' report of Craegmoor Group Limited the year ended 31 December 2010

Directors

The following Directors have held office for the whole period and up to the date of signing the financial statements unless otherwise stated

Ted Smith	(appointed 10 August 2010)
Christine Cameron	(appointed 10 August 2010)
David Manson	(appointed 10 August 2010)
Julian Ball	(appointed 10 August 2010)
Julian Spurling	(appointed 10 August 2010, resigned 25 October 2010)
Colm Sherburn	(resigned 10 August 2010)
Sally Musson	(resigned 10 August 2010)

Financial instruments

The Company's financial instruments primarily comprise debtors and creditors with other group companies arising directly from its operations. No trading in financial instruments has been undertaken

There are no significant risks arising directly from the Company's financial instruments. However, the Company is reliant on the ongoing support of the Group, which has long term financing and overdraft facilities in place. The board of Craegmoor Group Limited, the ultimate UK parent undertaking, has reviewed and agreed the policies for managing the risks related to these facilities as set out below

Liquidity risk

The Group has secured long term financing and revolving credit facilities with financial institutions, which have high credit ratings that are designed to ensure the Group has sufficient available funds for operations. The majority of the £244,742,000 (2009 £215,938,000) debt held by the Group, in the form of loan notes and bank loans (but excluding preference shares and finance leases), is repayable in 2016 to 2018

Burnside Care Limited

Directors' report for the 13 months ended 31 December 2010 (continued)

Financial instruments (continued)

Interest rate and cash flow risk

The Group has entered into interest rate swaps to ensure certainty over future interest cash flows. As a consequence, 90% (2009: 100%) of the Group's borrowings are at fixed rates of interest.

Credit risk

A fellow subsidiary company, Craegmoor Facilities Company Limited, bears the credit risk for the Company.

Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The Company appointed PricewaterhouseCoopers LLP as its auditor on 10 August 2010.

The Company has elected, in accordance with section 487 of the Companies Act 2006, to dispense with the obligation to appoint auditors annually.

By order of the Board



David Manson
Director
1 April 2011

Independent auditors' report to the members of Burnside Care Limited

We have audited the financial statements of Burnside Care Limited for the 13 months ended 31 December 2010 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and to express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the 13 months then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

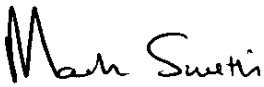
In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Burnside Care Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mark L Smith (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
1 April 2011

Burnside Care Limited

Profit and loss account for the 13 months ended 31 December 2010

		13 months ended 31 December 2010 £'000	Unaudited Year ended 30 November 2009 £'000
Turnover		1,743	1,432
Cost of sales		(485)	(375)
Gross profit		1,258	1,057
Administrative expenses		(414)	(473)
Operating profit	4	844	584
Net interest payable	5	(446)	(164)
Profit on ordinary activities before taxation		398	420
Tax on profit on ordinary activities	6	(36)	(91)
Profit for the financial period	13	362	329

All activities relate to continuing operations

The Company has no recognised gains or losses other than those shown above and therefore no separate statement of recognised gains and losses has been prepared


There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents

Burnside Care Limited

Balance sheet as at 31 December 2010

		31 December 2010	Unaudited 30 November 2009
	Note	£'000	£'000
Fixed assets			
Tangible assets	7	1,854	1,931
Current assets			
Debtors	8	-	12
Cash at bank and in hand		-	343
		-	355
Creditors amounts falling due within one year	9	(1,256)	(151)
Net current (liabilities) / assets		(1,256)	204
Total assets less current liabilities		598	2,135
Creditors: amounts falling due after more than one year	10	-	(1,921)
Provisions for liabilities and charges	11	(70)	(48)
Net assets		528	166
Capital and reserves			
Called up share capital	12	-	-
Profit and loss reserve	13	528	166
Total shareholders' funds	14	528	166

The financial statements on pages 6 to 17 were approved by the Board of Directors on 1 April 2011 and signed on its behalf by


David Manson
Director
Company registered number 5628124

Burnside Care Limited

Notes to the financial statements for the 13 months ended 31 December 2010

1 Principal accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, is set out below.

Turnover

Turnover represents amounts invoiced and accrued for care services provided during the period in the UK, net of credit notes and excluding Value Added Tax. Where services are invoiced in advance the related income is deferred to match the period in which the service is provided. The Directors consider that the Company's turnover all derives from one class of business.

Tangible assets

The cost of tangible assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use.

Freehold land is not depreciated. Depreciation on tangible assets, other than land, is calculated to write off their cost, less estimated residual values, by equal annual instalments on the following bases:

Freehold buildings	- over 50 years
Building improvements	- over 10 years
Equipment	- over 7 years
Furniture and fittings	- over 3, 5 or 10 years
Computer equipment	- over 3 or 5 years
Motor vehicles	- over 4 years

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 weighted cost of capital determined from time to time based on the capital structure of the group. Realisable value is determined by independent, professional valuers on an existing use, open market value basis.

Provisions for impairment in the carrying value of land and buildings are charged against revaluation reserves in the balance sheet to the extent that they relate to a reversal of prior increases. Impairments to below historical cost are charged to the profit and loss account. Reversals of previous impairments are credited to the profit and loss account to the extent that they return the asset carrying value to its depreciated historical cost, with any amount over and above that being credited to the revaluation reserve.

Corporation tax

UK Corporation Tax is provided at amounts expecting to be paid (or recovered) using the tax rates and bases that have been enacted, or substantially enacted by the balance sheet date. Corporation tax payable may be reduced wholly or in part by the surrender of losses by fellow group companies. Payments made, if any, to surrendering companies for losses are reflected in the tax charge.

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 the future, or a right to pay less taxation in the future. An asset is only recognised to the extent that the transfer of economic benefits in the future is deemed to be more likely than not. Deferred tax assets and liabilities recognised are not discounted.

Cash flow statement

The Company is a wholly owned subsidiary of Craegmoor Group 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 FRS 1 (Revised) from publishing a cash flow statement.

Burnside Care Limited

Notes to the financial statements

for the 13 months ended 31 December 2010 (continued)

2 Directors' emoluments

In the period following the Company's acquisition by Craegmoor Hospitals Limited, the emoluments of the Directors were paid by Craegmoor Facilities Company Limited, a fellow subsidiary of Craegmoor Group Limited. The Directors were also directors of a number of other fellow subsidiaries during the period and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the emoluments of the Directors are disclosed within the accounts of Craegmoor Facilities Company Limited.

The emoluments paid by the Company to its Directors prior to its acquisition by Craegmoor Hospitals Limited are summarised below:

	13 months ended 31 December 2010 £'000	Unaudited Year ended 30 November 2009 £'000
Aggregate emoluments	54	110

The number of Directors who received company pension contributions to personal pension schemes in the period was none (2009: 0).

Highest paid Director:

	13 months ended 31 December 2010 £'000	Unaudited Year ended 30 November 2009 £'000
Aggregate emoluments	27	55

Burnside Care Limited

Notes to the financial statements for the 13 months ended 31 December 2010 (continued)

3 Employee information

The below disclosures are in respect of employees that carried out work in connection with the Company's operations during the period. However, these persons are employed by a fellow subsidiary company. The average monthly number of persons (including Executive Directors) during the period was

	13 months ended 31 December 2010	Unaudited Year ended 30 November 2009
Analysis by function	Number	Number
Nursing	23	20
Administration	2	2
	25	22
Staff costs (for the above persons)	£'000	£'000
Nursing	416	343
Administration	47	33
Staff costs	463	377

4 Operating profit

	13 months ended 31 December 2010	Unaudited Year ended 30 November 2009
	£'000	£'000
Operating profit is stated after charging:		
Depreciation	50	64
Depreciation on assets held under hire purchase agreements	1	1
Management charges from fellow subsidiaries	178	-
Loss on disposal of fixed assets	1	-

The audit fee for the Company for the 13 months ended 31 December 2010 of £4,000 (year ended 30 November 2009 £Nil) is borne by a fellow subsidiary company and included within the management charge.

The management charges from fellow subsidiary undertakings, Craegmoor Facilities Company Limited and Craegmoor Healthcare Company Limited, relate to an allocation of operating costs incurred on behalf of the Company and its fellow subsidiaries.

Burnside Care Limited

Notes to the financial statements

for the 13 months ended 31 December 2010 (continued)

5 Interest payable

	13 months ended 31 December 2010	Unaudited Year ended 30 November 2009
	£'000	£'000
Bank interest	106	164
Other finance charges	340	-
	446	164

6 Tax on profit on ordinary activities

	13 months ended 31 December 2010	Unaudited Year ended 30 November 2009
	£'000	£'000
Current period current taxation charge	14	8
Current period deferred taxation charge	22	83
Total taxation charge	36	91

During the period it was announced and substantively enacted that the UK corporation tax rate would reduce from 28% to 27% effective from 1 April 2011, the resulting deferred tax credit is £3,000 and is included in the current year amount shown above. Subsequent to the balance sheet date it was announced that the UK corporation tax rate would reduce to 26% from 1 April 2011 however this change in tax rate was not substantively enacted at the balance sheet date and is therefore not included within the current year movement above. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 23 per cent by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of the future proposed reductions in tax rate would not result in a material adjustment to the financial statements.

Burnside Care Limited

Notes to the financial statements for the 13 months ended 31 December 2010 (continued)

6 Tax on profit on ordinary activities (continued)

The tax assessed for the period differs from the standard effective rate of corporation tax in the UK for the period ended 31 December 2010 of 28% (year ended 30 November 2009 21%) The differences are explained below

	13 months ended 31 December 2010	Unaudited Year ended 30 November 2009
	£'000	£'000
Profit on ordinary activities before taxation	398	420
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 21%)	111	88
Effects of		
Expenses not deductible for tax purposes	3	-
Depreciation for the period/year in excess of / (less than) capital allowances	1	(80)
Utilisation of tax losses brought forward	(97)	-
Change in tax rates	(4)	-
Current tax charge	14	8

Burnside Care Limited

Notes to the financial statements

for the 13 months ended 31 December 2010 (continued)

7 Tangible assets

	Freehold land and buildings	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 December 2009	1,929	68	55	2,052
Additions	3	11	-	14
Disposals	-	(1)	(49)	(50)
Transferred to fellow subsidiary	-	-	(6)	(6)
At 31 December 2010	1,932	78	-	2,010
Accumulated depreciation				
At 1 December 2009	77	29	15	121
Charge for the period	34	16	1	51
Disposals	-	-	(12)	(12)
Transferred to fellow subsidiary	-	-	(4)	(4)
At 31 December 2010	111	45	-	156
Net book value				
At 31 December 2010	1,821	33	-	1,854
At 30 November 2009	1,852	39	40	1,931

Finance leases

Included within the net book value of £1,854,000 is £nil (30 November 2009 £2,750) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £1,000 (year ended 30 November 2009 £1,000).

Burnside Care Limited

Notes to the financial statements

for the 13 months ended 31 December 2010 (continued)

8 Debtors

Amounts falling due within one year	31 December	Unaudited 30 November
	2010	2009
	£'000	£'000
Trade debtors	-	12

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

9 Creditors: amounts falling due within one year

	31 December	Unaudited 30 November
	2010	2009
	£'000	£'000
Trade creditors	-	17
Other taxation and social security	-	19
Corporation tax	14	8
Accruals and deferred income	-	105
Hire purchase agreements	-	2
Amounts owed to group undertakings	1,242	-
	1,256	151

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

The Directors of the Company have received confirmation from the ultimate parent company, Craegmoor Group Limited, that it will continue to provide support in order to allow the Company to meet its financial obligations for the foreseeable future as they fall due

Burnside Care Limited

Notes to the financial statements

for the 13 months ended 31 December 2010 (continued)

10 Creditors: amounts falling due after more than one year

	31 December 2010 £'000	Unaudited 30 November 2009 £'000
Bank loans and overdrafts (secured)	-	1,920
Hire purchase agreements	-	1
	-	1,921

Prior to its acquisition by Craegmoor Hospitals Limited, the Company had a term loan in place. In addition, there was a floating to fixed interest rate swap which hedged against the risk of interest rate movements. On 10 August 2010 at completion of its acquisition, both the term loan and the interest rate swap were settled. A fee of £340,000 was payable in respect of the redemption of the hedge, and this has been recognised with Other finance charges in note 5.

Finance leases are repayable as follows	31 December 2010 £'000	Unaudited 30 November 2009 £'000
In one year or less	-	-
Between two and five years	-	1
	-	1

11 Provisions for liabilities

	Deferred tax £'000
At 1 December 2009	(48)
Charged to the profit and loss account	(22)
At 31 December 2010	(70)

The amount provided for deferred taxation comprises

	31 December 2010 £'000	30 November 2009 £'000
Timing differences relating to accelerated capital allowances	70	48

Burnside Care Limited

Notes to the financial statements

for the 13 months ended 31 December 2010 (continued)

12 Called up share capital

	31 December 2010 £'000	Unaudited 30 November 2009 £'000
Authorised		
100 (30 November 2009 100) ordinary shares of £1 each	-	-
Issued and fully paid		
2 (30 November 2009 2) ordinary shares of £1 each	-	-

13 Profit and loss reserve

	£'000
At 1 December 2009	166
Profit for the financial period	362
At 31 December 2010	528

14 Reconciliation of movements in shareholders' funds

	13 months ended 31 December 2010 £'000	Unaudited Year ended 30 November 2009 £'000
Profit for the financial period	362	329
Net increase in shareholders' funds	362	329
Opening shareholders' funds / (deficit)	166	(163)
Closing shareholders' funds	528	166

15 Contingent liabilities

There is a fixed and floating charge over the assets of the Company and certain of its fellow subsidiaries in respect of an external loan undertaken by an intermediate parent undertaking. Amounts drawn down on the facility of £192,116,000 (2009 £Nil) amounted to £177,283,000 (30 November 2009 £Nil) inclusive of accrued interest, as at 31 December 2010.

Burnside Care Limited

Notes to the financial statements

for the 13 months ended 31 December 2010 (continued)

16 Financial commitments

At the period end the Company had annual commitments for plant and machinery under non-cancellable operating leases as follows

	31 December 2010	Unaudited 30 November 2009
	£'000	£'000
Expiring within one year	-	2
Expiring in more than one year but less than five years	-	9
	-	11

17 Post balance sheet events

The Directors do not consider there have been any material events since the period end requiring disclosure in accordance with FRS 21 "Events after the Balance Sheet Date"

18 Related party transactions

The Company has taken advantage of the exemption granted under paragraph 3c of the amendment to FRS 8 and not disclosed any transactions with other group companies where they are wholly owned by a common parent

Prior to 10 August 2010, the former Directors, provided personal guarantees of £300,000 each to the company's bankers as security for the company's borrowings

19 Immediate and ultimate parent companies

The Directors regard Craegmoor Hospitals Limited, a company registered in England and Wales, as the immediate parent company of Burnside Care Limited, and Craegmoor Group Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. The ultimate controlling party is Advent Miro (Cayman) Limited, a company registered in the Cayman Islands

Craegmoor Group Limited is the parent company of the largest and smallest group in which Burnside Care Limited is consolidated. Copies of Craegmoor Group Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW