

London Parkcare Limited

Annual report

for the year ended 31 December 2002

Registered number: 1825148



London Parkcare Limited

Annual report for the year ended 31 December 2002

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London Parkcare Limited

Directors and advisors for the year ended 31 December 2002

Executive directors

M A Stratford
C Artis
A Thomas (appointed 1 April 2003)

Secretary

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

Auditors

PricewaterhouseCoopers LLP
Temple Court
35 Bull Street
Birmingham B4 6JT

Solicitors

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

Registered office

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

Bankers

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



London Parkcare Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company continues to be the operation of nursing homes.

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 £332,000 (Restated 2001: £336,000). The directors have not paid any interim dividend in 2002 (2001: Interim dividend of £700,000 paid on 6 March 2001). No final dividend is proposed for the year ended 31 December 2002 (2001: £nil).

Directors and their interests

The directors who held office during the period are listed on page 1.

M A Stratford held no interest in the share capital of London Parkcare Limited during the year ended 31 December 2002. M A Stratford is a director of the ultimate parent company, Craegmoor Limited, and his share interests in that company are shown in the directors' report of Craegmoor Limited.

C Artis held no interest in the share capital of London Parkcare Limited during the year ended 31 December 2002. C Artis held 5,000 shares in the ultimate parent company, Craegmoor Limited, as at 31 December 2002 (no shares held at 1 January 2002).

Changes in fixed assets

Movements in tangible fixed assets during the year are set out in note 9 to the financial statements.

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 2002 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.

London Parkcare Limited

Directors' report for the year ended 31 December 2002 (continued)

Elective resolutions

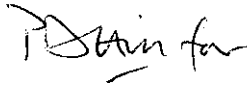
On 3 March 2003 the company elected, in accordance with sections 252 and 366A of the Companies Act UK 1985, to dispense with the need to lay accounts and reports before general meeting and to dispense with holding an annual general meeting.

Auditors

Following the conversion of our auditors, PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 3 March 2003 and the directors appointed its successors, PricewaterhouseCoopers LLP, as auditors.

On 3 March 2003 the company 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



BLG (Professional Services) Limited
Company Secretary
27 October 2003

Independent auditors' report to the members of London Parkcare 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
27 October 2003

London Parkcare Limited

Profit and loss account for the year ended 31 December 2002

	Note	2002 £'000	2001 As restated (note 1) £'000
Turnover	2	1,362	1,290
Cost of sales		(680)	(615)
Gross profit		682	675
Administrative expenses		(183)	(167)
Operating profit	6	499	508
Interest receivable	7	3	2
Profit on ordinary activities before taxation		502	510
Tax on profit on ordinary activities	8	(170)	(174)
Profit on ordinary activities after taxation		332	336
Dividends paid		-	(700)
Profit/(loss) transferred to/(from) reserves	16	332	(364)

All activities relate to continuing operations.

London Parkcare Limited

Statement of total recognised gains and losses for the year ended 31 December 2002

		2002	2001 As restated (note 1)
	Note	£'000	£'000
Profit for the financial year		332	336
Total recognised gains and losses for the year		332	336
Prior year adjustment	1 & 16	(84)	
Total gains and losses since last annual report		248	

Note of historical cost profit and losses for the year ended 31 December 2002

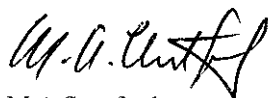
	2002	2001 As restated (note 1)
	£'000	£'000
Profit on ordinary activities before taxation	502	510
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	70	70
Historical cost profit on ordinary activities before taxation	572	580
Historical cost profit/(loss) for the year transferred from/(to) reserves after taxation and dividends	402	(294)

London Parkcare Limited

Balance sheet as at 31 December 2002

	Note	2002 £'000	2001 As restated (note 1) £'000
Fixed assets			
Tangible assets	9	3,758	3,855
Current assets			
Stock	10	2	2
Debtors	11	1,272	890
Cash at bank and in hand		-	4
		1,274	896
Creditors: amounts falling due within one year	12	(48)	(94)
Net current assets		1,226	802
Total assets less current liabilities		4,984	4,657
Creditors: amounts falling due after one year	13	(10)	(10)
Provisions for liabilities and charges	14	(104)	(109)
Net assets		4,870	4,538
Capital and reserves			
Called up share capital	15	-	-
Revaluation reserve	16	4,233	4,233
Profit and loss account	16	637	305
Total equity shareholders' funds	17	4,870	4,538

The financial statements on page 5 to 16 were approved by the board of directors on 27 October 2003 and signed on its behalf by:



M A Stratford
Director

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002

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. In accordance with the requirements of Financial Reporting Standard ("FRS") 18, "Accounting Policies" the directors have reviewed the accounting policies of the company to ensure that they remain the most appropriate to its particular circumstances. This review has not resulted in any changes to the accounting policies of the company. A summary of the more important accounting policies, which have been consistently applied and the impact of adopting a new accounting standard, is set out below:

Change in accounting policy

The company has adopted FRS 19, "Deferred Tax" in the financial statements. The adoption of this new standard represents a change in accounting policy and the comparative figures have been restated accordingly.

FRS 19 requires full provision to be made for deferred tax assets and liabilities arising from timing differences.

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 have not been discounted.

The effect of the change in accounting policy to adopt FRS 19 was to decrease tax on profit on ordinary activities by £5,000 (2001: £4,000 increase) and to increase profit for the financial year by £5,000 (2001: £4,000 decrease). The adjustments to opening reserves are shown in note 16.

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
Short term leasehold property	- over lease term
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.

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets (continued)

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

Stocks

Stocks are stated at the lower of cost and net realisable value.

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 group 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. 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 the year in the United Kingdom.

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.

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

4 Directors' emoluments

M A Stratford received no emoluments in respect of his services to the company for the year ended 31 December 2002 (2001: £nil). The emoluments of C Artis are paid by the intermediate parent company, Craegmoor Healthcare Company Limited. C Artis was also a director of a number of fellow subsidiaries during the year ended 31 December 2002 and it is not possible to make an accurate apportionment of her emoluments in respect of each of the subsidiaries. Accordingly, no emoluments have been included above for C Artis.

5 Employee information

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

	2002	2001
Nursing, ancillary and administrative	Number	Number
Full time	34	30
Part time	20	23
	54	53

	2002	2001
Staff costs (for the above persons)	£'000	£'000
Wages and salaries	547	499
Social security costs	40	36
	587	535

6 Operating profit

	2002	2001
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	109	90
Hire of plant and machinery	1	-
Auditors' remuneration - audit	5	4

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

7 Interest receivable

	2002	2001
	£'000	£'000
Bank interest receivable	3	2

8 Tax on profit on ordinary activities

	2002	2001 As restated (note 1)
	£'000	£'000
Current taxation		
UK Corporation tax at 30% (2001: 30%)	175	170
Deferred taxation		
Current year	(5)	4
Tax charge	170	174

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

	2002	2001 As restated (note 1)
	£'000	£'000
Profit on ordinary activities	502	510
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	151	153
Effects of:		
Expenses not deductible for tax purposes	19	21
Capital allowance for the year in excess of depreciation	5	(4)
Current tax charge	175	170

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief. The total amount unprovided for is £716,000 (2001: £716,000).

Deferred tax liabilities have not been discounted.

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

9 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 January 2002	3,911	249	4,160
Additions	-	12	12
At 31 December 2002	3,911	261	4,172
Accumulated depreciation			
At 1 January 2002	172	133	305
Charge for the year	71	38	109
At 31 December 2002	243	171	414
Net book value			
At 31 December 2002	3,668	90	3,758
At 31 December 2001	3,739	116	3,855
Cost or valuation at 31 December 2002 is represented by:	£'000	£'000	£'000
Valuation in 1999	3,911	-	3,911
Cost	-	261	261
At 31 December 2002	3,911	261	4,172

In accordance with the company's accounting policy, the land and buildings occupied by the company, were revalued during 1999, by independent external valuers, Matthews and Goodman, Chartered Surveyors and Valuers. This was on the basis of existing use value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The directors consider that there has been no material change in value since 31 December 1999 and therefore the valuation has not been amended.

If freehold land and buildings had not been re-valued they would have been included at the following amounts:

	2002	2001
	£'000	£'000
Cost	34	34
Aggregate depreciation based on cost	(3)	(2)
Net book amount based on cost	31	32

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

10 Stocks

	2002	2001
	£'000	£'000
Consumables	2	2

11 Debtors

	2002	2001
Amounts falling due within one year	£'000	£'000
Trade debtors	13	100
Amounts owed by group undertakings	1,170	684
Corporation tax recoverable	74	74
Other debtors	-	13
Prepayments and accrued income	15	19
	1,272	890

12 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Bank overdrafts repayable on demand	1	-
Trade creditors	13	20
Other creditors	3	-
Accruals and deferred income	31	74
	48	94

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

13 Creditors: amounts falling due after more than one year

	2002	2001
	£'000	£'000
Amounts owed to group companies	10	10

Included in amounts owed to group companies due after more than one year is £10,000 (2001: £10,000) loaned to the company by Craegmoor Funding PLC, a fellow subsidiary of Craegmoor Limited, under the Issuer/Borrowers Facility Agreement dated 23 November 2000.

14 Provisions for liabilities and charges

	£'000
	Deferred tax
At 1 January 2002 as previously reported	25
Prior year adjustment – FRS 19 (see note 1)	84
At 1 January 2002 as restated	109
Released in profit and loss account	(5)
At 31 December 2002	104

	2002	2001
	£'000	£'000
The amount provided for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	104	109

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

15 Called up share capital

	2002	2001
	£'000	£'000
Authorised		
5,000 ordinary shares of £1 each	5	5
Allotted, called up and fully paid		
100 ordinary shares of £1 each	-	-

16 Reserves

	Profit and loss account	Revaluation reserve
	£'000	£'000
At 1 January 2002 as previously reported	389	4,233
Prior year adjustment – FRS 19 (see note 1)	(84)	-
As at 1 January 2002 as restated	305	4,233
Profit for the financial year	332	-
At 31 December 2002	637	4,233

London Parkcare Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

17 Reconciliation of movement in shareholders' funds

	2002	2001 As restated (note 1)
	£'000	£'000
Profit for the financial year	332	336
Equity dividends paid	-	(700)
Net increase/(reduction) in shareholders' funds	332	(364)
Opening equity shareholders' funds as previously reported	4,622	4,982
Prior year adjustment – FRS 19 (see note 1)	(84)	(80)
Opening equity shareholders' funds as restated	4,538	4,902
Closing equity shareholders' funds	4,870	4,538

18 Capital commitments and contingent liabilities

There is a fixed and floating charge over the property, undertakings and assets of the company in respect of a loan from Craegmoor Funding PLC to the company and its fellow subsidiaries under the Issuer/Borrowers Facility Agreement dated 23 November 2000. Craegmoor Funding PLC is a fellow subsidiary of Craegmoor Limited.

Subsequent to the year end the Craegmoor Group completed a refinancing project. As a result, the previous charging and guarantee arrangements ceased and have been replaced with a new charge and guarantee in respect of a loan with Craegmoor Funding (No. 2) Limited.

19 Immediate and ultimate parent companies

The directors regard Craegmoor Holdings Limited, a company registered in England and Wales, as the immediate parent company of London Parkcare Limited and regard Craegmoor Limited, registered in England and Wales as the ultimate parent company in the United Kingdom of Craegmoor Holdings Limited. Copies of Craegmoor Limited's consolidated financial statements may now be obtained from its registered office, "Hillcairn", St. Andrew's Road, Droitwich, Worcestershire, WR9 8DJ.