

Registered number
1833385

Care UK Mental Health Partnerships Limited

Report and Accounts

30 September 2000



Care UK Mental Health Partnerships Limited
Report and accounts
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Care UK Mental Health Partnerships Limited

Directors' Report

The directors present their report and the accounts for the year ended 30 September 2000.

Principal activities and review of the business

The company's principal activity during the year was the provision of care for the severe and enduring mentally ill in a range of dependencies from step down medium secure units to 24 hour nurse care.

The accounts reflect trade commencing as of 1 October 1999. The company was dormant throughout the prior year.

Results and dividends

The profit for the year, after taxation, amounted to £439,000. The directors do not recommend the payment of a dividend for the period.

Directors

The directors who served during the year were as follows:

R S Clough	
J Bryant	
S Kenney	(appointed 24 November 1999)
P Cornford	(appointed 24 November 1999)
T Joy	(appointed 24 November 1999)
R Seed	(appointed 24 November 1999)

None of the directors who held office at the year end had any interest in the shares of the company.

The interests of Mr R S Clough, Mr J R S Bryant and Mr S Kenney in the shares of Care UK plc the ultimate holding company are shown in the financial statements of that company.

The interests of Mr T Joy in the shares of Care UK plc the ultimate holding company are shown in the financial statements of Care UK Community Partnerships Group Limited.

Political and charitable donations

During the year, the company made no political or charitable contributions (1999: £Nil).

Care UK Mental Health Partnerships Limited

Directors' Report

Employees

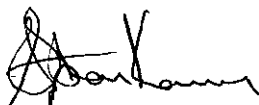
The vast majority of our employees are based at our nursing home locations and are involved in day to day caring for people. The company has established structures and procedures for consultation, communication and negotiation with its employees. Importance is placed on this aspect of the business and all managers have responsibility to this end.

The company where possible, gives equal opportunity and consideration to applications for employment from disabled persons. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is company policy that training, career development and promotion should be on the basis of aptitudes and abilities for all staff.

Auditors

A resolution to reappoint KPMG Audit Plc as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 28th JUNE 2001



S Kenney
Director

Care UK Mental Health Partnerships Limited
Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Care UK Mental Health Partnerships Limited
Auditors' Report

Report of the auditors
to the shareholders of Care UK Mental Health Partnerships Limited

We have audited the accounts on pages 5 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 with the company is not disclosed.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditors
6 Lower Brook Street
Ipswich
IP4 1AP

29 June 2001

**Profit and Loss Account
for the year ended 30 September 2000**

	Notes	2000 £000	1999 £000
Turnover	2		
Continuing Operations		2,130	-
Acquisitions		244	
Cost of sales		(1,876)	-
Gross profit		<u>498</u>	<u>-</u>
Administrative expenses		(56)	-
Operating profit	3	<u>356</u>	<u>-</u>
Continuing Operations		356	-
Acquisitions		86	-
Profit on ordinary activities before taxation		<u>442</u>	<u>-</u>
Tax on profit on ordinary activities	6	(3)	-
Profit for the financial year		<u>439</u>	<u>-</u>
Retained profit for the financial year	16	<u><u>439</u></u>	<u><u>-</u></u>

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years

Under Financial Reporting Standard No. 2 the company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985.

Care UK Mental Health Partnerships Limited
Balance Sheet
as at 30 September 2000

	Notes	2000 £000	1999 £000
Fixed assets			
Intangible assets	7	205	-
Tangible assets	8	3,506	-
Investments	9	<u>2,288</u>	<u>-</u>
		5,999	-
Current assets			
Stocks	10	7	-
Debtors	11	1,801	-
Cash at bank and in hand		<u>3</u>	<u>-</u>
		1,811	-
Creditors: amounts falling due within one year	12	(5,601)	-
Net current liabilities		<u>(3,790)</u>	<u>-</u>
Total assets less current liabilities		<u>2,209</u>	<u>-</u>
Creditors: amounts falling due after more than one year	13	(1,770)	-
		<u>439</u>	<u>-</u>
Capital and reserves			
Profit and loss account	16	439	-
Shareholders' funds:			
Equity		<u>439</u>	<u>-</u>
	17	<u>439</u>	<u>-</u>



R S Clough
Director

Approved by the board on 28/6/01

Care UK Mental Health Partnerships Limited
Notes to the Accounts
for the year ended 30 September 2000

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Under Financial Reporting Standard No. 1 (revised) the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Care UK plc and its cash flows are included within the consolidated cash flow statement of that company.

Under Financial Reporting Standard No. 2 the company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985.

The company is a wholly owned subsidiary of Care UK plc and has taken advantage of FRS 8 and has not disclosed transactions or balances with entities under common control.

Fixed assets and depreciation

Freehold land and buildings are carried in the financial statements at cost or professional valuation.

The cost of land and buildings includes finance and other costs incurred on bank loans to fund nursing homes in the course of construction; development costs associated with initiating and managing the construction of nursing homes; and expenditure specifically incurred in connection with the commissioning of new nursing homes. Capitalisation ceases on the date the home is brought into use.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold and long leasehold and nursing homes	Nil
Freehold buildings	2% on cost, less residual value of 30%
Fixtures and fittings	10% to 33%

Stocks

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

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

Leasing commitments

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

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Care UK Mental Health Partnerships Limited
Notes to the Accounts
for the year ended 30 September 2000

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company.

3 Operating profit	2000	1999
	£000	£000

This is stated after charging:

Depreciation of owned fixed assets	51	-
Amortisation of goodwill	5	-
Operating lease rentals - land buildings	43	-
	<u> </u>	<u> </u>

Auditors remuneration relating to audit services for the current year have been borne by the parent company, Care UK Plc.

4 Directors' emoluments	2000	1999
	£	£

Emoluments	<u>44,626</u>	<u>-</u>
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Highest paid director:

Emoluments	<u>38,626</u>	<u>-</u>
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Other directors' remuneration is disclosed in the accounts of Care UK Community Partnerships Group Limited and Care UK Plc as appropriate.

According to the register of directors' interest, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below:

P Cornford
No 2 Executive Scheme

Number of options during the year or date of appointment :

At start of year	-
Granted	20,000
Exercised	-
At end of year	20,000
Exercise price	222.5p
Date from which exercisable	Mar-03
Expiry date	Jan-07

The market value of the ordinary shares of Care UK Plc at 30 September 2000 was 249.0p per share and the price.

Care UK Mental Health Partnerships Limited
Notes to the Accounts
for the year ended 30 September 2000

The grant and exercise of any options by R S Clough, J R S Bryant and S Kenney are shown in the financial statements of Care UK Plc.

The grant and exercise of any options by T Joy are shown in the financial statements of Care UK Community Partnerships Group Limited.

5 Staff costs	2000	1999
	£000	£000
Wages and salaries	1,032	-
Social security costs	82	-
Other pension costs	1	-
	<u>1,115</u>	<u>-</u>

Average number of employees during the year	Number	Number
Care Staff	<u>108</u>	<u>-</u>

6 Taxation	2000	1999
	£000	£000
UK corporation tax at 30%	<u>3</u>	<u>-</u>

The tax charge is effected by the availability of capital allowances and group relief.

7 Intangible fixed assets	£000
Goodwill:	
Cost	
Additions	<u>210</u>
At 30 September 2000	<u>210</u>
Amortisation	
Provided during the year	<u>5</u>
At 30 September 2000	<u>5</u>
Net book value	
At 30 September 2000	<u>205</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years.

Care UK Mental Health Partnerships Limited
Notes to the Accounts
for the year ended 30 September 2000

Goodwill arose on the acquisition of an unincorporated business as detailed below:

Book and Fair Value	£000
Net assets acquired:	
Tangible Fixed Assets	690
Goodwill	210
	<u>900</u>
Satisfied by:	
Cash Consideration	<u>900</u>

8 Tangible fixed assets

	Freehold land and buildings £000	Fixtures and fittings £000	Total £000
Cost			
Additions	2,673	194	2,867
Acquisition of business	<u>553</u>	<u>137</u>	<u>690</u>
At 30 September 2000	<u>3,226</u>	<u>331</u>	<u>3,557</u>
Depreciation			
Charge for the year	<u>23</u>	<u>28</u>	<u>51</u>
At 30 September 2000	<u>23</u>	<u>28</u>	<u>51</u>
Net book value			
At 30 September 2000	<u>3,203</u>	<u>303</u>	<u>3,506</u>

Land and buildings include depreciable assets of £2,402,848 (1999: £Nil).

9 Investments

	Investments in subsidiary undertakings £000
Cost	
Additions	2,288
At 30 September 2000	<u>2,288</u>

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

Company	Country of registration or incorporation	Shares held Class	%
Arc Healthcare Limited	England and Wales	Ordinary	100

10 Stocks

	2000 £000	1999 £000
Raw materials and consumables	<u>7</u>	<u>-</u>

Care UK Mental Health Partnerships Limited
Notes to the Accounts
for the year ended 30 September 2000

11 Debtors	2000	1999
	£000	£000

Amounts owed by group undertakings and undertakings in which the company has a participating interest

1,772 -

Other debtors

25 -

Prepayments and accrued income

4 -

1,801 -

12 Creditors: amounts falling due within one year	2000	1999
	£000	£000

Amounts owed to group undertakings and undertakings in which the company has a participating interest

5,432 -

Corporation tax

3 -

Other creditors

1 -

Accruals and deferred income

165 -

5,601 -

13 Creditors: amounts falling due after one year	2000	1999
	£000	£000

Loan notes

1,770 -

The loan notes of £1,770,000 which carry interest at base lending rate are redeemable at par between 30 June 2004 and 30 June 2006. A holder may however give notice to redeem up to 20 per cent of a holding in every 12 month period.

14 Deferred taxation

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided	Potential	Provided	Potential
	2000	2000	1999	1999
	£000	£000	£000	£000
Capital allowances in advance of depreciation	-	85	-	-

15 Share capital	2000	1999
	£	£

Authorised:

Ordinary shares of £1 each

100 100

2000	1999	2000	1999
No	No	£000	£000

Allotted, called up and fully paid:

Ordinary shares of £1 each

100 100 100 100

Care UK Mental Health Partnerships Limited
Notes to the Accounts
for the year ended 30 September 2000

16 Profit and loss account	2000	1999
	£000	£000
Retained profit	439	-
At 30 September	<u>439</u>	<u>-</u>

17 Reconciliation of movement in shareholders' funds	2000	1999
	£000	£000
Profit for the financial year	439	-
At 30 September	<u>439</u>	<u>-</u>

18 Controlling party

The ultimate parent company is Care UK plc, which is registered in England and Wales. Copies of the group financial statements of Care UK plc which is registered in England and Wales are available from its registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 4YQ.

19 Post Balance Sheet Events

On the 31st March 2001, Care UK Mental Health Partnerships Limited paid £340,000 for the acquisition of an unincorporated business, a 24 bed home in the Wirral, for adults with adult mental health illness.