

Burleigh House Properties Limited

**Directors' report and financial
statements**

Registered number 2264927

31 December 2006

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Company information

Directors	Michael Parsons David Duncan Jon Hather Owen McGartoll
Secretary	Jon Hather
Auditors	KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LT
Bankers	Royal Bank of Scotland London Corporate Services 2½ Devonshire Square London EC2M 4XJ
Solicitors	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
Registered office	Suite 201 The Chambers Chelsea Harbour London SW10 0XF
Registered number	2264927

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is the construction and selling of care homes

Business review

During the year construction of a new care home was completed and the home was sold to a fellow subsidiary undertaking. Additionally there is ongoing construction relating to extensions to, and new units for, homes owned and operated by fellow subsidiary undertakings

Dividends

No dividends were paid during the year (2006 £nil)

Future prospects

The directors expect the general level of activity in the healthcare sector, and hence the demand for care homes, to increase

Directors

The directors who held office during the year were as follows

D Duncan
M Parsons
J Hather
O McGartoll (appointed 23 October 2006)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



J Hather
Director

Suite 201
The Chambers
Chelsea Harbour
London
SW10 0XF

29 June 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Independent auditors' report to the members of Burleigh House Properties Limited

We have audited the financial statements of Burleigh House Properties Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Burleigh House Properties Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

29 June 2007

Profit and loss account
for the year ended 31 December 2006

	<i>Note</i>	2006 £000	2005 £000
Turnover	<i>1</i>	-	80
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	80
Administrative expenses		-	(963)
		<hr/>	<hr/>
Operating loss		-	(883)
Profit on sale of fixed assets		176	1,467
		<hr/>	<hr/>
Profit on ordinary activities before interest and taxation		176	584
Interest payable and similar charges		-	(5)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	176	579
Tax on profit on ordinary activities	<i>4</i>	382	(394)
		<hr/>	<hr/>
Profit for the financial year	<i>10</i>	558	185
		<hr/>	<hr/>

There was no acquisitions or discontinued activities in either the current or preceding years

There is no difference between the results as stated above and the results on a historical cost basis

There were no recognised gains and losses other than those shown in the profit and loss account for the current and preceding financial years

Reconciliation of movements in equity shareholders' funds
for the year ended 31 December 2006

	2006 £000	2005 £000
Opening equity shareholder's funds	573	388
Profit for the financial year	558	185
	<hr/>	<hr/>
Closing equity shareholder's funds	1,131	573
	<hr/>	<hr/>

Balance sheet
at 31 December 2006

	<i>Notes</i>	2006 £000	2005 £000
Fixed assets			
Tangible assets	5	25	1,457
Current assets			
Debtors	6	6,864	6,903
Cash at bank and in hand		2	6
		<u>6,866</u>	<u>6,909</u>
Creditors, amounts falling due within one year	7	<u>(5,748)</u>	<u>(7,776)</u>
Net current assets/(liabilities)		<u>1,118</u>	<u>(867)</u>
Total assets less current liabilities		<u>1,143</u>	<u>590</u>
Provisions for liabilities	8	<u>(12)</u>	<u>(17)</u>
Net assets		<u>1,131</u>	<u>573</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	1,131	573
Equity shareholder's funds		<u>1,131</u>	<u>573</u>

These financial statements were approved by the board of directors on 29 June 2007 and were signed on its behalf by



D Duncan
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt from the requirement of FRS 1 (revised 1996) to prepare a cash flow statement as it is ultimately a wholly owned subsidiary undertaking of Barchester Healthcare Limited and its cash flows are included within the consolidated cash flow statement of that company

As the company is a wholly owned subsidiary of Barchester Healthcare Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Barchester Healthcare Limited, within which this company is included, can be obtained from the address given in note 13

Turnover

Turnover represents amounts receivable for the sale of care homes

Fixed assets and depreciation

During the year the useful economic lives of tangible fixed assets was revised and shortened to end on 31 December 2005 to reflect the remaining useful economic life

No depreciation is provided on freehold land or assets in the course of construction

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Notes (continued)

2 Profit on ordinary activities before taxation

	2006 £000	2005 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of owned tangible fixed assets	-	216
	<u> </u>	<u> </u>
<i>Auditors' remuneration</i>		
	2006 £000	2005 £000
Audit	4	4
	<u> </u>	<u> </u>

The remuneration of the auditors in the current and prior financial years was borne by another group company. The amount above is management's best estimate of the proportion relating to this company.

3 Remuneration of directors

The directors received no emoluments for services to the company during the year (2005 £nil). The directors received remuneration for services to Grove Limited of which Burleigh House Properties Limited is a subsidiary undertaking, however the proportion attributable to their services to Burleigh House Properties Limited is not separately identifiable.

4 Tax on profit on ordinary activities

	2006 £000	2005 £000
<i>UK Corporation tax</i>		
Current tax (credit)/charge on income for the period	(376)	22
	<u> </u>	<u> </u>
Prior year	(376)	377
<i>Deferred tax (see note 8)</i>		
Current year deferred tax	(48)	17
Prior year deferred tax	42	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	(382)	394
	<u> </u>	<u> </u>

Factors affecting the tax (credit)/charge for the current year

Notes (continued)

4 Tax on profit on ordinary activities (continued)

The current tax credit for the period is lower (2005 higher) than the standard rate of corporation tax in the UK 30%, (2005 30%). The differences are explained below

	2006 £000	2005 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	176	579
Current tax at 30% (2005 30%)	53	174
<i>Effects of</i>		
Non-qualifying depreciation	-	289
Capital allowances for the period in excess of depreciation	54	(17)
Other expenditure not deductible for taxation	(107)	(69)
Adjustment in respect of prior periods	(376)	-
Total current tax (credit)/charge (see above)	(376)	377

5 Tangible fixed assets

	Land and buildings £000	Assets in course of Construction £000	Total £000
<i>Cost</i>			
At beginning of the year	1,405	1,457	2,862
Additions	-	35	35
Disposals	(1,405)	(1,477)	(2,882)
Intercompany disposals	-	10	10
At end of the year	-	25	25
<i>Depreciation</i>			
At beginning of the year	1,405	-	1,405
On disposals	(1,405)	-	(1,405)
At end of the year	-	-	-
<i>Net book value</i>			
At 31 December 2006	-	25	25
At 31 December 2005	-	1,457	1,457

The gross book value of land and buildings includes £nil (2005 £1,405,546) of depreciable assets

Notes (continued)

6 Debtors

	2006 £000	2005 £000
Other debtors	11	9
Group relief recoverable	40	40
Amounts due from group undertakings	6,804	6,854
Prepayment and accrued income	9	-
	<u>6,864</u>	<u>6,903</u>

7 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Trade creditors	69	77
Corporation tax payable	-	377
Amounts owed to group undertakings	5,679	7,319
	<u>5,748</u>	<u>7,776</u>

8 Provision for liabilities

	Deferred taxation 2005 £
At 1 January 2006	17
Adjustment in respect of prior periods	42
Charge for current year	(47)
	<u>12</u>
At 31 December 2006	<u>12</u>

9 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
1,000 (2005 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
100 (2005 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Notes (continued)

10 Reserves

	Profit and loss account £000
At beginning of the year	573
Profit for the financial year	558
	<hr/>
At end of the year	1,131
	<hr/>

11 Related Party Disclosures

The company is controlled by Barchester Healthcare Limited, by which it is 100% owned. The Ultimate controlling party is Grove Limited which is the company's ultimate parent undertaking.

The company has taken advantage of the exemption conferred by FRS 8 and does not disclose transactions with its related parties.

12 Post balance sheet events

Since the year end, the operating trade and assets of the individual operating companies have been transferred to Barchester Healthcare Homes Limited, in order that the Barchester group can operate its nursing care trade out of one operating company.

This was part of the restructuring that commenced in 2006 to form an operating company/property company structure that allowed an increase in borrowing capacity and a return of funds to shareholders in 2006.

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent undertaking is Westminster Investments (UK).

The company's ultimate parent undertaking is Grove Limited, a company incorporated and registered in Jersey.

The smallest group in which the results of the company are consolidated is that headed by Barchester Healthcare Limited. The largest group in which the results of the company are consolidated is that headed by Grove Limited. The consolidated accounts of Barchester Healthcare Limited are available to the public and may be obtained from

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