

Specialised Courses Offering Purposeful  
Education Limited

Annual Report  
for the year ended 31 December 2007

Registered number 2485984

WEDNESDAY



A49 16/04/2008 187  
COMPANIES HOUSE

# **Specialised Courses Offering Purposeful Education Limited**

## **Annual report for the year ended 31 December 2007**

	<b>Page</b>
Directors and advisors	1
Directors' report for the year ended 31 December 2007	2
Independent auditors' report to the members of Specialised Courses Offering Purposeful Education Limited	5
Profit and loss account for the year ended 31 December 2007	6
Statement of total recognised gains and losses for the year ended 31 December 2007	7
Balance sheet as at 31 December 2007	8
Notes to the financial statements for the year ended 31 December 2007	9

# **Specialised Courses Offering Purposeful Education Limited**

## **Directors and advisors**

### **Executive Directors**

Ted Smith  
Charles Cameron  
Peter Cavanagh  
David Manson

### **Secretary**

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

### **Registered Auditors**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **Solicitors**

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

Pinsent Masons  
3 Colmore Circus  
Birmingham  
B4 6BH

### **Registered Office**

Craegmoor House  
Perdiswell Park  
Worcester  
WR3 7NW

### **Bankers**

Bank of Scotland  
155 Bishopsgate  
London  
EC2M 3YB

# **Specialised Courses Offering Purposeful Education Limited**

## **Directors' report for the year ended 31 December 2007**

The Directors present their report and the audited financial statements for the year ended 31 December 2007

### **Principal activities**

The principal activity of the Company continues to be care delivery

### **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

On 28 December 2007, as part of a reorganisation within the Craegmoor Limited Group, the Company's immediate parent company, Speciality Care (Medicare) Limited, was acquired by Strathmore College Limited

### **Results and dividends**

The profit and loss account shows a profit after tax for the year of £67,000 (2006 £81,000 loss) The Directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006 £Nil)

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Craegmoor Limited, its ultimate parent Company, and are not managed separately Accordingly, the principal risks and uncertainties of the Craegmoor Limited Group, which include those of the Company, are discussed in the Directors' Report of Craegmoor Limited which does not form part of this report

### **Key Performance Indicators ("KPIs")**

The Directors of Craegmoor Limited manage the Craegmoor Group's operations on a group-wide basis For this reason, the Directors of the Company believe that analysis using 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 Limited Group, which includes the Company, is discussed in the Directors' Report of Craegmoor Limited which does not form part of this report

### **Directors**

The following Directors have held office for the whole year unless otherwise stated

Ted Smith

Denise Keating

Resigned 28 September 2007

Charles Cameron

Peter Cavanagh

David Manson

Appointed 1 November 2007

### **Changes in fixed assets**

Movements in tangible fixed assets during the year are set out in note 8 to the financial statements

# **Specialised Courses Offering Purposeful Education Limited**

## **Directors' report for the year ended 31 December 2007 (continued)**

### **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 Craegmoor Group, which has long term financing and overdraft facilities in place. The board of Craegmoor Limited, the ultimate 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 overdraft facilities with financial institutions, which have high credit ratings that are designed to ensure the Group has sufficient available funds for operations. The £352,299,000 of debt, in the form of loan notes and bank loans (but excluding finance leases), is repayable between 1 and 6 years. Of the total outstanding debt, £232,900,000 is repayable on 17 March 2009.

### *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, 68% (2006: 95%) of the Group's borrowings are at fixed rates of interest. A further 28% (2006: nil) of the Group's borrowings are variable but benefit from an interest rate cap.

### *Credit risk*

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

### **Statement of Directors' responsibilities in respect of the Annual Report and the financial statements**

The Directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

# **Specialised Courses Offering Purposeful Education Limited**

## **Directors' report for the year ended 31 December 2007 (continued)**

### **Statement of disclosure of information to auditors**

Each of the persons who are Directors at the date that this report is approved confirm that

- so far as the Director is 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 in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

The Company has elected, in accordance with section 386 of the Companies Act 1985, to dispense with the obligation to appoint auditors annually.

By order of the Board



**Charles Cameron**  
Director  
14 April 2008

## **Independent auditors' report to the members of Specialised Courses Offering Purposeful Education Limited**

We have audited the financial statements of Specialised Courses Offering Purposeful Education Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 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**

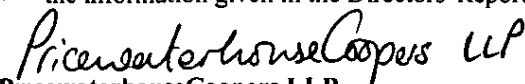
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 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.

  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Birmingham  
14 April 2008

## Specialised Courses Offering Purposeful Education Limited

### Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover		1,705	1,451
Administrative expenses		(1,638)	(1,538)
Operating profit / (loss)	5	67	(87)
Interest payable	6	-	(7)
Profit / (Loss) on ordinary activities before taxation		67	(94)
Tax on loss on ordinary activities	7	-	13
Profit / (Loss) for the financial year	12	67	(81)

All activities relate to continuing operations

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



## **Specialised Courses Offering Purposeful Education Limited**

### **Statement of total recognised gains and losses for the year ended 31 December 2007**

	Note	2007 £'000	2006 £'000
Profit / (Loss) for the financial year		67	(81)
Unrealised surplus on the revaluation of properties	8	1,600	-
<b>Total recognised gains / (losses) for the financial year</b>		<b>1,667</b>	<b>(81)</b>

# Specialised Courses Offering Purposeful Education Limited

## Balance sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Tangible assets	8	1,875	165
<b>Current assets</b>			
Debtors	9	680	737
		680	737
Creditors amounts falling due within one year	10	(617)	(631)
<b>Net current assets</b>		63	106
<b>Net assets</b>		1,938	271
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Revaluation reserve	12	1,600	-
Profit and loss account	12	336	269
<b>Total shareholders' funds</b>	13	1,938	271

The financial statements on pages 6 to 14 were approved by the Board of Directors on 14 April 2008 and signed on its behalf by



**Charles Cameron**  
Director

# **Specialised Courses Offering Purposeful Education Limited**

## **Notes to the financial statements for the year ended 31 December 2007**

### **1 Principal accounting policies**

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. 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.

#### **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 is 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.

#### **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. Subsequent to a revaluation, depreciation is based on revalued amounts. Depreciation on tangible fixed assets is calculated to write off their cost, less estimated residual values, by equal annual instalments on the following bases:

Short leasehold land and buildings	- over the lease term
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

During the year, a review was performed of the appropriateness of asset lives resulting in the revised bases shown above. The Directors are of the opinion the revised periods better reflect the useful economic lives of the individual assets in the various categories. This change in estimation techniques resulted in an increase to the depreciation charge for the year of £4,000.

#### **Operating leases**

Operating lease rentals are charged to the profit and loss account in equal annual instalments over the lease term.

#### **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.

# Specialised Courses Offering Purposeful Education Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 2 Directors' emoluments

The emoluments of the Directors were paid by Craegmoor Healthcare Company Limited, a fellow subsidiary of Craegmoor Limited. The Directors were also directors of a number of other fellow subsidiaries during the year ended 31 December 2007 and 31 December 2006 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 Healthcare Company Limited.

### 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 where they are more than 90% owned by a common parent.

### 4 Employee information

The average monthly number of persons (including Executive Directors) employed during the year was

	2007	2006
Analysis by function	Number	Number
Nursing	27	24
Ancillary	4	4
Administration	23	23
	54	51

Staff costs (for the above persons)	£'000	£'000
Management charge in lieu of staff costs	827	748

The above disclosures are in respect of employees that carried out work in connection with the Company's operations during the year. However, these persons are employed by a fellow subsidiary Company.

### 5 Operating profit / (loss)

	2007	2006
	£'000	£'000
Operating profit / (loss) is stated after charging:		
Depreciation of tangible fixed assets	28	30
Operating lease rentals – land and buildings	302	286
Management charges from fellow subsidiaries	1,308	1,222

The audit fee for the Company for the year ended 31 December 2007 of £2,000 (2006 £1,000) is borne by a fellow subsidiary company and included within the management charge.

The management charges from fellow subsidiary undertakings, Craegmoor Facilities Company Limited, Craegmoor Facilities Company No 2 Limited and Craegmoor Healthcare Company Limited, relate to an allocation of operating costs incurred on behalf of the Company and its fellow subsidiaries.

# Specialised Courses Offering Purposeful Education Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 6 Interest payable

	2007 £'000	2006 £'000
Interest payable on overdue taxation	-	7

### 7 Tax on loss on ordinary activities

	2007 £'000	2006 £'000
<b>Current taxation</b>		
Group relief and balancing payments at 30% (2006 30%)	-	(13)

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

	2007 £'000	2006 £'000
<b>Profit / (Loss) on ordinary activities</b>	<b>67</b>	<b>(94)</b>
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	20	(28)
<b>Effects of:</b>		
Expenditure not deductible for tax	3	3
Capital allowances for the year less than depreciation	5	5
Short term timing differences	2	-
Transfer pricing adjustments	3	7
Group relief received not paid for	(33)	-
<b>Current tax credit</b>	<b>-</b>	<b>(13)</b>

No provision has been made for deferred taxation on gains recognised on revaluing property to its market value. Such tax would only become payable if the property was sold without it being possible to claim rollover relief or utilise available losses. The total amount unprovided for at 28% is £448,000 (2006 £Nil at 30%). The UK Corporation Tax rate changed to 28% on 1 April 2008, had the rate remained the same, the total amount unprovided for at 31 December 2007 would have been £480,000. Deferred tax liabilities have not been discounted.

In accordance with the Craegmoor Group accounting policy a deferred tax asset has not been recognised due to the uncertainty over the recoverability of the following

	2007 £'000	2006 £'000
Accelerated capital allowances	13	16
Short term timing differences	8	-
	<b>21</b>	<b>16</b>

# Specialised Courses Offering Purposeful Education Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 8 Tangible fixed assets

	Short term leasehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>			
At 1 January 2007	38	266	304
Reclassifications (see below)	19	(19)	-
Additions	82	56	138
Revaluation (see below)	1,582	-	1,582
<b>At 31 December 2007</b>	<b>1,721</b>	<b>303</b>	<b>2,024</b>
<b>Accumulated depreciation</b>			
At 1 January 2007	11	128	139
Reclassifications (see below)	1	(1)	-
Charge for the year	6	22	28
Revaluation (see below)	(18)	-	(18)
<b>At 31 December 2007</b>	<b>-</b>	<b>149</b>	<b>149</b>
<b>Net book value</b>			
<b>At 31 December 2007</b>	<b>1,721</b>	<b>154</b>	<b>1,875</b>
At 31 December 2006	27	138	165

During the financial year the categorisation of fixed assets in prior years was reviewed. The above reclassifications were required so as to more appropriately disclose assets between the categories.

As described in the Directors' Report on page 2, the Company was indirectly acquired by Strathmore College Limited during the year and the Group followed FRS 7 "Fair Values in Acquisition Accounting" when recording the transaction. As part of the valuation exercise, the Company's land and buildings were valued by external valuers, Christie & Co, Chartered Surveyors and Valuers, and in accordance with FRS 15 "Tangible Fixed Assets" and the Company's accounting policy the material uplift in value identified as being £1,600,000 was included in the Company's financial statements, being credited to the revaluation reserve.

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

	2007 £'000	2006 £'000
Cost	139	38
Aggregate depreciation	(18)	(11)
<b>Net book value</b>	<b>121</b>	<b>27</b>

# Specialised Courses Offering Purposeful Education Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 9 Debtors

	2007	2006
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	680	737

Amounts owed by group undertakings are interest free and are payable on demand

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

	2007	2006
	£'000	£'000
Amounts owed to group undertakings	617	631

Amounts owed to group undertakings are interest free and are payable on demand

### 11 Called up share capital

	2007	2006
	£'000	£'000
<b>Authorised</b>		
50,000 (2006 50,000) Ordinary shares of £1 each	50	50
<b>Allotted, called up and fully paid</b>		
2,000 (2006 2,000) Ordinary shares of £1 each	2	2

### 12 Profit and loss account

	Profit and loss account	Revaluation reserve
	£'000	£'000
At 1 January 2007	269	-
Profit for the financial year	67	-
Unrealised surplus on the revaluation of properties (Note 8)	-	1,600
<b>At 31 December 2007</b>	<b>336</b>	<b>1,600</b>

# Specialised Courses Offering Purposeful Education Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 13 Reconciliation of movement in shareholders' funds

	2007	2006
	£'000	£'000
Profit / (Loss) for the financial year	67	(81)
Unrealised surplus on the revaluation of properties (Note 8)	1,600	-
Net increase / (reduction) to shareholders' funds	1,667	(81)
Opening equity shareholders' funds	271	352
Closing equity shareholders' funds	1,938	271

### 14 Post balance sheet events

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

### 15 Capital commitments

At 31 December 2007 the Company had instructed suppliers to carry out work on ongoing capital projects with a total value of £8,000 (2006 £Nil)

### 16 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 £245,000,000 amounted to £235,544,000, inclusive of accrued interest, as at 31 December 2007. The Company had no contingent liabilities as at 31 December 2006.

### 17 Financial commitments

At 31 December 2007 the Company had annual commitments for land and buildings under non-cancellable operating leases as follows

	2007	2006
	£'000	£'000
Operating leases which expire after more than five years	284	284

### 18 Immediate and ultimate parent companies

The Directors regard Speciality Care (Medicare) Limited, a Company registered in England and Wales, as the immediate parent Company of Specialised Courses Offering Purposeful Education Limited, and Craegmoor Limited, a Company registered in England and Wales, as the ultimate parent Company in the United Kingdom. Craegmoor Limited is the parent Company of the smallest and largest group in which Specialised Courses Offering Purposeful Education Limited is consolidated. Copies of the Craegmoor Limited's consolidated financial statements may be obtained at its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.