

Ferguson Care Limited

Annual report

for the year ended 31 December 2004

Registered number: 2582268



# **Ferguson Care Limited**

## **Annual report for the year ended 31 December 2004**

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# **Ferguson Care Limited**

## **Directors and advisors**

### **Executive directors**

M Preston

A E Smith (appointed on 19 April 2004)

### **Secretary**

BLG (Professional Services) Limited

Beaufort House

15 St. Botolph Street

London

EC3A 7NJ

### **Auditors**

PricewaterhouseCoopers LLP

Cornwall Court

19 Cornwall Street

Birmingham

B3 2DT

### **Solicitors**

Pinsent Masons

3 Colmore Circus

Birmingham

B4 6BH

### **Registered office**

Craegmoor House

Perdiswell Park

Worcester

WR3 7NW

### **Bankers**

Barclays Bank Plc

PO Box 544

54 Lombard Street

London

EC3V 9EX

# **Ferguson Care Limited**

## **Directors' report for the year ended 31 December 2004**

The directors present their report and the audited financial statements for the year ended 31 December 2004.

### **Principal activities**

The principal activity of the Company continues to be the operation of residential homes.

### **Review of business and future developments**

Both the level of business and the year end position were satisfactory despite an overall loss for the year. The directors expect that the company's performance will improve in the coming year.

On 31 December 2004 the Company's current assets, current liabilities and employees were transferred to Craegmoor Facilities Company Limited, a fellow group company, at no gain or loss.

### **Audit opinion qualification**

As described fully in note 1 to the financial statements, the accounting problems experienced by the Craegmoor Group during the year, and subsequently, have given rise to a qualification in the auditors' report concerning the keeping of proper books and records as required by the Companies Act 1985.

### **Results and dividends**

The profit and loss account shows a loss after tax for the year of £89,000 (2003: profit of £229,000). The directors do not recommend the payment of a dividend for the year ended 31 December 2004 (2003: £Nil).

### **Directors and their interests**

The directors who held office up to the date of this report are listed on page 1. In addition M A Stratford resigned on 20 May 2004 and C Artis resigned on 6 August 2004. P Sandiford was appointed on 20 July 2004 and resigned 8 February 2005.

M A Stratford was a director of the ultimate parent company in the United Kingdom, Craegmoor Limited, and his share interests are shown in the directors' report of that company. A E Smith is a director of the ultimate parent company in the United Kingdom, Craegmoor Limited, and his share interests are shown in the directors' report of that company.

C Artis held no interest in the share capital of Ferguson Care Limited during the year ended 31 December 2004. C Artis held 5,000 shares in the ultimate parent company, Craegmoor Limited as at 6 August 2004 (31 December 2003: 5,000).

No other director at 31 December 2004 or 31 December 2003 had any interests in the share capital of Ferguson Care Limited or Craegmoor Limited.

M Preston held 1,750 share options over the ordinary shares of Craegmoor Limited as at 31 December 2004 (31 December 2003: 1,750). C Artis held 2,500 share options over the ordinary shares of Craegmoor Limited as at 6 August 2004 (31 December 2003: 2,500). These options have an exercise price of £1 each and may be exercised on the sale of Craegmoor Limited by its current shareholders. No other directors of Ferguson Limited held any share options in Craegmoor Limited at 31 December 2004 or 31 December 2003.

### **Changes in fixed assets**

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

# Ferguson Care Limited

## Directors' report for the year ended 31 December 2004 (continued)

### 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 2004 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.

### Auditors

The company has 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



A E Smith  
Director  
10 February 2006

## **Independent auditors' report to the members of Ferguson Care Limited**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the note of historical cost profit and losses and the related notes.

### **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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **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.

### **Going concern**

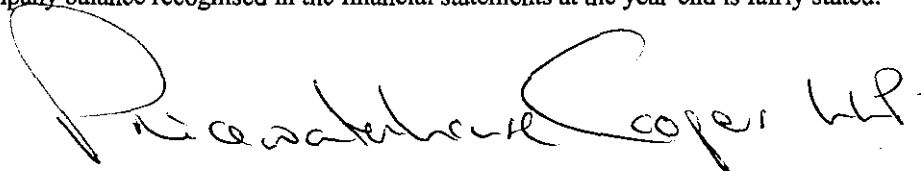
In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 to the financial statements (*Going Concern*) concerning the ongoing negotiations of the directors of the ultimate holding company, Craegmoor Limited, with lenders to the group for renewal of existing overdraft facilities, restructuring of loan facilities and renegotiation of lending obligations and covenants. The financial statements of the Company have been prepared on a going concern basis, the validity of which depends on the successful conclusion of these negotiations with the group's lenders. The financial statements do not include any adjustments that would result from a failure of the group to obtain this funding. Our opinion is not qualified in this respect.

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

### Qualified opinion arising on the keeping of proper accounting records

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

As set out in Note 1 (*Problems arising from closure of the Regional Accounting Centres*), the company encountered difficulties with the transfer of the accounting processes from the former regional accounting centres to a newly established Shared Service Centre which led to serious accounting issues. Consequently, the company did not maintain complete records relating to the allocation of sales transactions and cash receipts during the year. In this respect alone in our opinion proper accounting records, as required by Section 221 of the Companies Act 1985, have not been kept throughout the year. However, by virtue of the transfer of trade debtor balances to another group company before the year end we have satisfied ourselves that the resultant inter-company balance recognised in the financial statements at the year-end is fairly stated.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over the printed name of the firm.

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Birmingham  
10 February 2006

# Ferguson Care Limited

## Profit and loss account for the year ended 31 December 2004

		2004	2003
	Note	£'000	£'000
Turnover	2	3,177	3,533
Cost of sales		(1,927)	(1,988)
<b>Gross profit</b>		<b>1,250</b>	<b>1,545</b>
Administrative expenses		(974)	(721)
<b>Operating profit</b>	6	<b>276</b>	<b>824</b>
Interest payable	7	(283)	(105)
<b>(Loss) / Profit on ordinary activities before taxation</b>		<b>(7)</b>	<b>719</b>
Tax charge on (loss) / profit on ordinary activities	8	(82)	(490)
<b>(Loss) / Retained Profit for the financial year</b>	16	<b>(89)</b>	<b>229</b>

All activities relate to continuing operations.

There are no recognised gains and losses other than these shown above and therefore no separate statement of recognised gains and losses has been prepared.



## **Ferguson Care Limited**

### **Note of historical cost profit and losses for the year ended 31 December 2004**

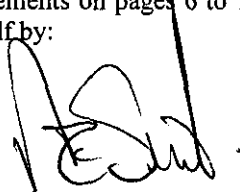
	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Reported (loss)/profit on ordinary activities before taxation	<b>(7)</b>	<b>719</b>
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	<b>63</b>	<b>63</b>
Historical cost profit on ordinary activities before taxation	<b>56</b>	<b>782</b>
Historical cost (loss)/profit for the year transferred to reserves	<b>(26)</b>	<b>292</b>

# Ferguson Care Limited

## Balance sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Tangible assets	9	6,238	6,366
<b>Current assets</b>			
Stock	10	-	8
Debtors	11	4,335	6,610
Cash at bank and in hand		-	4
		4,335	6,622
Creditors: amounts falling due within one year	12	(509)	(2,750)
<b>Net current assets</b>		3,826	3,872
<b>Total assets less current liabilities</b>		10,064	10,238
Creditors: amounts falling due after more than one year	13	(4,676)	(4,745)
Provisions for liabilities and charges	14	-	(16)
<b>Net assets</b>		5,388	5,477
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Revaluation reserve	16	3,886	3,886
Profit and loss account	16	1,502	1,591
<b>Total equity shareholders' funds</b>	17	5,388	5,477

The financial statements on pages 6 to 18 were approved by the board of directors on 10 February 2006 and signed on its behalf by:



**A E Smith**  
Director

# **Ferguson Care Limited**

## **Notes to the financial statements for the year ended 31 December 2004**

### **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. A summary of the more important accounting policies, which have been consistently applied, is set out below:

#### **Problems arising from closure of the Regional Accounting Centres**

In 2004, as part of a process of streamlining the financial operations of the Craegmoor group, the decision was taken to close 11 regional accounting centres, transfer the processes to a newly established Shared Service Centre in Worcester and at the same time migrate the accounting systems to a new computer software system. Difficulties were encountered with the transfer process that led to a number of serious accounting issues within the Shared Service Centre including, most significantly, difficulties in allocating cash received from debtors against their accounts, the lack of timely completion of key accounting reconciliations and some inaccuracies in the customer invoicing process resulting in the need to subsequently issue credit notes and make provision for doubtful debts. This led to delays for many months in determining the exact recoverability or otherwise of the trade debtor amounts as at 31 December 2004 and consequently to the production of the 2004 statutory accounts while investigations were completed.

For the consolidated accounts of Craegmoor Limited, the ultimate parent company, the directors have taken extensive actions to assess the full recoverability of trade debtors, and full provision has been made where amounts are determined not to be collectible. Nonetheless, some uncertainty does remain that will not be fully eliminated until the 2005 accounting reconciliations are themselves completed and provide evidence regarding the position presented. Any adjustments identified have been allocated, as appropriate, to the relevant subsidiary company.

On 31 December 2004, these adjusted trade debtor balances of the company were transferred at book value via inter-company account to a fellow subsidiary undertaking, Craegmoor Facilities Company Limited, as part of a group reorganisation. As such, the risk and rewards related to these trade debtor amounts have been transferred to that company. Any future adjustment to these amounts that may prove to be necessary will be borne by Craegmoor Facilities Company Limited.

Consequently, the report of the auditors makes reference to the failure of the company to maintain proper books and records in respect of sales ledger transactions and associated cash receipt allocations during the year, although, for the reason referred to above, the valuation of the year-end inter-company balance with Craegmoor Facilities Company Limited is not qualified.

#### **Going Concern**

By not delivering audited financial statements within 6 months of the year end, the ultimate parent company, Craegmoor Limited, and certain of its subsidiaries, including Ferguson Care Limited, have not complied with obligations relating to certain borrowings included in the group's consolidated financial statements. Under the terms of the relevant agreements, these failures potentially give rise to events of default which require remediation. The directors have kept the lenders and, where relevant, the lenders' guarantor fully informed of the group's financial position and the progress on resolving the accounting difficulties described above. As a result, the directors are currently in advanced, constructive discussions with lenders to the group and their guarantor for a continuation of current facilities and agreement of revised lending covenants and obligations. The financial statements have been prepared on the going concern basis which assumes that Craegmoor Limited and its subsidiaries will successfully conclude these discussions and thus continue to operate normally for the foreseeable future.

Whilst the directors are confident that facilities will be renewed, and the covenants and obligations renegotiated, and believe that it is therefore appropriate for the financial statements to be prepared on the going concern basis, a conclusion to these negotiations has not been reached as the date of approval of this report.

# Ferguson Care Limited

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 1 Principal accounting policies (continued)

#### 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. Freehold land and buildings are revalued by independent, professionally qualified valuers on a five year rolling basis, the first such valuation being five years after acquisition. These valuations are carried out on an existing use, open market value basis, and in the intervening years are updated by the directors with the assistance of independent professional advice as required.

Increases in the revalued amounts of land and buildings are credited to revaluation reserves.

Freehold land is not depreciated. Subsequent to a revaluation depreciation on freehold properties is based on revalued amounts. Depreciation on other tangible fixed assets 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 20 years
Equipment	- over 7 years
Furniture and fittings	- over 3, 5 or 10 years
Motor vehicles	- over 4 years
Computer equipment	- over 4 years

During the year, a review was performed of the appropriateness of asset lives resulting in the revised lives shown above. The effect of this change on the depreciation charge for the year was not deemed to be material to the financial statements.

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 of 8.5% (2003: 8.5%). 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.

#### 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 future, or a right to pay less taxation in 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.

#### Operating leases

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

#### Pension costs

The Company does not operate a pension scheme but provides access to a stakeholder plan. Pension costs represent amounts paid to employees' private pension schemes.

# **Ferguson Care Limited**

## **Notes to the financial statements for the year ended 31 December 2004 (continued)**

### **1 Principal accounting policies (continued)**

#### **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 care services provided in 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 where they are more than 90% owned by a common parent.

### **4 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 2004 and 31 December 2003 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.

# Ferguson Care Limited

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 5 Employee information

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

	2004	2003
Analysis by function	Number	Number
Nursing	144	144
Ancillary	11	11
Administrative	16	16
	171	171

Comparative figures have been reanalysed to show employees by function as the directors consider this gives a more meaningful disclosure. The numbers disclosed include both full time and part time staff.

	2004	2003
Staff costs (for the above persons)	£'000	£'000
Wages and salaries	1,489	1,474
Social security costs	112	110
	1,601	1,584

### 6 Operating profit

	2004	2003
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	221	199
Hire of plant and machinery	2	1
Auditors' remuneration:		
Audit	5	10
Non-audit	-	1

# Ferguson Care Limited

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 7 Interest payable

	2004	2003
	£'000	£'000
Interest on amounts owed to group undertakings	283	105

### 8 Tax on profit on ordinary activities

	2004	2003
	£'000	£'000
<b>Current taxation</b>		
UK corporation tax at 30% (2003: 30%)	15	247
Adjustment in respect of previous periods	94	241
<b>Total current taxation</b>	<b>109</b>	<b>488</b>
<b>Deferred taxation</b>		
Current year -- origination and reversal of timing differences	1	3
Adjustment in respect of previous periods	(28)	(1)
<b>Total deferred taxation</b>	<b>(27)</b>	<b>2</b>
<b>Tax charge</b>	<b>82</b>	<b>490</b>

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

	2004	2003
	£'000	£'000
<b>(Loss) / Profit on ordinary activities</b>	<b>(7)</b>	<b>719</b>
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(2)	216
Effects of:		
Expenses not deductible for tax purposes	33	34
Capital allowances for the year in excess of depreciation	(1)	(3)
Transfer Pricing Adjustments	(15)	-
Adjustments to tax charge in respect of previous periods	94	241
<b>Current tax charge</b>	<b>109</b>	<b>488</b>

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 £1,160,000 (2003: £1,160,000).

# Ferguson Care Limited

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 9 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 January 2004	6,250	702	95	7,047
Additions	-	88	-	88
Acquired from other group companies	-	5	-	5
<b>At 31 December 2004</b>	<b>6,250</b>	<b>795</b>	<b>95</b>	<b>7,140</b>
<b>Accumulated depreciation</b>				
At 1 January 2004	226	360	95	681
Charge for the year	112	109	-	221
<b>At 31 December 2004</b>	<b>338</b>	<b>469</b>	<b>95</b>	<b>902</b>
<b>Net book value</b>				
<b>At 31 December 2004</b>	<b>5,912</b>	<b>326</b>	<b>-</b>	<b>6,238</b>
At 31 December 2003	6,024	342	-	6,366

In accordance with the Company's accounting policy, the land and buildings occupied by the Company, which were acquired during 1996, were revalued by independent external valuers, Matthews and Goodman, Chartered Surveyors and Valuers, as at 31 December 2001. This was on the basis of existing use value in accordance with procedures approved by Royal Institution of Chartered Surveyors.

The directors consider that there has been no material change in value since 31 December 2001 and therefore the valuation has not been amended.

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

	2004	2003
	£'000	£'000
Cost	2,746	2,746
Aggregate depreciation based on cost	(395)	(346)
<b>Net book value based on cost</b>	<b>2,351</b>	<b>2,400</b>



# Ferguson Care Limited

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 10 Stocks

	2004	2003
	£'000	£'000
Consumables	-	8

### 11 Debtors

	2004	2003
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	-	129
Amounts owed by group undertakings	4,304	6,345
Corporation tax recoverable	20	37
Other debtors	-	63
Prepayments and accrued income	-	36
	<b>4,324</b>	<b>6,610</b>
<b>Amounts falling due after more than one year</b>		
Deferred taxation	11	-
	<b>4,335</b>	<b>6,610</b>

The deferred taxation asset comprises timing differences related to accelerated capital allowances.

As at 31 December 2004 current assets were transferred to Craegmoor Facilities Company Limited, a Craegmoor group company, at no gain or loss. These balances are included in amounts owed by group undertakings. They are interest free and are payable on demand.

## **Ferguson Care Limited**

### **Notes to the financial statements for the year ended 31 December 2004 (continued)**

#### **12 Creditors: amounts falling due within one year**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Bank overdrafts repayable on demand	-	5
Trade creditors	-	66
Amounts owed to group undertakings	<b>509</b>	2,550
Other creditors	-	18
Accruals and deferred income	-	111
	<b>509</b>	<b>2,750</b>

As at 31 December 2004 current liabilities were transferred to Craegmoor Facilities Company Limited, a Craegmoor group company, at no gain or loss. These balances are included in amounts owed by group undertakings. They are interest free and are payable on demand.

#### **13 Creditors: amounts falling due after more than one year**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<b>4,676</b>	4,745

Amounts owed to group undertakings include a loan payable to Craegmoor Funding (No.2) Limited under the Issuer/Borrower Facility Agreement dated 13 August 2003. The amount of interest paid each year is equal to the total debt service cost incurred by Craegmoor Funding (No.2) Limited in relation to this loan. Craegmoor Funding (No.2) Limited is a fellow subsidiary of Craegmoor Limited. There are no defined repayment terms but the immediate parent has confirmed to the directors of the Company that it will not seek any repayments of this loan within 12 months after the year-end.

# Ferguson Care Limited

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 14 Provisions for liabilities and charges

	Deferred tax	
	£'000	
At 1 January 2004	16	
Charged in the profit and loss account	(16)	
At 31 December 2004	-	
	2004	2003
	£'000	£'000
The amount provided for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	-	16

### 15 Called up share capital

	2004	2003
	£'000	£'000
Authorised		
1,000 (2003: 1000) ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
100 (2003: 100) ordinary shares of £1 each	-	-

### 16 Reserves

	Profit and loss account	Revaluation reserve
	£'000	£'000
At 1 January 2004	1,591	3,886
Loss for the financial year	(89)	-
At 31 December 2004	1,502	3,886

# Ferguson Care Limited

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 17 Reconciliation of movement in shareholders' funds

	2004	2003
	£'000	£'000
(Loss)/Profit for the financial year	(89)	229
Net increase in shareholders' funds	(89)	229
Opening equity shareholders' funds	5,477	5,248
Closing equity shareholders' funds	5,388	5,477

### 18 Contingent liabilities

There is a charge over the assets of the Company and a cross guarantee in respect of the external loan undertaken by Craegmoor Funding (No. 2) Limited amounting to £3,848,000 (2003: £3,914,000).

### 19 Capital commitments

As at 31 December 2004 the Company had no capital commitments (2003: £Nil).

### 20 Immediate and ultimate parent companies

The directors regard Craegmoor Holdings Limited, a company registered in England and Wales, as the immediate parent company of Ferguson Care Limited, and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. The parent companies of the largest and smallest groups in which Ferguson Care Limited is consolidated are Craegmoor Limited and Craegmoor Investments Limited respectively. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.