

Ferguson Care Limited

Annual report

for the year ended 31 December 1999

Registered Number 2582268



Ferguson Care Limited

Annual report for the year ended 31 December 1999

Contents

	Page
Directors and Advisors	1
Directors' report	2
Auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Note of historical cost profit and losses	7
Balance sheet	8
Notes to the financial statements	9

Ferguson Care Limited

Directors and Advisors for the year ended 31 December 1999

Executive Directors

J B McAllister (resigned 31 March 1999)

M A Stratford

G Blackoe (appointed 31 March 1999)

Non-executive Directors

E J McKinley (resigned 2 August 1999)

J S Young (resigned 2 August 1999)

Secretary

BLG (Professional Services) Limited

Beaufort House,

15 St. Botolph Street

London

EC3A 7NS

Auditors

PricewaterhouseCoopers

Temple Court

35 Bull Street

Birmingham

B4 6JT

Solicitors

Simon Bishop & Partners

"Hillcairn"

St. Andrew's Road

Droitwich

Worcestershire

WR9 8DJ

Registered Office

"Hillcairn"

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

Ferguson Care Limited

Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements for the year ended 31 December 1999.

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, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 1999 (1998: £nil). The profit for the year of £509,877 (1998: £368,054) will be transferred to reserves.

Directors and their interests

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

M A Stratford is a director of the parent company, Craegmoor Healthcare Company Limited, and his share interests are shown in the directors' report of that company. No other director at 31 December 1999 had any interests in the share capital of Ferguson Care Limited or Craegmoor Healthcare Company Limited.

Year 2000

Many computer systems express dates using only the last two digits to indicate the year. Such systems require testing and may require modification to ensure that they produce valid data in the year 2000 and beyond.

The company's principle computer applications software were year 2000 ready in 1999. Other programs that may have required testing and/or replacing were upgraded during the course of 1999.

The directors are aware that the risks related to the year 2000 issue are not only internal but that disruption may be caused by the failure of its customers and suppliers systems. There is therefore a risk associated with the failure of other parties to remedy their own year 2000 issues. No issues have arisen to date.

The company audited its systems including equipment which may have embedded computer chips during 1999, reporting to the group's executive committee which has ultimate responsibility for this exercise.

The total cost of upgrades and modifications to the company's systems and hardware was not material and since the company only uses packaged software there were no significant charges to the profit and loss account during 1999. Similarly, none are expected in 2000.

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

Introduction of the Euro

The company neither imports goods and services nor exports goods and services to the Euro zone.

The company has confirmed that the software upgrades are available for its packaged accounting system to cater for the Euro, which can be installed if confirmation of entry is announced.

New computer hardware purchased from 1 January 2000 will be validated to ensure that it is Euro compliant and that the appropriate currency symbol is available.

Upon announcement that the country is to enter the Euro system, the company will form an appropriate project team to deal with this matter.

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. In preparing those financial statements, the directors are required to:

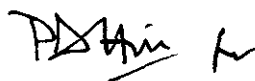
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare 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 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

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting

By order of the Board



BLG (Professional Services) Limited
Company Secretary
12 May 2000

Ferguson Care Limited

Auditors' report to the members of Ferguson Care Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 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.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
12 May 2000

Ferguson Care Limited

Profit and loss account for the year ended 31 December 1999

	Note	1999 £	1998 £
Turnover	2	2,584,764	2,262,093
Cost of sales		(1,347,768)	(1,259,451)
Gross profit		1,236,996	1,002,642
Administration expenses		(466,055)	(450,793)
Operating profit	7	770,941	551,849
Net interest	6	(3,064)	(775)
Profit on ordinary activities before taxation		767,877	551,074
Tax on profit on ordinary activities	8	(258,000)	(183,020)
Retained profit for the financial year	16	509,877	368,054

All activities relate to continuing operations.

Ferguson Care Limited

Statement of total recognised gains and losses

	1999	1998
For the year ended 31 December 1999	£	£
Profit attributable to shareholders for the financial year	509,877	368,054
Unrealised surplus on revaluation of properties	500,000	14,362
Total recognised gains for the year	1,009,877	382,416

Ferguson Care Limited

Note of historical cost profit and losses


	1999	1998
For the year ended 31 December 1999	£	£
Reported profit on ordinary activities before taxation	767,877	551,074
Difference between historical cost depreciation and actual depreciation charge for the year calculated on the revalued amount	22,566	21,204
Historical cost profit on ordinary activities before taxation	790,443	572,278
Historical cost profit for the year retained after taxation	532,443	389,258

Ferguson Care Limited

Balance sheet as at 31 December 1999

	Note	1999 £	1998 £
Fixed Assets			
Tangible assets	9	4,496,297	4,068,606
Current assets			
Stock	10	8,000	8,000
Debtors	11	1,612,024	1,243,447
Cash at bank and in hand		13,979	12,258
		1,634,003	1,263,705
Creditors: amounts falling due within one year	12	(311,772)	(523,664)
Net current assets		1,322,231	740,041
Total assets less current liabilities		5,818,528	4,808,647
Creditors : amounts falling due after more than one year	13	(932,886)	(932,883)
Net assets		4,885,642	3,875,764
Capital and reserves			
Called up share capital	15	100	100
Revaluation reserve	16	1,775,454	1,275,454
Profit and loss account	16	3,110,088	2,600,210
Total equity shareholders' funds		4,885,642	3,875,764

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



M A Stratford
Director
12 May 2000

Ferguson Care Limited

Notes to the financial statements for the year ended 31 December 1999

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting modified by the revaluation of certain fixed assets.

Fixed Assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Land and buildings are stated at valuations made by directors based on valuations made by independent professionally qualified valuers on an existing use open market value basis. Land and buildings are revalued by independent professionally qualified valuers every five years 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, or valuation, of tangible fixed assets less their estimated residual values, on the following bases:

Freehold Land	Nil
Freehold Buildings – straight line basis	2%
Motor Vehicles – straight line basis	25%
Furniture, fittings, tools and equipment – reducing balance method	15%

Provision is made for any impairment in the year in which it arises.

Stocks

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

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable a liability will crystallise.

Cash Flow Statement

The company is a wholly owned subsidiary of Craegmoor Healthcare Company Limited, and its cash flows are included in the consolidated group cash flow statement of the parent 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 consist entirely of fee income charged for the year in the United Kingdom.

Ferguson Care 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.

4. Directors' emoluments

Directors' emoluments for the year ended 31 December 1999 were £Nil (1998: £Nil).

5. Employee information

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

Nursing, ancillary and administrative	1999	1998
Full time	115	87
Part time	25	43
	140	130

Staff costs (for the above persons)	1999	1998
	£	£
Wages and salaries	1,126,276	1,061,905
Social security costs	72,947	69,130
	1,199,223	1,131,035

6. Net interest

	1999	1998
	£	£
Interest on corporation tax payments	(3,064)	(1,392)
Bank interest receivable and similar income	-	617
Net interest payable	(3,064)	(775)

Ferguson Care Limited

7. Operating profit

	1999	1998
	£	£
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Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	113,616	95,052
Hire of equipment	357	-
Auditors' fee – Audit	7,510	8,509
– Non audit services	1,100	-
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8. Tax on profit on ordinary activities

	1999	1998
	£	£
<hr/>		
Taxation on the profit for the year		
UK corporation tax at 30.25% (1998: 31%) – current	133,097	188,849
Group Relief	125,000	161,461
Prior year adjustment for under/(over) provision	(97)	(167,290)
	258,000	183,020
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Ferguson Care Limited

9. Tangible fixed assets

	Freehold Land and Buildings	Fixtures and Fittings	Motor Vehicles	TOTAL
	£	£	£	£
Cost or valuation				
At 1 January 1999	3,938,177	273,220	86,956	4,298,353
Additions	-	34,224	7,083	41,307
Revaluations (see below)	399,896	-	-	399,896
At 31 December 1999	4,338,073	307,444	94,039	4,739,556
Accumulated Depreciation				
At 1 January 1999	70,104	124,110	35,533	229,747
Charge for the year	72,000	27,168	14,448	113,616
Revaluation (see below)	(100,104)	-	-	(100,104)
At 31 December 1999	42,000	151,278	49,981	243,259
Net book value				
At 31 December 1999	4,296,073	156,166	44,058	4,496,297
At 31 December 1998	3,868,073	149,110	51,423	4,068,606

The carrying value of the land and buildings was reassessed by the directors during the year utilising independent professional advice. This resulted in the recognition of an increase in the carrying value of £500,000, which has been credited to the revaluation reserve.

Cost or valuation at 31 December 1999 is represented by:	£	£	£	£
Valuation in 1999	4,338,073	-	-	4,338,073
Cost	-	307,444	94,039	401,483
At 31 December 1999	4,338,073	307,444	94,039	4,739,556

Ferguson Care Limited

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

	1999	1998
Cost	2,746,323	2,746,323
Aggregate depreciation based on cost	(147,234)	(97,800)
Net book value based on cost	2,599,089	2,648,523

10. Stocks

	1999 £	1998 £
Consumables	8,000	8,000

11. Debtors

Amounts falling due within one year	1999 £	1998 £
Trade debtors	121,044	97,118
Amounts owed by group undertakings	1,479,908	1,138,809
Prepayments and accrued income	11,072	7,520
	1,612,024	1,243,447

12. Creditors – Amounts falling due within one year

	1999 £	1998 £
Trade creditors	23,763	18,307
Corporation tax	182,946	406,299
Other creditors	9,480	62,588
Taxation and social security	3,665	4,403
Accruals and deferred income	91,918	32,067
	311,772	523,664

Ferguson Care Limited

13. Creditors – Amounts falling due after more than one year

	1999	1998
	£	£
Amounts owed to immediate parent company	932,886	932,883

Amounts owed to the immediate parent company comprise an interest free loan. There are no defined repayment terms but the immediate parent company has confirmed to the auditors of the company that it will not seek any repayment of this loan within the next 12 months.

14. Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amount unprovided of the total potential liability are as follows:

	Amounts provided		Amounts unprovided	
	1999	1998	1999	1998
	£	£	£	£
Tax effect of timing differences because of:				
Excess capital allowances over depreciation	-	-	16,343	15,883
Revaluation surplus	-	-	528,000	377,419
	-	-	544,343	393,302

15. Called up share capital

	1999	1998
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

Ferguson Care Limited

16. Reserves

	Profit and loss account	Revaluation reserve
	£	£
At 1 January 1999	2,600,210	1,275,454
Surplus on property revaluations	-	500,000
Retained profit for the financial year	509,878	-
At 31 December 1999	3,110,088	1,775,454

17. Reconciliation of movement in shareholders' funds

	1999	1998
	£	£
Profit attributable to shareholders	509,877	368,054
Other recognised gains relating to the year	500,000	14,362
Net addition to shareholders' funds	1,009,877	382,416
Opening equity shareholders' funds	3,875,765	3,493,349
Closing equity shareholders' funds	4,885,642	3,875,765

18. Capital commitments

The company had no capital commitments at 31 December 1999 (1998: £Nil)

19. Contingent liabilities

There is a fixed and floating charge over the property, undertaking and assets of the company in respect of a loan from Craegmoor Finance PLC to Parkcare Homes Limited under the Parkcare/Issuer Loan Agreement dated 20 December 1997. Craegmoor Finance PLC and Parkcare Homes Limited are fellow subsidiaries of the company.

Ferguson Care Limited

20. Immediate and ultimate parent companies

The directors regard Craegmoor Healthcare Company Limited, a company registered in England and Wales, as the immediate parent company of Ferguson Care Limited. Copies of the immediate parent company's consolidated financial statements may now be obtained from, Craegmoor Healthcare Company Limited at it's registered office, "Hillcairn", St Andrew's Road, Droitwich, Hereford and Worcester WR9 8DJ.

The directors regard Warburg Pincus LP, a company partnership incorporated in the United States of America, as the ultimate parent company. Copies of the ultimate parent company's financial statements are not available to the public.