

La Pierre Care Homes Limited

Annual report

for the period ended 31 December 2001

Registered no: 02647567



La Pierre Care Homes Limited

Annual report for the period ended 31 December 2001

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La Pierre Care Homes Limited

Directors and advisors for the period ended 31 December 2001

Directors

G Sideras (resigned 9 March 2001)
R Sideras (resigned 9 March 2001)
M A Stratford (appointed 9 March 2001)
G H Blackoe (appointed 9 March 2001)

Secretary

R Sideras (resigned 9 March 2001)

BLG (Professional Services) Limited (appointed 9 March 2001)

Beaufort House
15 St. Botolph Street
London
EC3A 7NS

Auditors

PricewaterhouseCoopers
Temple Court
35 Bull Street
Birmingham
B4 6JT

Solicitors

Simon Bishop & Partners
"Hillcairnie"
St. Andrew's Road
Droitwich
Worcestershire
WR9 8DJ

Registered office

"Hillcairnie"
St. Andrew's Road
Droitwich
Worcestershire
WR9 8DJ

Bankers

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3V 9EX

La Pierre Care Homes Limited

Directors' report for the period ended 31 December 2001

The directors present their report and the audited financial statements for the period ended 31 December 2001.

Principal activities and review of business

The company is principally engaged in the provision of care for the disabled.

On 9 March 2001 the whole of the company's share capital was acquired by Craegmoor Group Limited. Immediately prior to acquisition the Company acquired two additional care homes which had been previously operated by New Challenge Care Services Limited.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The profit and loss account shows a profit for the period of £361,743. The directors do not recommend the payment of an ordinary dividend.

Directors and their interests

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

M A Stratford 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. No other directors at 31 December 2001 had any interests in the share capital of La Pierre Care Homes Limited or Craegmoor Limited.

La Pierre Care Homes Limited

Directors' report for the period ended 31 December 2001 (continued)

Statement of directors' responsibilities

At the end of each financial year the Directors are required by the Companies Act 1985 to prepare accounts which 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 the accounts for the year ended 31 December 2001, appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been consistently used and UK applicable accounting standards have been followed.

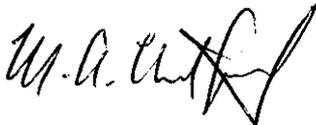
The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985. In addition, the Directors are responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Company are properly safeguarded and to ensure that reasonable steps are taken to prevent or detect fraud and other irregularities.

The auditors' responsibilities in relation to the accounts are set out in their report on page 4.

Auditors

A board resolution appointing PricewaterhouseCoopers LLP as auditors of the company until the annual general meeting was passed on 13 February 2003. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

By order of the Board



M A Stratford
Director
21 March 2003

La Pierre Care Homes Limited

Independent auditors' report to the members of La Pierre Care Homes Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
21 March 2003

La Pierre Care Homes Limited

Profit and loss account for the period ended 31 December 2001

	Note	42 weeks ended 31 December 2001 £	49 weeks ended 8 March 2001 £
Turnover	2	1,448,528	1,228,576
Cost of sales		(799,850)	(685,168)
Gross profit		648,678	543,408
Administrative expenses		(130,638)	(387,244)
Operating profit	6	518,040	156,164
Net interest (payable)/receivable	7	(154)	629
Profit on ordinary activities before taxation		517,886	156,793
Tax on profit on ordinary activities	8	(156,143)	(26,532)
Profit for the financial period	15	361,743	130,261

All activities relate to continuing operations.

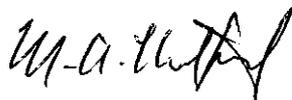
The Company has no recognised gains and losses other than the profits for the year shown above.

La Pierre Care Homes Limited

Balance sheet as at 31 December 2001

	Note	31 December 2001		8 March 2001	
		£	£	£	£
Fixed Assets					
Tangible assets	9		68,500		51,332
Current assets					
Debtors	10	1,181,183		1,054,968	
Cash at bank and in hand		37,618		1,581	
			1,218,801		1,056,549
Creditors: amounts falling due within one year	11		(97,763)		(282,094)
Net current assets/(liabilities)			1,121,038		774,455
Total assets less current liabilities			1,189,538		825,787
Creditors : amounts falling due after more than one year	12		(2,008)		-
Net assets			1,187,530		825,787
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	15		1,187,430		825,687
Total equity shareholders' funds	166		1,187,530		825,787

The financial statements on pages 5 to 15 were approved by the board of directors and signed on its behalf by:



M A Stratford
Director
21 March 2003

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, in accordance with applicable Accounting Standards in the United Kingdom. During the period, the Company has implemented Financial Reporting Standards ("FRS") 18, "Accounting Policies". Other than the item referred to below under the heading "Tangible fixed assets" this has not resulted in any change to the accounting policies of the group. A summary of the more important accounting policies, which have been consistently applied, is set out below:

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. 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 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 of tangible fixed assets less their estimated residual values, on the following bases:

Freehold land	- nil
Freehold buildings	- 2% straight line
Short term leasehold property	- over lease term
Equipment	- 15% straight line
Furniture and fittings	- 10% to 25% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

The change in the basis for depreciating furniture and fittings did not have a material impact on the results for the year.

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 FRS11, '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.

Provisions for impairment in the carrying value of fixed assets to below historical cost are charged to the profit and loss account.

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001 (continued)

1 Principal accounting policies (continued)

Finance and operating leases

Costs in respect of operating leases are charged as incurred.

Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms, generally 25 years and the useful lives of equivalent owned assets.

Deferred taxation

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The company does not operate a pension scheme. Pension costs represent amounts paid to employees' private pension schemes.

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.

Leased assets

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

2 Turnover

Turnover which excludes value added tax is entirely attributable to the provision of care for the disabled 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.

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001 (continued)

4 Directors

	42 weeks ended 31 December 2001	49 weeks ended 8 March 2001
	£	£
Emoluments	-	35,808
Pension contributions	-	3,045
	-	38,853

During the period ended 8 March 2001 one director participated in money purchase pension schemes.

5 Employee information

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

Nursing, ancillary and administrative	42 weeks ended 31 December 2001 Number	49 weeks ended 8 March 2001 Number
Full time	60	39
Part time	10	12
	70	51

Staff costs for the above persons	42 weeks ended 31 December 2001 £	49 weeks ended 8 March 2001r £
Wages and salaries	675,110	606,779
Social security costs	42,225	67,238
Other pension costs	-	4,657
	717,335	678,674

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001 (continued)

6 Operating profit

	42 weeks ended 31 December 2001	49 weeks ended 8 March 2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
- owned assets	5,898	9,984
- under hire purchase	1,762	-
Auditors' fees – Audit	3,000	8,885
- Non audit services	-	-

7 Interest (payable)/receivable

	42 weeks ended 31 December 2001	49 weeks ended 8 March 2001
	£	£
Interest receivable	137	1,482
Interest payable on bank loans and overdrafts	(291)	(853)
	(154)	629

8 Tax on profit on ordinary activities

	42 weeks ended 31 December 2001 Number	49 weeks ended 8 March 2001 Number
	£	£
Taxation on the profit for the period		
UK corporation tax at 30% (prior period: 20%)	156,143	48,227
Adjustments in respect of prior periods:		
Corporation tax	-	(21,695)
	156,143	26,532

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001 (continued)

9 Tangible fixed assets

	Property improvements	Furniture & fittings	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 8 March 2001	7,854	95,320	-	103,174
Additions	-	10,568	14,260	24,828
At 31 December 2001	7,854	105,888	14,260	128,002
Depreciation				
At 8 March 2001	1,964	49,878	-	51,842
Charged in the period	118	5,760	1,782	7,660
At 31 December 2001	2,082	55,638	1,782	59,502
Net book value				
At 31 December 2001	5,772	50,250	12,478	68,500
At 8 March 2001	5,890	45,442	-	51,332
Cost or valuation at 31 December 2001 is represented as follows:				
	£	£	£	£
Valuation in 2001	-	-	-	-
Cost	7,854	105,888	14,260	128,002
At 31 December 2001	7,854	105,888	14,260	128,002

The net book value of motor vehicles includes £12,478 in respect of assets held under finance leases and hire purchase agreements.

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001 (continued)

10 Debtors

	31 December 2001	8 March 2001
	£	£
Trade debtors	318,388	60,068
Corporation tax	71,267	-
Amounts owed by group undertakings	-	994,900
Amounts due from parent company	778,884	-
Prepayments and accrued income	12,644	-
	1,181,183	1,054,968

11 Creditors – Amounts falling due within one year

	31 December 2001	8 March 2001
	£	£
Bank loans and overdrafts	-	2,362
Trade creditors	6,056	6,455
Corporation tax	-	48,227
Hire purchase	6,024	-
Other creditors	27,160	225,050
Accruals and deferred income	58,523	-
	97,763	282,094

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001 (continued)

12 Creditors – Amounts falling due after more than one year

	31 December 2001 £	8 March 2001 £
Hire purchase	2,008	-

Hire purchase agreements are repayable as follows:

	31 December 2001 £	8 March 2001 £
In one year or less	6,024	-
In more than one year, but not more than five	2,008	-
	8,032	-

13 Provisions

No provision has been made for deferred taxation as at 31 December 2001 (2000 - £Nil). The full potential liability is calculated at 30% (2000- 20%) and is set out below:

	31 December 2001 £	8 March 2001 £
Fixed asset and other timing differences	1,520	1,520

14 Called up share capital

	31 December 2001 £	8 March 2001 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001 (continued)

15 Reserves

	Profit and loss account £
At 9 March 2001	825,687
Profit for the period	361,743
At 31 December 2001	1,187,430

16 Reconciliation of movement in shareholders' funds

	31 December 2001 £	8 March 2001 £
Profit for the financial period	825,787	130,261
Shareholders' funds at 9 March 2001	361,743	695,526
Shareholders' funds at 31 December 2001	1,187,530	825,787

17 Capital commitments

The company had no capital commitments at 31 December 2001 or 8 March 2001.

18 Contingent liabilities

There is a fixed and floating charge over the undertaking and assets of the company in respect of the 2013 secured floating rate loan notes issued by Craegmoor No.2 Limited on 27 July 2001.

19 Leasing commitments

Prior to acquisition the company paid rentals to fellow subsidiary companies for use of certain properties. On acquisition these properties were purchased by Parkcare Homes (No 2) Limited, a fellow subsidiary company within the Craegmoor Group; and no rental for use of the properties is charged.

La Pierre Care Homes Limited

Notes to the financial statements for the period ended 31 December 2001 (continued)

20 Immediate and ultimate parent companies

The directors regard Craegmoor Group Limited, a company registered in England and Wales, as the immediate parent company of La Pierre Care Homes Limited, and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom of Craegmoor Group Limited. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, "Hillcairnie", St Andrew's Road, Droitwich, Worcester WR9 8DJ.

At 31 December 2001, Legal & General Group Plc owed 62.85% of the issued share capital of Craegmoor Limited via an intermediate subsidiary and a limited partnership, Legal & General Group Plc has excluded Craegmoor Limited from consolidation in its 2001 report and accounts because the limited partnership agreement imposes serving long term restrictions over its ability to exercise control.

Subsequent to the period end Legal & General Group Plc's holding in the issued share capital of Craegmoor Limited has been reduced to 47.22%.