

La Pierre Care Homes Limited

Annual report

for the year ended 31 December 2004

Registered number: 02647567



La Pierre Care Homes Limited

Annual report for the year ended 31 December 2004

	Page
Directors and advisors	1
Directors' report for the year ended 31 December 2004	2
Independent auditors' report to the members of La Pierre Care Homes Limited	4
Profit and loss account for the year ended 31 December 2004.....	5
Balance sheet as at 31 December 2004.....	6
Notes to the financial statements for the year ended 31 December 2004	7

La Pierre Care Homes Limited

Directors and advisors

Directors

A E Smith (appointed on 19 April 2004)
M Preston (appointed on 21 December 2005)

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

La Pierre Care Homes 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 and review of business

On 6 August 2003 the Company transferred the trade and net assets of Alexandra Road, Clare Court, Colmore Road and Felixstowe Road to Parkcare Homes (No. 2) Limited at book value. The trade and net assets of the two remaining homes of Medina Road and The White House were transferred to Parkcare Homes (No. 2) Limited at book value on 1 January 2004. Following the transaction the company ceased to trade. The directors do not expect the current circumstances to change in the foreseeable future.

Results and dividends

The profit and loss account shows a result for the year of £Nil (2003: £174,000 profit). The directors do not recommend the payment of a dividend for the year ended 31 December 2004 (2003: £1,151,000).

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. C Artis resigned on 6 August 2004. L Chaplin was appointed on 1 January 2004 and resigned on 31 July 2004. M Byrne was appointed on 5 August 2004 and resigned on 18 November 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 La Pierre Care Homes 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 as at 31 December 2004 or 31 December 2003 had any interest in the share capital of La Pierre Care Home Limited or Craegmoor Limited.

M Byrne held 1,750 share options over the ordinary shares of Craegmoor Limited as at 31 December 2004 (5 August 2004: None). C Artis held 2,500 share options over the ordinary shares of Craegmoor Limited as at 6 August 2004 (31 December 2003: 2,500). L Chaplin held 1,750 share options over the ordinary shares of Craegmoor Limited as at 31 July 2004 (1 January 2004: 1,750). 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 La Pierre Care Homes 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 8 to the financial statements.

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 year. 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. 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.

La Pierre Care Homes Limited

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

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 handwritten signature in black ink, appearing to be 'A E Smith', written over a horizontal line.

A E Smith
Director
10 February 2006

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

We have audited the financial statements, which comprise the profit and loss account, the balance sheet 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.

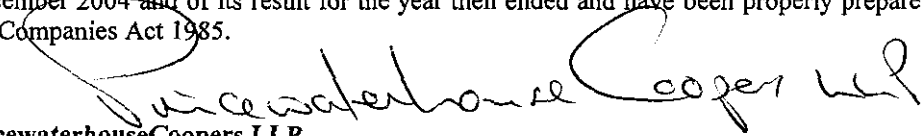
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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.

Opinion

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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
10 February 2006

La Pierre Care Homes Limited

Profit and loss account for the year ended 31 December 2004

		2004	2003
	Notes	£'000	£'000
Turnover	2	-	1,239
Cost of sales		-	(756)
Gross profit		-	483
Administrative expenses		-	(186)
Profit on ordinary activities before taxation	6	-	297
Tax on profit on ordinary activities	7	-	(123)
Profit on ordinary activities after taxation		-	174
Dividend payable		-	(1,151)
Loss transferred from reserves	14	-	(977)

All activities relate to operations discontinued on or before 1 January 2004.

The Company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit stated above and their historical cost equivalents.

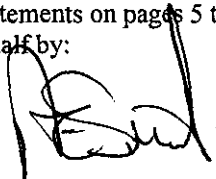
La Pierre Care Homes Limited

Balance sheet as at 31 December 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	8	-	37
Current assets			
Debtors	9	926	938
Cash at bank and in hand		-	2
		926	940
Creditors: amounts falling due within one year	10	-	(40)
Net current assets		926	900
Total assets less current liabilities		926	937
Creditors: amounts falling due after more than one year	11	(396)	(404)
Provisions for liabilities and charges	12	-	(3)
Net assets		530	530
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	530	530
Total equity shareholders' funds	15	530	530

The financial statements on pages 5 to 12 were approved by the board of directors on 10 February 2006 and signed on its behalf by:

A E Smith
Director



La Pierre Care Homes 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 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:

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 La Pierre Care Homes 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.

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.

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.

La Pierre Care Homes Limited

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

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.

5 Employee information

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

	2004	2003
	Number	Number
Nursing, ancillary and administrative	-	61

	2004	2003
	£'000	£'000
Staff costs for the above persons		
Wages and salaries	-	657
Social security costs	-	44
	-	701

6 Profit on ordinary activities before taxation

	2004	2003
	£'000	£'000

Profit on ordinary activities before taxation is stated after charging:

Depreciation of tangible fixed assets:

Owned assets	-	17
Under hire purchase	-	2
Hire of plant and machinery and other assets	-	2
Auditors' fees – Audit	-	5

The audit fee for the year ended 31 December 2004 of £2,000 was borne by another group company.

La Pierre Care Homes Limited

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

7 Tax on profit on ordinary activities

	2004	2003
	£'000	£'000
Current taxation		
UK corporation tax at 30% (2003: 30%)	-	90
Adjustment in respect of previous periods	-	34
Total current taxation	-	124
Deferred taxation		
Current year – origination and reversal of timing differences	-	(1)
Tax charge	-	123

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
Profit on ordinary activities	-	297
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	-	89
Effects of:		
Capital allowances for the year in excess of depreciation	-	1
Adjustment to tax charge in respect of previous periods	-	34
Current tax charge	-	124

La Pierre Care Homes Limited

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

8 Tangible fixed assets

	Furniture & fittings
	£'000
Cost or valuation	
At 1 January 2004	40
Transfers to fellow subsidiaries	(40)
At 31 December 2004	-
Depreciation	
At 1 January 2004	3
Transfers to fellow subsidiaries	(3)
At 31 December 2004	-
Net book value	
At 31 December 2004	-
At 31 December 2003	37

9 Debtors

	2004	2003
	£'000	£'000
Amounts falling due within one year		
Trade debtors	-	22
Amounts due from group companies	926	911
Other debtors	-	5
	926	938

10 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Accruals and deferred income	-	40

La Pierre Care Homes Limited

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

11 Creditors: amounts falling due after more than one year

	2004	2003
	£'000	£'000
Amounts owed to group undertakings	396	404

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.

12 Provisions for liabilities and charges

	£'000
	Deferred tax
At 1 January 2004	3
Transfer	(3)
At 31 December 2004	-

	2004	2003
	£'000	£'000
The amount provided for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	-	3

13 Called up share capital

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

La Pierre Care Homes Limited

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

14 Profit and loss account

	£'000
At 1 January 2004 and at 31 December 2004	530

15 Reconciliation of movements in shareholders' funds

	2004	2003
	£'000	£'000
Profit attributable to shareholders	-	174
Dividends	-	(1,151)
Net decrease in shareholders' funds	-	(977)
Opening equity shareholders' funds	530	1,507
Closing equity shareholders' funds	530	530

16 Contingent liabilities

There is a fixed 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 £407,000 (2003: £414,000).

17 Capital commitments

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

18 Immediate and ultimate parent companies

The directors regard Parkcare Homes (No.2) 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. The parent companies of the largest and smallest groups in which La Pierre Care Homes 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.