

Highway (Burnley) Limited

Annual report

for the period ended 31 December 2003

Registered number: 2693859



Highway (Burnley) Limited

Annual report for the period ended 31 December 2003

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Highway (Burnley) Limited

Directors and advisors for the period ended 31 December 2003

Executive directors

A Kay (appointed on 17 October 2003)
AE 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

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

Registered office

Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Bankers

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

Highway (Burnley) Limited

Directors' report for the period ended 31 December 2003

The directors present their report and the audited financial statements for the period ended 31 December 2003.

Principal activities

The Company is principally engaged in the provision of care.

Review of business and future developments

On 17 October 2003 the Company's immediate parent company, Cranley Limited, was acquired by Craegmoor Group Limited.

Both the level of business and the period 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 profit and loss account shows a profit after tax for the period of £6,000 (46 weeks ended 17 October 2003: £33,000). The directors do not recommend the payment of a dividend for the period ended 31 December 2003 (46 weeks ended 17 October 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 BR Christopher, BJ Christopher, RRE Christopher and P Newham resigned on 17 October 2003. MA Stratford was appointed on 17 October 2003 and resigned on 20 May 2004.

MA 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.

No other director as at 31 December 2003 had any interest in the share capital of Highway (Burnley) Limited or in that of the ultimate parent company, Craegmoor Limited.

Changes in fixed assets

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

Highway (Burnley) Limited

Directors' report for the period ended 31 December 2003 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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.

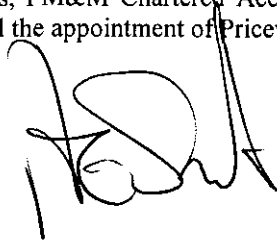
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2003 and that applicable accounting standards have 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

On 23 July 2004 the auditors, PM&M Chartered Accountants, resigned and on 26 July 2004 the directors formally approved and ratified the appointment of PricewaterhouseCoopers LLP as auditors to the Company.

By order of the Board



AE Smith
Director
25 October 2004

Independent auditors' report to the members of Highway (Burnley) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains 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.

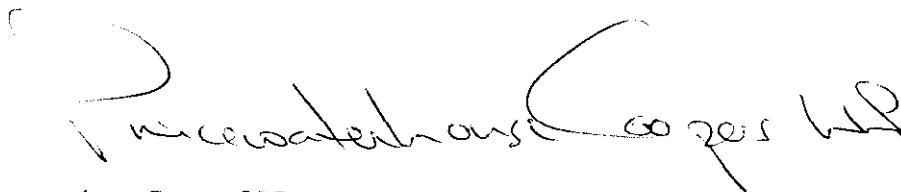
Basis of audit opinion

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 2003 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
25 October 2004

Highway (Burnley) Limited

Profit and loss account for the period ended 31 December 2003

		10 weeks ended 31 December 2003	46 weeks ended 17 October 2003
	Note	£'000	£'000
Turnover	2	77	293
Cost of sales		(40)	(154)
Gross profit		37	139
Administrative expenses		(29)	(93)
Operating profit		8	46
Interest payable		-	(4)
Profit on ordinary activities before taxation	6	8	42
Tax on profit on ordinary activities	7	(2)	(9)
Profit transferred to reserves	14	6	33

All activities relate to continuing operations.

Highway (Burnley) Limited

Statement of total recognised gains and losses for the period ended 31 December 2003

		10 weeks ended 31 December 2003	46 weeks ended 17 October 2003
	Note	£'000	£'000
Profit for the financial period		6	33
Unrealised surplus on revaluation of properties	8	868	-
Total recognised gains and losses for the period		874	33

Note of historical cost profit and losses for the period ended 31 December 2003

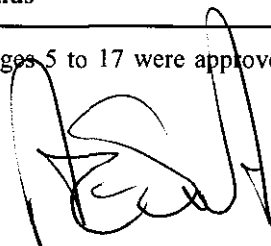
	10 weeks ended 31 December 2003	46 weeks ended 17 October 2003
	£'000	£'000
Reported profit on ordinary activities before taxation	8	42
Difference between historical cost depreciation charge and actual depreciation charge for the period calculated on the revalued amount	2	-
Historical cost profit on ordinary activities before taxation	10	42
Historical cost profit for the period after taxation	8	33

Highway (Burnley) Limited

Balance sheet as at 31 December 2003

		31 December 2003	17 October 2003
	Note	£'000	£'000
Fixed assets			
Tangible assets	8	1,045	186
Current assets			
Debtors	9	52	40
Cash at bank and in hand		31	1
		83	41
Creditors: amounts falling due within one year	10	(192)	(161)
Net current liabilities		(109)	(120)
Total assets less current liabilities		936	66
Creditors: amounts falling due after more than one year	11	(15)	(19)
Net assets		921	47
Capital and reserves			
Called up share capital	13	-	-
Revaluation reserve	14	868	-
Profit and loss account	14	53	47
Total equity shareholders' funds	15	921	47

The financial statements on pages 5 to 17 were approved by the board of directors on 25 October 2004 and signed on its behalf by:



AE Smith
Director

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003

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:

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 not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

Tangible fixed assets

The cost of fixed assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use. Land and buildings are revalued by professionally qualified valuers every five years, on an existing use open market value basis, 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
Equipment	- 10% to 25% straight line
Furniture and fittings	- 10% to 25% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

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. Realisable value is determined by professional valuers on an existing use open market value basis.

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

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

1 Principal accounting policies (continued)

Debtors

Specific provisions are made against those trade debtor amounts where settlement is considered unlikely.

Finance and operating leases

Costs in respect of operating leases are charged as incurred.

Leasing agreements which transfer to the Company 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 end. Assets held under finance leases are depreciated over the shorter of the lease terms, and the useful lives of equivalent owned assets.

Pension costs

The Company does not operate a pension scheme.

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 United Kingdom. Where fees are billed in advance they are deferred to match the period in which care is provided.

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 period ended 31 December 2003 were £nil (46 weeks ended 17 October 2003: £38,000). MA Stratford received no emoluments in respect of his services to the Company for the period ended 31 December 2003 (46 weeks ended 17 October 2003: £nil). The emoluments of the other director are paid by a fellow group company, Craegmoor Healthcare Company Limited. This director was also a director of a number of fellow group companies during the period ended 31 December 2003 and it is not possible to make an accurate apportionment of her emoluments in respect of each of these companies. Accordingly, no emoluments have been included above for this director.

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

5 Employee information

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

	10 weeks ended 31 December 2003	46 weeks ended 17 October 2003
	Number	Number
Nursing, ancillary and administrative		
Full time	9	9
Part time	4	4
	13	13

	10 weeks ended 31 December 2003	46 weeks ended 17 October 2003
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	35	136
Social security costs	3	16
	38	152

6 Profit on ordinary activities before taxation

	10 weeks ended 31 December 2003	46 weeks ended 17 October 2003
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	11	38
Auditors' remuneration:		
Audit	7	4

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

7 Tax on profit on ordinary activities

	10 weeks ended 31 December 2003 £'000	46 weeks ended 17 October 2003 £'000
Current taxation		
UK Corporation tax at 30% (46 weeks ended 17 October 2003: 30%)	4	10
Deferred taxation		
Current period – origination and reversal of timing differences	(2)	(1)
Tax charge	2	9

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

	10 weeks ended 31 December 2003 £'000	46 weeks ended 17 October 2003 £'000
Profit on ordinary activities	8	42
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (46 weeks ended 17 October 2003: 30%)	2	13
Effects of:		
Capital allowances for the period in excess of depreciation	2	(3)
Current tax charge	4	10

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

8 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 18 October 2003	128	40	103	271
Additions	-	2	-	2
Revaluation (see next page)	856	-	-	856
At 31 December 2003	984	42	103	1,129
Accumulated depreciation				
At 18 October 2003	12	30	43	85
Charge for the period	3	1	7	11
Revaluation (see next page)	(12)	-	-	(12)
At 31 December 2003	3	31	50	84
Net book value				
At 31 December 2003	981	11	53	1,045
At 17 October 2003	116	10	60	186

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation at 31 December 2003 is represented by:				
Valuation in 2003	912	-	-	912
Cost	-	42	103	145
At 31 December 2003	912	42	103	1,057

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

8 Tangible fixed assets (continued)

The land and buildings, fixtures and fittings and motor vehicles were valued at 18 October 2003 by the directors at £1,054,000 on the basis of their existing use being that of residential care homes. The valuation has been made on professional advice received by external property advisors. This resulted in an increase in carrying value of £ 868,000 (credited to revaluation reserve).

The surplus on revaluation has been included in the land and buildings as it has been determined that the net book values at the 18 October 2003 of the fixtures and fittings and motor vehicles do not differ from the revalued amount, therefore no adjustment has been made in respect of fixtures and fittings and motor vehicles valuation.

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

	31 December 2003	17 October 2003
	£'000	£'000
Cost	128	128
Aggregate depreciation based on cost	(13)	(12)
Net book value based on cost	115	116

The net book value of fixed assets held under finance leases and hire purchase contracts, included above are as follows:

	31 December 2003	17 October 2003
	£'000	£'000
Motor Vehicles	53	59

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

9 Debtors

	31 December 2003	17 October 2003
	£'000	£'000
Amounts falling due within one year		
Trade debtors	36	26
Other debtors	14	14
	50	40
Amounts falling due after more than one year		
Deferred taxation (note 12)	2	-
	52	40

10 Creditors: amounts falling due within one year

	31 December 2003	17 October 2003
	£'000	£'000
Trade creditors	3	-
Obligations under finance leases and hire purchase contracts	22	23
Corporation tax payable	10	10
Amounts owed to group undertakings	150	110
Other creditors	7	18
	192	161

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

11 Creditors: amounts falling due after more than one year

	31 December 2003	17 October 2003
	£'000	£'000
Obligations under finance leases and hire purchase contracts	15	19
Finance leases repayable as follows:		
In one year or less	22	23
In more than one year but less than two years	13	15
In more than two years but less than five years	2	4
	37	42

Obligations under finance leases are secured by charges over the assets to which they relate.

12 Deferred taxation

Deferred tax assets	£'000
At 18 October 2003	-
Credited in the profit and loss account	2
At 31 December 2003	2

	31 December 2003	17 October 2003
	£'000	£'000
The amount recognised for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	2	-

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

13 Called up share capital

	31 December 2003	17 October 2003
	£'000	£'000
Authorised		
1,000 ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
2 ordinary shares of £1 each	-	-

14 Reserves

	Profit and loss account	Revaluation reserve
	£'000	£'000
At 18 October 2003	47	-
Unrealised surplus on revaluation of properties (note 8)	-	868
Profit for the financial period transferred to reserves	6	-
At 31 December 2003	53	868

Highway (Burnley) Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

15 Reconciliation of movement in shareholders' funds

	31 December 2003	17 October 2003
	£'000	£'000
Profit for the financial period	6	33
Unrealised gains on revaluation of properties during the period (note 8)	868	-
Net increase in shareholders' funds	874	33
Opening equity shareholders' funds	47	14
Closing equity shareholders' funds	921	47

16 Immediate and ultimate parent companies

The directors regard Cranley Limited, a company registered in England and Wales, as the immediate parent company of Highway (Burnley) Limited, and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.