

Registered number
2873622

CHS Kincardine Limited

Report and Accounts

30 September 2002



CHS Kincardine Limited
Report and accounts
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CHS Kincardine Limited

Directors' Report

The directors present their report and accounts for the year ended 30 September 2002.

Principal activities and review of the business

The company's principal activity is that of the development and operation of a healthcare facility consisting of a nursing home and a community hospital developed under the Government's Private Finance Initiative. The company provides facilities management services to the NHS who provide the clinical services within the hospital. The nursing home is operated and managed by the company.

The company's facility at Stonehaven comprising Kincardine Community Hospital and Mowat Court Nursing Home traded profitably during the year, and the directors expect this to continue.

Results and dividends

The profit for the year, after taxation, amounted to £557,000 (2001: £312,000 restated for FRS 19). The directors do not recommend the payment of a dividend for the year (2001: £nil).

Events since the balance sheet date

There have been no reportable events since the balance sheet date.

Directors

The directors who served during the year were as follows:

RS Clough
MR Parish (appointed 8 July 2002)
JRS Bryant (resigned 30 September 2002)
PJ Humphreys (appointed 8 July 2002)
DJ Bates (resigned 31 December 2002)
DL Gee
C Isaac (resigned 31 December 2002)
GC Lomer
G D Cochrane

Auditors

A resolution to reappoint KPMG Audit Plc as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 21 JANUARY 2003.


G C Lomer
Director

CHS Kincardine Limited
Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent; and
 - state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

CHS Kincardine Limited
Independent Auditors' Report

Independent auditors' report
to the members of CHS Kincardine Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.

Basis of 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 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 as at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditors

6 Lower Brook Street
Ipswich
IP4 1AP

3 FEB 2003

CHS Kincardine Limited
Profit and Loss Account
for the year ended 30 September 2002

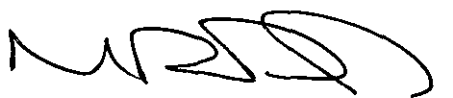
	Notes	2002 £000	2001 (As restated) £000
Turnover	2	1,973	1,898
Cost of sales		(1,391)	(1,431)
Gross profit		<u>582</u>	<u>467</u>
Operating profit	3	<u>582</u>	<u>467</u>
Profit on ordinary activities before taxation		<u>582</u>	<u>467</u>
Tax on profit on ordinary activities	5	(25)	(155)
Profit for the financial year		<u>557</u>	<u>312</u>
Retained profit for the financial year	12	<u><u>557</u></u>	<u><u>312</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

CHS Kincardine Limited
Balance Sheet
as at 30 September 2002

	Notes	2002 £000	2001 (As restated) £000
Fixed assets			
Tangible assets	6	3,837	3,928
Current assets			
Stocks	7	5	4
Debtors	8	3,561	2,300
Cash at bank and in hand		237	266
		<u>3,803</u>	<u>2,570</u>
Creditors: amounts falling due within one year	9	(5,987)	(5,423)
Net current liabilities		<u>(2,184)</u>	<u>(2,853)</u>
Total assets less current liabilities		<u>1,653</u>	<u>1,075</u>
Provisions for liabilities and charges	10	(303)	(282)
		<u>1,350</u>	<u>793</u>
Capital and reserves			
Profit and loss account	12	1,350	793
Shareholders' funds:			
Equity		<u>1,350</u>	<u>793</u>
		<u>1,350</u>	<u>793</u>



M R Parish
 Director

Approved by the board on 21 JANUARY 2003.

CHS Kincardine Limited
Other Primary Statements

Reconciliation of Movement in Shareholders' Funds
for the year ended 30 September 2002

	2002	2001
	£000	(as restated)
		£000
Retained profit for the financial year	557	344
Prior year adjustment (Note 12)	-	(282)
Net increase to shareholders' funds	<u>557</u>	<u>62</u>
Opening shareholders funds	793	731
Closing shareholders' funds	<u>1,350</u>	<u>793</u>

Statement of Total recognised gains and losses
For the Year ended 30 September 2002

	Year to	Year to 30
	30 Sept	Sept 2001
	2002	(as restated)
	£000	£000
Retained Profit for the financial year	<u>557</u>	<u>312</u>
Total gains and losses recognised for the year	<u>557</u>	<u>312</u>
Prior year adjustment (Note 12)	<u>(282)</u>	
Total gains and losses recognised since last annual report	<u>275</u>	

CHS Kincardine Limited
Notes to the Accounts
for the year ended 30 September 2002

1 Accounting policies

Accounting convention

The company has adopted FRS 19 "Deferred Tax". Financial Reporting Standard (FRS) 19 "Deferred Tax" requires that deferred tax should now be provided in full on all timing differences where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred since the balance sheet date. The effect of this on prior year reserves is shown in Note 12.

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard No. 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Care UK plc and its cash flows are included within the consolidated cash flow statement of that company.

As the company is a wholly owned subsidiary of Care UK Community Partnerships Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Care UK plc, within which this company is included, can be obtained from the address given in note 14.

Finance costs

Finance costs incurred on borrowings to fund the development of specific nursing homes are capitalised whilst the nursing home is in the course of construction.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold and long leasehold land and buildings are carried in the financial statements at cost or professional valuation. Assets in the course of construction are carried in the financial statements at cost.

The cost of land and buildings includes finance and other costs incurred on bank loans to fund nursing homes in the course of construction; development costs associated with initiating and managing the construction of nursing homes; and expenditure specifically incurred in connection with the commissioning of new nursing homes. Capitalisation of finance and other costs ceases at the date of registration of the nursing home.

With the exception of freehold and long leasehold land and nursing homes, depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated on the original cost of the assets at the following rates:

Freehold and long leasehold land	Nil
Freehold and long leasehold buildings	2%
Furniture, fittings and equipment	10% to 33%

CHS Kincardine Limited
Notes to the Accounts
for the year ended 30 September 2002

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences arising from the different treatment of certain items for taxation and accounting purposes which have not reversed by the balance sheet date, except as otherwise required by FRS 19. No discounting is applied to deferred tax balances.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

3 Operating profit

2002	2001
£000	£000

This is stated after charging:

Depreciation of owned fixed assets	95	94
Operating lease rentals - land & buildings	38	38
	<u>133</u>	<u>132</u>

4 Staff costs

2002	2001
£000	£000

Wages and salaries	410	414
Social security costs	22	25
Other pension costs	3	3
	<u>435</u>	<u>442</u>

Average number of employees during the year

Number	Number
---------------	---------------

Administration	66	62
Development	2	7
	<u>68</u>	<u>69</u>

CHS Kincardine Limited
Notes to the Accounts
for the year ended 30 September 2002

5 Taxation

	2002	2001
		(as restated)
	£000	£000
UK corporation tax at 30% (2001: 30%)	4	123
Deferred taxation (note 10)	21	32
	<u>25</u>	<u>155</u>

The current tax charge for the period is lower than the standard rate of corporation tax in the UK.
The differences are explained below.

	2002	2001
	£000	£000
Profit on ordinary activities before tax	<u>582</u>	<u>467</u>
Current tax at 30%	175	140
Current tax charge	4	123
(Over)/under charge	<u>171</u>	<u>17</u>
Effects of:		
Expenses not deductible for tax purposes		
Expenses adjustments	(1)	-
Capital allowances for period in excess of depreciation	19	56
Utilisation of tax losses	545	-
Net total items	<u>563</u>	<u>56</u>
Tax at 30%	169	17
Plus tax charged at 20%	2	-
(Over)/under charge	<u>171</u>	<u>17</u>

CHS Kincardine Limited
Notes to the Accounts
for the year ended 30 September 2002

6 Tangible fixed assets

	Leasehold land and buildings £000	Fixtures Fittings & Equipment £000	Total £000
Cost			
At 1 October 2001	3,750	416	4,166
Additions	-	4	4
At 30 September 2002	<u>3,750</u>	<u>420</u>	<u>4,170</u>
Depreciation			
At 1 October 2001	104	134	238
Charge for the year	53	42	95
At 30 September 2002	<u>157</u>	<u>176</u>	<u>333</u>
Net book value			
At 30 September 2002	<u>3,593</u>	<u>244</u>	<u>3,837</u>
At 30 September 2001	<u>3,646</u>	<u>282</u>	<u>3,928</u>

7 Stocks

	2002 £000	2001 £000
Raw materials and consumables	<u>5</u>	<u>4</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

8 Debtors

	2002 £000	2001 £000
Trade debtors	19	23
Amounts owed by group undertakings	3,504	2,253
Other debtors	-	3
Prepayments and accrued income	<u>38</u>	<u>21</u>
	<u>3,561</u>	<u>2,300</u>

CHS Kincardine Limited
Notes to the Accounts
for the year ended 30 September 2002

9 Creditors: amounts falling due within one year	2002	2001
	£000	£000
Trade creditors	55	73
Amounts owed to group undertakings	5,810	5,131
Corporation tax	(1)	66
Other taxes and social security costs	39	30
Other creditors	2	10
Accruals and deferred income	82	113
	<u>5,987</u>	<u>5,423</u>

10 Deferred taxation	2002	2001
	£000	(as restated)
		£000
At 1 October 2001	282	250
Charged to the profit and loss account	21	32
	<u>303</u>	<u>282</u>
At 30 September 2002		

11 Share capital	2002	2001
	£	£
Authorised:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2002	2001
	No	No
		£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Profit and loss account	2002
	(as restated)
	£000
At 1 October 2001	1,075
Retained profit	557
Prior year adjustment	<u>(282)</u>
At 30 September 2002	<u>1,350</u>

These accounts reflect the adoption of FRS 19, "Deferred Taxation", which requires that deferred tax should now be provided in full on all timing differences where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

The 2001 accounts have therefore been restated as a prior year adjustment under FRS 3. The reported tax charge for the year ended 30 September 2001 of £123,000 has now been restated as £155,000 under FRS 19. Group reserves brought forward at 1 October 2000 have also been restated, and have reduced reserves by £250,000.

CHS Kincardine Limited
Notes to the Accounts
for the year ended 30 September 2002

13 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	Land and buildings	Other	Other
	2002	2001	2002	2001
	£000	£000	£000	£000
Operating leases which expire: in over five years	<u>38</u>	<u>38</u>	<u>-</u>	<u>-</u>

14 Controlling party

The company is a wholly owned subsidiary of Community Health Services Limited and its ultimate parent company is Care UK plc. Copies of the group financial statements of Care UK Community Partnerships Group Limited (in which this company is included) and Care UK plc, both of which are registered in England and Wales, are available from their registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.