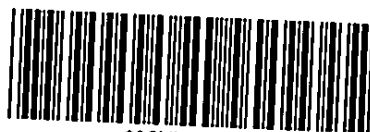


## **CHS (Kincardine) Limited**

**Directors' report and financial statements**  
For the year ended 30 September 2009  
Registered number 02873622

**TUESDAY**



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## Company Information

### Directors

M R Parish

P J Humphreys

A A M Hosking (Resigned 31<sup>st</sup> October 2009)

J Moore

D Umbers (Appointed 1<sup>st</sup> September 2009, resigned 27<sup>th</sup> April 2010)

### Secretary

Care UK Secretaries Limited

### Auditors

KPMG Audit Plc

6 Lower Brook Street

Ipswich

Suffolk

IP4 1AP

### Bankers

HSBC Bank Plc

Midland House

26 North Station Road

Colchester

Essex

CO1 1SY

### Registered Office

Connaught House

850 The Crescent

Colchester Business Park

Colchester

CO4 9QB

### Registered number

02873622

## Directors' Report

The directors present their report and financial statements for the year ended 30 September 2009

### Principal activities and review of the business

The company's principal activity during the year continued to be the development and operation of nursing and residential care homes for the elderly

### Results and dividend

The loss for the year after taxation amounted to £123,000 (2008 £561,000 profit). During the previous year, as a result of the NHS exercising a break clause in the 25 year PFI contract, the company sold its leasehold interest in the Kincardine Community Hospital in Stonehaven to the NHS. The company received total sales proceeds of £1,500,000 which gave rise to a one-off profit on disposal of £175,000.

The business has performed disappointingly during the year due to contracted income coming to an end and being replaced by less profitable non-contract income.

No interim dividend was paid during the year (2008 £800,000).

The directors do not recommend a final ordinary dividend to be paid in respect of the current year.

### Directors

The directors who served during the year were as follows

M R Parish  
P J Humphreys  
A A M Hosking (Resigned 31/10/09)  
J Moore  
D Umbers (Appointed 1/9/09, resigned 27/4/10)

### Employees

It is group policy to give fair consideration to the employment needs of disabled people to comply with current legislation with regard to disabled persons and, wherever practicable, to continue to employ and promote the careers of existing employees, who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitude and abilities.

Management regularly visit local offices and discuss matters of current interest and concern to the business with members of staff.

Management have developed a series of internal communications tools, including e-mail notices, newsletters and 'cascade' briefings in order to keep employees informed regarding the progress, financial position and commercial issues of the Care UK group.

### Political and charitable donations

The company made no political or charitable donations during the year (2008 £nil).

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Directors' Report *(continued)*

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

A handwritten signature in black ink, appearing to be 'J Moore', with a long horizontal line extending to the right.

**J Moore**  
Director

Connaught House  
850 The Crescent  
Colchester Business Park  
Colchester  
CO4 9QB

23 June 2010

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report to the members of CHS (Kincardine) Limited**

We have audited the financial statements of CHS (Kincardine) Limited for the year ended 30 September 2009 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*S Beavis*

**S Beavis (Senior Statutory Auditor)**

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

6 Lower Brook Street  
Ipswich  
IP4 1AP

**28 JUN 2010**

## Profit and Loss Account

For the year ended 30 September 2009

	Note	2009 £000	2008 £000
Turnover	2	1,346	1,851
Cost of sales		(1,492)	(1,336)
<b>Gross (loss)/profit</b>		<b>(146)</b>	<b>515</b>
Profit on disposal of fixed assets		-	175
<b>Operating (loss)/profit</b>		<b>(146)</b>	<b>690</b>
Other interest receivable and similar income	3	80	59
Interest payable and similar charges	4	-	(4)
<b>(Loss)/Profit on ordinary activities before taxation</b>		<b>(66)</b>	<b>745</b>
Tax on profit on ordinary activities	8	(57)	(184)
<b>(Loss)/Profit for the financial year</b>		<b>(123)</b>	<b>561</b>

All results derive from continuing activities

The company has no recognised gains or losses other than the loss for the above year

There were no material differences between the result as disclosed in the profit and loss account and that given by an unmodified historical cost basis during the current year




## Balance Sheet

As at 30 September 2009

	Note	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	10	2,188	2,016
<b>Current assets</b>			
Stocks	11	4	4
Debtors (including £1,900,000 due after more than one year (2008 £1,900,000))	12	2,346	2,268
Cash at bank and in hand		-	54
		<u>2,350</u>	<u>2,326</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,474)</u>	<u>(1,190)</u>
<b>Net current assets</b>		<u>876</u>	<u>1,136</u>
<b>Total assets less current liabilities</b>		<u>3,064</u>	<u>3,152</u>
<b>Provisions for liabilities and charges:</b>			
Deferred taxation	14	(329)	(294)
<b>Net assets</b>		<u>2,735</u>	<u>2,858</u>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Profit and loss account	16	2,735	2,858
<b>Shareholders' funds</b>	17	<u>2,735</u>	<u>2,858</u>

These financial statements were approved by the board of directors on 23 June 2010 and were signed on its behalf by

  
J Moore  
Director

## Notes to the financial statements

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### **Basis of preparation**

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

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 3 to 4. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. In addition the company has access to funds provided by Care UK Limited (Previously Care UK Plc), a parent company. The directors, having assessed the responses of the directors of Care UK Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Care UK group to continue as a going concern. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Care UK Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 Ltd 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 Ltd, the company has taken advantage of the exemption contained in Financial Reporting Standard No 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 Ltd, within which this company is included, can be obtained from the address given in note 22.

#### **Fixed assets**

Long leasehold land and buildings are carried in the financial statements at cost. The cost of land and buildings includes both the costs of financing assets in the course of construction and other costs that are directly attributable to bringing the asset into working condition for its intended use.

Depreciation is provided to write off the cost, less estimated residual values, of fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold buildings	50 years, or if shorter, the period of the lease or the associated contract
Furniture, fittings and equipment	3 to 10 years

#### **Stocks**

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

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

## Notes to the financial statements (continued)

### **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered managed funds. Contributions to defined contribution personal pension schemes are charged to the profit and loss account in the year in which they become payable.

### **Leasing**

Rental paid under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

## **2 Turnover**

Turnover represents sales and services to third party customers in the health and social care sector, stated net of any applicable value added tax. Turnover is recognised when services are provided.

## **3 Interest receivable**

	<b>2009 £000</b>	<b>2008 £000</b>
Interest received on amounts owed by group undertakings	<b>80</b>	<b>59</b>

## **4 Interest payable**

	<b>2009 £000</b>	<b>2008 £000</b>
Interest expense on amounts owed to group undertakings	<b>-</b>	<b>4</b>

## **5 Directors' emoluments**

The directors received no emoluments during the financial year ended 30 September 2009 for their services to the company (2008: £nil). The emoluments of M R Parish, P J Humphreys and D Umbers and their share options are disclosed in the financial statements of Care UK Ltd (previously Care UK Plc). Three directors exercised share options in the ultimate holding company, Care UK Ltd, during the year (2008: 3).

Retirement benefits under money purchase pension schemes are accruing to 3 directors (2008: 3).

## Notes to the financial statements *(continued)*

### 6 Staff numbers and cost

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	<b>Number of employees</b>	
	<b>2009</b>	<b>2008</b>
Care staff	65	56
Administration	2	2
	<hr/>	<hr/>
	<b>67</b>	<b>58</b>
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	862	592
Social security costs	57	43
Other pension costs	1	3
	<hr/>	<hr/>
	<b>920</b>	<b>638</b>
	<hr/>	<hr/>

### 7 (Loss)/Profit on ordinary activities before taxation

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
<b><i>(Loss)/Profit on ordinary activities before taxation is stated after charging</i></b>		
Depreciation and other amounts written off tangible fixed assets		
-owned	31	33
-leased	31	40
Rentals payable under operating leases for land and buildings	23	35
	<hr/>	<hr/>

Auditors' remuneration was borne by another group undertaking in both financial years

## Notes to the financial statements (continued)

### 8 Taxation

	2009 £000	2008 £000
Current tax		
UK corporation tax at 28% (2008 29%)	(13)	179
Adjustment relating to an earlier year	35	(5)
	<u>22</u>	<u>174</u>
Deferred tax		
Origination and reversal of timing differences	11	(5)
Adjustment relating to prior years	24	15
	<u>57</u>	<u>184</u>
Tax on profit on ordinary activities	<u>57</u>	<u>184</u>

#### Current tax reconciliation

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows

	2009 £000	2008 £000
Profit on ordinary activities before tax	(66)	745
Profit on ordinary activities multiplied by the expected rate of corporation tax 28% (2008 29%)	(18)	216
Effects of		
Adjustments to tax charge relating to an earlier year	35	(5)
Capital allowances for period less than depreciation	6	14
Profit on disposal of fixed assets	-	(51)
Capitalised revenue expenditure allowable on accounts basis	(1)	-
Current tax charge for year	<u>22</u>	<u>174</u>

### 9 Dividends and other appropriations

	2009 £000	2008 £000
Interim dividend paid	-	800

## Notes to the financial statements *(continued)*

### 10 Tangible fixed assets

	Land and buildings £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>			
At 1 October 2008	2,270	295	2,565
Additions	-	234	234
	<hr/>	<hr/>	<hr/>
At 30 September 2009	2,270	529	2,799
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 October 2008	284	265	549
Charge for year	31	31	62
	<hr/>	<hr/>	<hr/>
At 30 September 2009	315	296	611
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 September 2009	<b>1,955</b>	<b>233</b>	<b>2,188</b>
	<hr/>	<hr/>	<hr/>
At 30 September 2008	1,986	30	2,016
	<hr/>	<hr/>	<hr/>

Land and buildings include depreciable assets with an original cost of £1,570,000 (2008 £1,570,000). Included within the net book value of land and buildings are long leasehold buildings which have a net book value of £1,955,000 (2008 £1,986,000).

### 11 Stocks

	2009 £000	2008 £000
Raw materials and consumables	4	4
	<hr/>	<hr/>

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

## Notes to the financial statements (continued)

### 12 Debtors

	2009 £000	2008 £000
Trade debtors	284	265
Amounts owed by group undertakings	2,041	1,986
Other debtors	1	8
Prepayments	7	9
Corporation tax	13	-
	<u>2,346</u>	<u>2,268</u>

Debtors include amounts owed by group undertakings of £1,900,000 (2008 £1,900,000) due after more than one year. This bears interest at the rate of 1.5% over 3-month LIBOR, with the interest rate being reset quarterly. The loan is unsecured.

### 13 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank loans and overdrafts	293	-
Amounts owed to group undertakings	631	417
Trade creditors	278	211
Corporation tax	-	179
Other taxes and social security costs	2	6
Other creditors	12	7
Accruals and deferred income	258	370
	<u>1,474</u>	<u>1,190</u>

The amounts owed to group undertakings are unsecured, repayable on demand and carry no interest charge.

### 14 Deferred taxation

	2009 £000	2008 £000
Accelerated capital allowances	329	294
Undiscounted deferred tax provision	<u>329</u>	<u>294</u>
At 1 October 2008	294	284
Charged to profit and loss account – current year	11	(5)
Charged to profit and loss account – prior years	24	15
At 30 September 2009	<u>329</u>	<u>294</u>

All the above amounts are stated at the expected full UK corporation tax rate of 28%.

## Notes to the financial statements *(continued)*

### 15 Share capital

	2009 £000	2008 £000
<b>Authorised</b>		
1,000 (2008 1,000) ordinary share of £1 each	1	1
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
2 (2008 2) ordinary shares of £1 each	-	-
	<u>          </u>	<u>          </u>

### 16 Profit and loss account

	2009 £000	2008 £000
<b>At 1 October 2008</b>	<b>2,858</b>	<b>3,097</b>
(Loss)/Profit for the financial year	<b>(123)</b>	561
Dividends paid	-	(800)
	<u>          </u>	<u>          </u>
<b>At 30 September 2009</b>	<b>2,735</b>	<b>2,858</b>
	<u>          </u>	<u>          </u>

### 17 Reconciliation of movement in shareholders' funds

	2009 £000	2008 £000
<b>Opening shareholders' funds</b>	<b>2,858</b>	<b>3,097</b>
(Loss)/Profit for the financial year	<b>(123)</b>	561
Dividends	-	(800)
	<u>          </u>	<u>          </u>
<b>Closing shareholders' funds</b>	<b>2,735</b>	<b>2,858</b>
	<u>          </u>	<u>          </u>



## Notes to the financial statements (continued)

### 18 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows

	<b>Land and buildings 2009 £000</b>	<b>Land and buildings 2008 £000</b>
Operating leases which expire In over five years	<b>27</b>	<b>27</b>

### 19 Pension commitments

The Care UK Ltd (Previously Care UK Plc) group has an Inland Revenue approved defined contributions group pension plan. Contributions to this scheme are charged to the profit and loss account evenly throughout the year. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost for the year represents contributions payable by the company to the fund and amounted to £1,000 (2008 £3,000)

### 20 Post Balance Sheet events

On 3 March 2010, the Board of Care UK Ltd (previously Care UK Plc) recommended proposals for the acquisition of the entire share capital of Care UK by Bridgepoint. These proposals met shareholder and legal approvals on 27 April 2010.

### 21 Contingent liability

The group's bankers hold a fixed and floating charge over the assets of the company to secure amounts advanced to the parent company and certain fellow subsidiaries. The group has a secured loan facility of £216.3 million (2008 £221 million) that expires on 17 February 2015. In addition the group has an overdraft facility of £3 million (2008 £3 million). As at 30 September 2009 the group had drawn down £170.7 million (2008 £150 million) of those facilities.

### 22 Controlling party

The company is a wholly owned subsidiary of Community Health Services Ltd and its ultimate parent company is Care UK Health and Social Care Holdings Ltd (formerly Warwick I Ltd). The ultimate controlling party is Bridgepoint Capital Group Ltd. Both of these companies are registered in England and Wales.

As at 30 September 2009 the company's ultimate parent company was Care UK Ltd (formerly Care UK Plc). For year ended 30 September 2009 the only group in which the results of the company are consolidated is that headed by Care UK Ltd.

Copies of the financial statements of Care UK Ltd are available from its registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.