

Registered number  
2873622

CHS Kincardine Limited

Report and Accounts

30 September 2003



## **CHS Kincardine Limited**

### **Directors' Report**

The directors present their report and accounts for the year ended 30 September 2003.

#### **Principal activities and review of the business**

The company's principal activity during the year continued to be the development and operation of a healthcare facility consisting of a nursing home and 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 £572,000 (2002 : £557,000). The directors do not recommend the payment of a dividend for the year.

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years. They consider that the next year will show a further significant growth in sales.

#### **Events since the balance sheet date**

There have been no events since the balance sheet date requiring revision of the financial statements nor a note thereto.

#### **Directors**

The directors who served during the year and their interests in the share capital of the company were as follows:

R S Clough	(resigned 1 March 2003)
M R Parish	
P J Humphreys	
G C Lomer	(resigned 1 March 2003)
G D Cochrane	(resigned 1 March 2003)

None of the directors who held office at the year end had any interests in the shares of the company.

The interests of M R Parish and P J Humphreys in the shares of Care UK plc the ultimate parent company are shown in the financial statements of that company.

#### **Political and charitable donations**

During the year, the company made no political or charitable contributions (2002 : Nil).

**CHS Kincardine Limited**  
**Directors' Report**

**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:

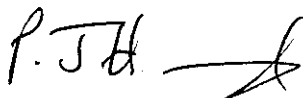
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

**Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 9 July 2004.



P J Humphreys  
Director

## **CHS Kincardine Limited**

### **Report of the independent auditors to the shareholders of CHS Kincardine Limited**

We have audited the financial statements on pages 4 to 11.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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**

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 responsibilities, 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 audit opinion**

We conducted our audit in accordance with United Kingdom 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 accounts give a true and fair view of the state of the company's affairs as at 30th September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*9 July 2004*

KPMG Audit Plc  
Chartered Accountants, Registered Auditor

6 Lower Brook Street  
Ipswich  
Suffolk  
IP4 1AP

**CHS Kincardine Limited**  
**Profit and Loss Account**  
**for the year ended 30 September 2003**

	<b>Notes</b>	<b>2003 £000</b>	<b>2002 £000</b>
<b>Turnover</b>	2	2,049	1,973
Cost of sales		(1,462)	(1,391)
<b>Gross profit</b>		<u>587</u>	<u>582</u>
<b>Operating profit</b>	3	<u>587</u>	<u>582</u>
Interest receivable		1	-
<b>Profit on ordinary activities before taxation</b>		<u>588</u>	<u>582</u>
Tax on profit on ordinary activities	6	(16)	(25)
<b>Profit for the financial year</b>		<u>572</u>	<u>557</u>
<b>Retained profit for the financial year</b>	13	<u>572</u>	<u>557</u>

**Continuing operations**

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

**Statement of total recognised gains and losses**


The company has no recognised gains or losses other than the profit for the above two financial years.

**Note of historical cost profits and losses**

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year, as stated in the profit and loss account above, and their historical cost equivalents.

**CHS Kincardine Limited**  
**Balance Sheet**  
**as at 30 September 2003**

	Notes	2003 £000	2002 £000
<b>Fixed assets</b>			
Tangible assets	7	3,748	3,837
<b>Current assets</b>			
Stocks	8	4	5
Debtors	9	5,292	3,561
Cash at bank and in hand		318	237
		<u>5,614</u>	<u>3,803</u>
<b>Creditors: amounts falling due within one year</b>	10	(7,124)	(5,987)
<b>Net current liabilities</b>		<u>(1,510)</u>	<u>(2,184)</u>
<b>Total assets less current liabilities</b>		<u>2,238</u>	<u>1,653</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	11	(316)	(303)
Other provisions		-	-
		<u>1,922</u>	<u>1,350</u>
<b>Capital and reserves</b>			
Profit and loss account	13	1,922	1,350
Shareholders' funds:			
Equity		<u>1,922</u>	<u>1,350</u>
	14	<u>1,922</u>	<u>1,350</u>

  
M R Parish  
Director  
Approved by the board on 9 July 2004

**CHS Kincardine Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2003**

**1 Accounting policies**

***Accounting convention***

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

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 Community Partnerships Group Limited and its cash flows are included within the consolidated cash flow statement of the ultimate parent company being Care UK plc.

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 group qualifying as related parties). The consolidated financial statements of Care UK plc and Care UK Community Partnerships Group Limited can be obtained from the address in Note 17.

***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.

***Depreciation***

Freehold and long leasehold land and buildings are carried in the financial statements at cost or external professional valuation. The last valuation was 1992 and following the implementation of FRS 15 there have been no further valuations. Assets in the course of construction are carried in the financial statements at cost, taken from the most recent valuation certificate received prior to the date of the financial statements.

The cost of land and buildings includes both the costs of financing homes in the course of construction and other costs that are directly attributable to bringing the asset into working condition for its intended use. Capitalisation of finance and other costs ceases at the date of registration of the home.

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:

Freehold and long leasehold land	Nil
Freehold and long leasehold buildings	2% on cost, less residual value 30%
Furniture, fittings and equipment	10% to 33%

***Stocks***

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

**CHS Kincardine Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2003**

***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation balances are not discounted

***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.

<b>3 Operating profit</b>	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>

This is stated after charging:

Depreciation of owned fixed assets	95	95
Operating lease rentals - land buildings	38	38
	<hr/>	<hr/>

<b>4 Staff costs</b>	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>

Wages and salaries	419	410
Social security costs	24	22
Other pension costs	4	3
	<hr/>	<hr/>
	447	435
	<hr/>	<hr/>

<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
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Care Staff	76	66
Administration and Management	2	2
	<hr/>	<hr/>
	78	68
	<hr/>	<hr/>

**5 Directors' emoluments**

The directors received no emoluments for their services to the company (2002 : £nil). Their remuneration and share options in relation to Care UK plc are disclosed in its financial statements.



**CHS Kincardine Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2003**

<b>6 Taxation</b>	<b>2003 £000</b>	<b>2002 £000</b>
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	3	4
Deferred tax:		
Origination and reversal of timing differences	13	21
	<hr/>	<hr/>
Tax on profit on ordinary activities	16	25

**Factors affecting tax charge for period**

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

	<b>2003 £000</b>	<b>2002 £000</b>
Profit on ordinary activities before tax	<hr/> 588	<hr/> 582
Current tax at 30%	176	175
Current tax charge	3	4
Under charge	<hr/> 173	<hr/> 171
Effects of:		
Expenses adjustments	-	(1)
Capital allowances for period in excess of depreciation	(7)	19
Utilisation of tax losses	579	545
Other	(1)	-
	<hr/>	<hr/>
Net total items	571	563
Tax at 30%	171	169
Plus tax charged at 20%	2	2
Under charge	<hr/> 173	<hr/> 171

**CHS Kincardine Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2003**

**7 Tangible fixed assets**

	<b>Leasehold land and buildings £000</b>	<b>Fixtures, Fittings &amp; Equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 October 2002	3,750	420	4,170
Additions	-	6	6
At 30 September 2003	<u>3,750</u>	<u>426</u>	<u>4,176</u>
<b>Depreciation</b>			
At 1 October 2002	157	176	333
Charge for the year	52	43	95
At 30 September 2003	<u>209</u>	<u>219</u>	<u>428</u>
<b>Net book value</b>			
At 30 September 2003	<u>3,541</u>	<u>207</u>	<u>3,748</u>
At 30 September 2002	<u>3,593</u>	<u>244</u>	<u>3,837</u>

**8 Stocks**

	<b>2003 £000</b>	<b>2002 £000</b>
Raw materials and consumables	<u>4</u>	<u>5</u>

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

**9 Debtors**

	<b>2003 £000</b>	<b>2002 £000</b>
Trade debtors	194	19
Amounts owed by group undertakings	5,069	3,504
Prepayments and accrued income	29	38
	<u>5,292</u>	<u>3,561</u>

**CHS Kincardine Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2003**

**10 Creditors: amounts falling due within one year**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	98	55
Amounts owed to group undertakings	6,865	5,810
Corporation tax	10	(1)
Other taxes and social security costs	41	39
Other creditors	33	2
Accruals and deferred income	77	82
	<u>7,124</u>	<u>5,987</u>

**11 Deferred taxation**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
At 1 October 2002	303	282
Deferred tax charge in profit and loss account	13	21
	<u>316</u>	<u>303</u>
At 30 September 2003		

**12 Share capital**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Authorised:		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>No</b>	<b>No</b>	<b>£000</b>	<b>£000</b>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	2	2	<u>-</u>	<u>-</u>

**13 Profit and loss account**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
At 1 October 2002	1,350	793
Retained profit	572	557
	<u>1,922</u>	<u>1,350</u>
At 30 September 2003		

**CHS Kincardine Limited**  
**Notes to the Accounts**  
**for the year ended 30 September 2003**

<b>14 Reconciliation of movement in shareholders' funds</b>	<b>2003 £000</b>	<b>2002 £000</b>
At 1 October 2002	1,350	793
Profit for the financial year	572	557
At 30 September 2003	<u>1,922</u>	<u>1,350</u>

**15 Pension commitments**

The group has an Inland Revenue approved defined contribution 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 charge for the year represents contributions payable by the company to the fund and amounted to £4,000 (2002 : £3,000).

**16 Other financial commitments**

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

	<b>Land and buildings 2003 £000</b>	<b>Land and buildings 2002 £000</b>	<b>Other 2003 £000</b>	<b>Other 2002 £000</b>
Operating leases which expire: in over five years	<u>38</u>	<u>38</u>	<u>-</u>	<u>-</u>

**17 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 plc, 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.