

**Ridgmont Care Homes (South) Limited**  
(previously Highcare Group Limited)

**Report and Financial Statements**

29 March 2003



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COMPANIES HOUSE

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0692  
22/08/03

Registered No: 3003291

**Directors**

R C Storey  
C D Elliot

**Secretary**

Y Mistry

**Auditors**

Ernst & Young LLP  
400 Capability Green  
Luton  
LU1 3LU

**Bankers**

Fortis Bank  
Camomile Court  
23 Camomile Street  
London  
EC3A 7PP

**Solicitors**

Olswang  
90 High Holborn  
London  
WC1V 6XX

**Registered Office**

Portmill House  
Portmill Lane  
Hitchin  
Hertfordshire  
SG5 1DJ

## Directors' report

The directors present their report and financial statements for the year ended 29 March 2003.

### Results and dividends

The results for the year are set out on page 6.

### Principal activity

The company is principally engaged in the ownership and management of care homes.

### Review of the business and future developments

The directors are satisfied with the results for the year under review and remain optimistic about future prospects for the company.

On 6 December 2002 the company changed its name from Highcare Group Limited to Ridgmont Care Homes (South) Limited.

### Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### Employee involvement

During the year, the policy of providing employees with information about the company has been continued. Particular emphasis is placed upon informing new employees joining the company on acquisition of a home about the company and its philosophy. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

### Directors and their interests

The directors serving during the year are set out below:

R C Storey  
C D Elliot (appointed 17 January 2003)

None of the directors had any interest in any of the classes of shares issued by the company.

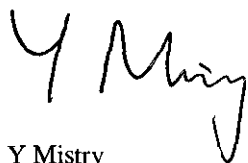
The interests of the directors in the share capital of the parent undertaking, Ridgmont Holdings Limited, are disclosed in that company's financial statements.

## Directors' report

### Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the members at the forthcoming Annual General Meeting.

By order of the board



Y Mistry  
Secretary

7 August 2003

## Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements 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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 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 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.

## **Independent auditors' report**

**to the members of Ridgmont Care Homes (South) Limited  
(previously Highcare Group Limited)**

We have audited the company's financial statements for the year ended 29 March 2003 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 financial statements give a true and fair view of the state of affairs of the company as at 29 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Registered Auditor  
Luton

*7 August 2003*

## Profit and loss account

for the year ended 29 March 2003

		Year ended 29 March 2003 £000	15 months ended 30 March 2002 £000
	Notes		
<b>Turnover</b>	2	7,225	7,892
Cost of sales		(4,857)	(6,048)
<b>Gross profit</b>		2,368	1,844
Administrative expenses		(1,002)	(1,681)
<b>Operating profit</b>	3	1,366	163
Interest receivable and similar income	6	9	—
Interest payable and similar charges	7	(725)	(935)
<b>Profit/(loss) on ordinary activities before taxation</b>		650	(772)
Tax on profit/(loss) on ordinary activities	8	(76)	35
<b>Profit/(loss) for the financial period</b>		574	(737)
Dividends	9	—	53
<b>Profit/(loss) transferred to reserves</b>		574	(684)

# Balance sheet

at 29 March 2003

	Notes	29 March 2003 £000	30 March 2002 £000
<b>Fixed assets</b>			
Tangible assets	10	12,407	12,754
Investments	11	1	1
		<u>12,408</u>	<u>12,755</u>
<b>Current assets</b>			
Debtors	12	425	388
Cash at bank and in hand		1,169	54
		<u>1,594</u>	<u>442</u>
<b>Creditors:</b> amounts falling due within one year	13	(1,438)	(833)
		<u>156</u>	<u>(391)</u>
<b>Net current assets/(liabilities)</b>			
		12,564	12,364
<b>Total assets less current liabilities</b>			
<b>Creditors:</b> amounts falling due after more than one year	14	(7,847)	(8,284)
<b>Provisions for liabilities and charges:</b> deferred tax		(63)	-
		<u>4,654</u>	<u>4,080</u>
<b>Total net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	16	974	974
Share premium account	17	1,895	1,895
Revaluation reserve	17	2,440	2,440
Profit and loss account	17	(655)	(1,229)
		<u>4,654</u>	<u>4,080</u>
<b>Total shareholders' funds</b>	17		
		<u>4,229</u>	<u>3,655</u>
Equity shareholders' funds		425	425
Non-equity shareholders' funds		<u>4,654</u>	<u>4,080</u>



Director

7 August 2003



## Statement of total recognised gains and losses

for the year ended 29 March 2003

	<i>Year ended 29 March 2003 £000</i>	<i>15 months ended 30 March 2002 £000</i>
Profit/(loss) for the financial period	574	(737)
Unrealised surplus on revaluation of land and buildings	—	1,531
<b>Total recognised gains and losses</b>	<b>574</b>	<b>794</b>

## Notes to the financial statements

at 29 March 2003

### 1. Accounting policies

#### Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain freehold land and buildings.

#### Consolidation

Under section 228 of the Companies Act 1985, group financial statements have not been prepared as the company is a subsidiary undertaking and the company's financial statements are included in the consolidated financial statements of Ridgmont Holdings Limited.

#### Fixed assets and depreciation

All tangible fixed assets are initially recorded at cost. Freehold land and buildings were revalued as at November 2001. Depreciation is provided in equal annual instalments in order to write off cost less estimated residual values of all tangible fixed assets, except land, over their useful economic lives. It is calculated at the following rates:

Freehold buildings	-	50 years
Fixtures, fittings and equipment	-	5-25 years
Computers	-	4 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment is calculated by comparing the carrying value of the net assets of each nursing home to the recoverable amount, as required by FRS 11, Impairment of Fixed Assets and Goodwill. Provision is made for any impairment in the period in which it arises.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the only exception being that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Leasing and hire purchase contracts

The payments made under operating leases are charged to the profit and loss account as incurred.

### 2. Turnover

Turnover represents amounts receivable for services rendered in the operation of care homes within the United Kingdom.

All turnover arises from continuing activities.

## Notes to the financial statements

at 29 March 2003

### 3. Operating profit

The operating profit is stated after charging:

	<i>Year ended 29 March 2003 £000</i>	<i>15 months ended 30 March 2002 £000</i>
Auditors' remuneration - audit services	13	20
- non-audit services	16	10
Amortisation of intangible fixed assets	-	137
Depreciation of owned fixed assets	189	364
Impairment of tangible fixed assets	-	71
Operating leases - land and buildings	-	22
- other	5	5
	<u>          </u>	<u>          </u>

### 4. Directors' emoluments

	<i>Year ended 29 March 2003 £000</i>	<i>15 months ended 30 March 2002 £000</i>
Directors' emoluments	-	254
	<u>          </u>	<u>          </u>

The amounts set out above include remuneration in respect of the highest paid directors as follows:

	<i>Year ended 29 March 2003 £000</i>	<i>15 months ended 30 March 2002 £000</i>
Emoluments	-	125
	<u>          </u>	<u>          </u>

Directors emoluments are paid by Ridgmont Care Homes Limited, a fellow subsidiary.

# Notes to the financial statements

at 29 March 2003

## 5. Staff costs

	<i>Year ended</i>	<i>15 months ended</i>
	<i>29 March</i>	<i>30 March</i>
	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Wages and salaries	3,698	4,392
Social security costs	266	306
	<u>3,964</u>	<u>4,698</u>

The average number of employees of the company, including directors, during the period were as follows:

	<i>Year ended</i>	<i>15 months ended</i>
	<i>29 March</i>	<i>30 March</i>
	<i>2003</i>	<i>2002</i>
	<i>No.</i>	<i>No.</i>
Administration	—	8
Operational	322	395
	<u>322</u>	<u>403</u>

## 6. Interest receivable and similar income

	<i>Year ended</i>	<i>15 months ended</i>
	<i>29 March</i>	<i>30 March</i>
	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>
Bank interest receivable	9	—

## 7. Interest payable and similar charges

	<i>Year ended</i>	<i>15 months ended</i>
	<i>29 March</i>	<i>30 March</i>
	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>
Interest payable on bank loans and overdrafts	—	886
Interest charged by parent undertaking	725	49
	<u>725</u>	<u>935</u>

## Notes to the financial statements

at 29 March 2003

### 8. Taxation

a) Analysis of tax charge for the year

	<i>Year ended 29 March 2003 £000</i>	<i>15 months ended 30 March 2002 £000</i>
<b>UK corporation tax:</b>		
UK corporation tax charge	22	-
Adjustments in respect of previous periods	(9)	-
Current tax charge	13	-
<b>Deferred tax:</b>		
Originating and reversal of timing differences	63	(35)
Total tax charge/(credit) for the period	76	(35)

b) Factors affecting current tax charge:

	<i>Year ended 29 March 2003 £000</i>	<i>15 months ended 30 March 2002 £000</i>
Profit/(loss) on ordinary activities before tax	650	(772)
Tax at 20%	130	(154)
Expenses not deductible for tax purposes	3	64
Depreciation in excess of capital allowances	3	33
Other short term timing differences	(10)	30
Adjustments in respect of previous periods	(9)	(35)
Tax losses arising in the period carried forward	-	27
Utilisation of tax losses	(104)	-
Current tax charge/(credit) for the period	13	(35)

c) Factors that may affect future tax charges

The company has tax losses of £332,000 (2002: £850,000) that are available for offset against future profits of the company. It is anticipated that profits will be made in future years enabling the utilisation of such losses.

## Notes to the financial statements

at 29 March 2003

### 9. Dividends

	Year ended 29 March 2003 £000	15 months ended 30 March 2002 £000
Cumulative dividends waived	—	(53)
	—	(53)

### 10. Tangible fixed assets

	Freehold land and buildings £000	Fixtures, fitting and equipment £000	Total £000
Cost:			
At 30 March 2002	12,217	2,244	14,461
Additions	13	108	121
Disposals	(270)	(20)	(290)
Transfers	550	(550)	—
At 29 March 2003	12,510	1,782	14,292
Depreciation:			
At 30 March 2002	567	1,140	1,707
Provided during the year	14	175	189
Disposals	—	(11)	(11)
At 29 March 2003	581	1,304	1,885
Net book value:			
At 29 March 2003	11,929	478	12,407
At 30 March 2002	11,650	1,104	12,754

The cost of freehold properties included above as at 29 March 2003 was £9,577,000 (2002: £9,847,000).

The land and buildings were valued by external valuers, Christie & Co., as at November 2001. This was on the basis of open market value for existing use as fully operational care home businesses, in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors and was recognised in the financial statements in the year of the valuation.

## Notes to the financial statements

at 29 March 2003

### 11. Investments

	<i>Shares in group undertakings £000</i>
Cost or valuation:	
At 30 March 2002 and 29 March 2003	1,347
Amounts written off:	
At 30 March 2002 and 29 March 2003	1,346
Net book value:	
at 30 March 2002 and 29 March 2003	1

At 29 March 2003 the company held more than 20% of a class of the equity of the following undertakings:

<i>Subsidiaries</i>	<i>Country of incorporation/ registration</i>	<i>Class of share capital held</i>	<i>Proportion held</i>	<i>Nature of business</i>
Highcare Services Limited	England and Wales	Ordinary	100%	Dormant
Highcare Limited	England and Wales	Ordinary	100%	Dormant

### 12. Debtors

	<i>2003 £000</i>	<i>2002 £000</i>
Trade debtors	399	370
Other debtors	8	18
Prepayments	18	—
	<u>425</u>	<u>388</u>

## Notes to the financial statements

at 29 March 2003

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

	2003 £000	2002 £000
Trade creditors	79	75
Amount owed to parent undertaking	601	—
Amounts owed to group undertakings	113	—
Other taxes and social security costs	150	127
Other creditors	365	372
Accruals and deferred income	117	259
Corporation tax	13	—
	<u>1,438</u>	<u>833</u>

### 14. Creditors: amounts falling due in over one year

	2003 £000	2002 £000
Amount owed to parent undertaking	7,847	8,284
Amounts repayable		
In more than one year but not more than two years	601	601
In more than two years but not more than five years	3,731	3,088
In more than five years	3,515	4,595
	<u>7,847</u>	<u>8,284</u>

### 15. Deferred taxation

Deferred taxation provided for and not provided for in the financial statements is set out below. The amounts have been calculated using a tax rate of 30%.

	Amount provided		Amount unprovided	
	2003 £000	2002 £000	2003 £000	2002 £000
Accelerated capital allowances	162	—	—	95
Less:				
Short term timing differences	—	—	—	(30)
Trading losses	(99)	—	—	(145)
Recoverable advance corporation tax	—	—	—	(9)
	<u>63</u>	<u>—</u>	<u>—</u>	<u>(89)</u>

No provision for deferred tax (2002: £nil) has been made for taxation which would accrue if the land and buildings were disposed of at their revalued amounts.



## Notes to the financial statements

at 29 March 2003

### 15. Deferred taxation (continued)

The movement in the deferred tax liability during the year is as follows.

	£000
At 30 March 2002	—
Arising during the year	63
At 29 March 2003	63

### 16. Share capital

	Authorised	
	2003	2002
	£000	£000
18,500,000 ordinary shares of 10p each	1,850	1,850
150,000 ordinary shares of £1 each	150	150
200,000 Class 3 7.5% preference shares of £1 each	200	200
2,500,000 Class 4 7.5% preference shares of 10p each	250	250
	<u>2,450</u>	<u>2,450</u>
	Allotted, called up and fully paid	
	2003	2002
	£000	£000
3,994,710 ordinary shares of 10p each	399	399
150,000 ordinary shares £1 each	150	150
200,000 Class 3 7.5% preference shares of £1 each	200	200
2,250,000 Class 4 7.5% preference shares of 10p each	225	225
	<u>974</u>	<u>974</u>

#### Ordinary shares

The ordinary 10p and £1 shares rank parri pasu with each other in all respects.

#### Class 3 7.5% preference shares

These are non-equity shares which carry the right to a fixed convertible preference dividend in cash of 7.5% per annum including the applicable tax credit, which may be redeemed at the option of the company. Holders of these shares have one vote for each preference share held, but only when the preference dividend is more than six months in arrears; on a resolution for the winding up of the company; or on a resolution affecting the rights attached to these shares.

## Notes to the financial statements

at 29 March 2003

### 16. Share capital (continued)

#### Class 4 7.5% preference shares

These are non-equity shares which carry the right to a fixed convertible preference dividend in cash of 7.5% per annum including the applicable tax credit, which may be redeemed at the option of the company. Holders of these shares have one vote for every ten preference shares held, but only when the preference dividend is more than six months in arrears; on a resolution for the winding up of the company; or on a resolution affecting the rights attached to these shares.

Holders of all classes of preference shares have the right on a winding up to receive, in priority to any other class of share, the repayment of their nominal value, together with any arrears of dividend.

#### Dividend arrears

There are no dividend arrears due to the waiving of accumulated dividends by shareholders up to the year end.

### 17. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total shareholders' fund £000
At 1 January 2001	974	1,895	909	(545)	3,233
Loss for the period	—	—	—	(684)	(684)
Surplus on revaluation of assets	—	—	1,531	—	1,531
At 30 March 2002	974	1,895	2,440	(1,229)	4,080
Profit for the year	—	—	—	574	574
At 29 March 2003	974	1,895	2,440	(655)	4,654

The provision of FRS 4 require that an amount of £425,000, representing the company's Class 3 7.5% and Class 4 7.5% preference shares are classified as being part of the non-equity element of shareholders' funds. Accordingly total shareholders' funds of £4,654,000 are categorised as equity £4,229,000 (2002: £3,655,000) and non-equity £425,000 (2002: £425,000).

### 18. Capital commitments

The company had no capital commitments at 30 March 2002 or 29 March 2003.

### 19. Contingent liabilities

The company has guaranteed the bank liabilities of its parent undertaking, Ridgmont Holdings Limited, through a mortgage debenture under which the company would charge and mortgage the whole of its property, undertaking and assets, by way of a fixed and floating charge. At the year end the bank liabilities of Ridgmont Holdings Limited were £24,861,000 (2002: £24,741,000).

## Notes to the financial statements

at 29 March 2003

### 20. Other financial commitments

At 29 March 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	2003		2002	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
In one to two years	—	5	15	5
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 21. Related party transactions

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the same group.

### 22. Parent undertaking and controlling party

The company's immediate and ultimate parent undertaking is Ridgmont Holdings Limited. It has included the company in its group financial statements, copies of which are available from its registered office: Portmill House, Portmill Lane, Hitchin, Hertfordshire, SG5 1DJ.