

Speciality Care (Rest Homes) Limited  
Annual report  
for the year ended 31 December 1999

Registered Number 3010116



# Speciality Care (Rest Homes) Limited

## Annual report for the year ended 31 December 1999

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# **Speciality Care (Rest Homes) Limited**

## **Directors and Advisors for the year ended 31 December 1999**

### **Executive Directors**

M A Stratford

G Blackoe

### **Secretary**

BLG (Professional Service) Limited

Beaufort House,

15 St. Botolph Street

London

EC3A 7NS

### **Auditors**

PricewaterhouseCoopers

Temple Court

35 Bull Street

Birmingham

B4 6JT

### **Solicitors**

Simon Bishop & Partners

"Hillcairnle"

St. Andrew's Road

Droitwich

Worcestershire

WR9 8DJ

### **Registered Office**

"Hillcairnle"

St. Andrew's Road

Droitwich

Worcestershire

WR9 8DJ

### **Bankers**

National Westminster Bank plc

Cheltenham & Gloucester

Business Centre

68-70 Suffolk Road

Cheltenham

Gloucestershire

GL50 2ED

# **Speciality Care (Rest Homes) Limited**

## **Directors' report for the year ended 31 December 1999**

The directors present their report and the audited financial statements for the year ended 31 December 1999.

### **Principal activities**

The company re-commenced trading on 23 December 1999 following the acquisition of Arden College and Highcroft House on 23 December 1999. The company did not trade during the prior period ended 31 December 1998. The principal activity of the company is the provision of residential care and specialist education for persons with mental handicaps and the operation of a nursing home.

### **Review of business and future developments**

Arden College and Highcroft House were acquired on 23 December 1999 after the end of the winter 1999 academic term. The directors have received confirmation that Craegmoor Healthcare Company Limited will continue to provide ongoing financial support to the company for at least twelve months from the date of this report

### **Results and dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 1999 (10 months ended 31 December 1998: £Nil). The loss for the year of £18,311 (10 months ended 31 December 1998: £nil) is to be written off against reserves.

### **Directors and their interests**

The directors who held office during the year are listed on page 1.

M A Stratford is a director of the parent company, Craegmoor Healthcare Company Limited, and his share interests are shown in the directors' report of that company. No other director had any interests in the share capital of Speciality Care (Rest Homes) Limited or Craegmoor Healthcare Company Limited.

### **Year 2000**

Many computer systems express dates using only the last two digits to indicate the year. Such systems require testing and may require modification to ensure that they produce valid data in the year 2000 and beyond.

The company's principle computer applications software were year 2000 ready in 1999. Other programs that may have required testing and/or replacing were upgraded during the course of 1999.

The directors are aware that the risks related to the year 2000 issue are not only internal but that disruption may be caused by the failure of its customers and suppliers systems. There is therefore a risk associated with the failure of other parties to remedy their own year 2000 issues. No issues have arisen to date.

The company audited its systems including equipment which may have embedded computer chips during 1999, reporting to the group's executive committee which has ultimate responsibility for this exercise.

The total cost of upgrades and modifications to the company's systems and hardware was not material and since the company only uses packaged software there were no significant charges to the profit and loss account during 1999. Similarly, none are expected in 2000.

# Speciality Care (Rest Homes) Limited

## Introduction of the Euro

The company neither imports goods and services nor exports goods and services to the Euro zone.

The company has confirmed that the software upgrades are available for its packaged accounting system to cater for the Euro, which can be installed if confirmation of entry is announced.

New computer hardware purchased from 1 January 2000 will be validated to ensure that it is Euro compliant and that the appropriate currency symbol is available.

Upon announcement that the country is to enter the Euro system, the company will form an appropriate project team to deal with this matter.

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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. 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting

By order of the Board



BLG (Professional Service) Limited  
Company Secretary  
12 May 2000

# **Speciality Care (Rest Homes) Limited**

## **Auditors' report to the members of Speciality Care (Rest Homes) Limited**

We have audited the financial statements on pages 5 to 13.

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

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Birmingham  
12 May 2000

## Speciality Care (Rest Homes) Limited

### Profit and loss account for the year ended 31 December 1999

	Note	12 months ended 31 December 1999	10 months ended 31 December 1998
		£	£
Turnover	2	33,583	-
Cost of sales		(42,373)	-
Gross loss		(8,790)	-
Administration expenses		(17,321)	-
Loss on ordinary activities before taxation	6	(26,111)	-
Tax on loss on ordinary activities	7	7,800	-
Retained loss for the financial year	13	(18,311)	-

All activities relate to continuing operations.

The company has no recognised gains or losses other than those shown above and therefore no separate statement of recognised gains and losses has been prepared.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalent.

# Speciality Care (Rest Homes) Limited

## Balance sheet as at 31 December 1999

	Note	1999 £	1998 £
<b>Fixed Assets</b>			
Intangible assets	8	335,000	-
<b>Current assets</b>			
Debtors	9	184,168	-
		184,168	-
Creditors: amounts falling due within one year	10	(399,229)	(196,751)
Net current liabilities		(215,061)	(196,751)
Total assets less current liabilities		119,939	(196,751)
Creditors : amounts falling due after more than one year	11	(335,000)	-
Net liabilities		(215,061)	(196,751)
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account	13	(215,064)	(196,753)
Total equity shareholders' funds		(215,062)	(196,751)

The financial statements on page 5 to 13 were approved by the board of directors and signed on its behalf by:



M A Stratford  
Director  
12 May 2000



# **Speciality Care (Rest Homes) Limited**

## **Notes to the financial statements for the year ended 31 December 1999**

### **1. Principal accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

#### **Basis of accounting**

The financial statements have been prepared on the historical cost basis of accounting.

#### **Intangible fixed assets**

The intangible fixed assets comprise goodwill created on acquisition of Highcroft House and Arden College. The goodwill is being amortised over a period of 20 years.

#### **Fixed Assets**

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

#### **Leases**

Costs in respect of operating leases are charged as incurred. Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments. All other leases are accounted for as 'operating leases', costs of which being charged to the profit and loss account on a straight line basis over the life of the lease.

#### **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable a liability will crystallise.

#### **Cash Flow Statement**

The company is a wholly owned subsidiary of Speciality Care Limited, which is a wholly parent company is Craegmoor Healthcare Company Limited, and its cash flows are included in the group cash flow statement of that parent 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 charged for the year in the United Kingdom.

# Speciality Care (Rest Homes) Limited

## 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 year ended 31 December 1999 were £nil (10 months ended 31 December 1998: £nil).

## 5. Employee information

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

Nursing, ancillary and administrative	12 months ended 31 December 1999	10 months ended 31 December 1998
	Number	Number
Full time	79	-
Part time	9	-
	88	-

### Staff costs (for the above persons)

	£	£
Wages and salaries	34,366	-
Social security costs	2,712	-
	37,078	-

## Speciality Care (Rest Homes) Limited

### 6. Loss on ordinary activities before taxation

	12 months ended 31 December 1999	10 months ended 31 December 1998
	£	£
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Hire of machinery and equipment	370	-
Rent payable under operating lease	11,094	-
Auditors' fees	-	-

The auditors' fees were borne by Craegmoor Healthcare Company Limited.

### 7. Tax on loss on ordinary activities

	12 months ended 31 December 1999	10 months ended 31 December 1998
	£	£
Taxation on the loss for the year		
UK corporation tax at 30.25% (1998: 31%):		
Group relief	(7,800)	-

# Speciality Care (Rest Homes) Limited

## 8. Intangible fixed assets

	Goodwill
	£
<b>Cost or valuation</b>	
At 1 January 1999	-
Additions (see note 15)	335,000
<b>At 31 December 1999</b>	<b>335,000</b>
<b>Accumulated Depreciation</b>	
At 1 January 1999	-
Charge for the year	-
<b>At 31 December 1999</b>	<b>-</b>
<b>Net book value</b>	
<b>At 31 December 1999</b>	<b>335,000</b>
At 31 December 1998	-

## 9. Debtors

Amounts falling due within one year	1999	1998
	£	£
Other debtors	40,324	-
Amounts owed by group undertakings	19,697	-
Group Relief	7,800	-
Prepayments and accrued income	116,347	-
	<b>184,168</b>	<b>-</b>

## Speciality Care (Rest Homes) Limited

### 10. Creditors – Amounts falling due within one year

	1999 £	1998 £
Amounts owed to group undertakings	237,074	196,751
Other creditors	102,461	-
Accruals and deferred income	59,694	-
	399,229	196,751

### 11. Creditors – Amounts falling due after more than one year

	1999 £	1998 £
Amounts owed to group	335,000	-

Amounts owed to the group undertakings comprise an interest free loan. There are no defined repayment terms but the lender has confirmed to the company that it will not seek any repayment of this loan within the next 12 months.

### 12. Called up share capital

	1999 £	1998 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

### 13. Profit and loss account

	£
At 1 January 1999	(196,753)
Retained loss for the financial year	(18,311)
At 31 December 1999	(215,064)

## Speciality Care (Rest Homes) Limited

### 14. Reconciliation of movement in shareholders' funds

	1999	1998
	£	£
Loss attributable to shareholders	(18,311)	0
Opening shareholders' funds	(196,751)	(196,751)
Closing shareholders' funds	(215,062)	(196,751)

### 15. Acquisitions

On 23 December 1999 the company acquired the trade of two nursing homes, Arden House and Highcroft for nil consideration. At the same time, the leases relating to these properties were assigned to the company for the payment of £335,000 in cash.

### 16. Financial commitments

At 31 December 1999 the company had commitments under non-cancellable operating leases as follows:

	1999		1998	
	Land and buildings	Other assets	Land and buildings	Other assets
	£	£	£	£
Expiring less than one year	-	-	-	-
Expiring between two and five years	-	-	-	-
Expiring greater than five years	402,164	-	-	-

## **Speciality Care (Rest Homes) Limited**

### **17. Capital commitments**

The company had no capital commitments at 31 December 1999 (1998: £Nil).

### **18. Immediate and ultimate parent companies**

The directors regard Speciality Care Limited, a company registered in England and Wales, as the immediate parent company of Speciality Care (Rest Homes) Limited, and Craegmoor Healthcare Company Limited, a company registered in England and Wales, as the immediate parent company of Speciality Care Limited. Copies of Craegmoor Healthcare Company Limited's consolidated financial statements may now be obtained from Craegmoor Healthcare Company Limited at its registered office, "Hillcairn", St. Andrews Road, Droitwich, Worcester, WR9 8DJ.

The directors regard Warburg Pincus LP, a company partnership incorporated in the United States of America, as the ultimate parent company. Copies of the ultimate parent company's financial statements are not available to the public.