

Speciality Care (Rest Homes) Limited  
Annual report  
for the year ended 31 December 2002

Registered number: 3010116



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

## **Annual report for the year ended 31 December 2002**

	<b>Page</b>
Directors and advisors for the year ended 31 December 2002 .....	1
Directors' report for the year ended 31 December 2002 .....	2
Independent auditors' report to the members of Speciality Care (Rest Homes) Limited.....	4
Profit and loss account for the year ended 31 December 2002.....	5
Statement of total recognised gains and losses .....	6
Balance sheet as at 31 December 2002.....	7
Notes to the financial statements for the year ended 31 December 2002 .....	8

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

## **Directors and advisors for the year ended 31 December 2002**

### **Executive directors**

M A Stratford  
G Blackoe (resigned on 14 March 2003)  
C Artis (appointed on 24 March 2003)  
M Hill (appointed on 1 April 2003)  
S Hughes (appointed on 1 April 2003)

### **Secretary**

BLG (Professional Services) Limited  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7NS

### **Auditors**

PricewaterhouseCoopers LLP  
Temple Court  
35 Bull Street  
Birmingham  
B4 6JT

### **Solicitors**

Simon Bishop & Partners  
"Hillcairnie"  
St. Andrew's Road  
Droitwich  
Worcestershire  
WR9 8DJ

### **Registered office**

"Hillcairnie"  
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 2002**

The directors present their report and the audited financial statements for the year ended 31 December 2002.

### **Principal activities**

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**

Both the level of business and the year end position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

The directors have received confirmation that Craegmoor 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 profit and loss account shows a profit for the year of £174,000 (Restated 2001: £87,000). The directors do not recommend the payment of a dividend for the year ended 31 December 2002 (2001: £nil).

### **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 ultimate parent company in the United Kingdom, Craegmoor 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 Limited.

### **Changes in fixed assets**

Movements in tangible fixed assets during the year are set out in note 9 to the financial statements.

### **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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

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.

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

### **Directors' report for the year ended 31 December 2002 (continued)**

#### **Elective resolutions**


On 3 March 2003 the company elected, in accordance with sections 252 and 366A of the Companies Act UK 1985, to dispense with the need to lay accounts and reports before general meeting and to dispense with holding an annual general meeting.

#### **Auditors**

Following the conversion of our auditors, PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 3 March 2003 and the directors appointed its successors, PricewaterhouseCoopers LLP, as auditors.

On 3 March 2003 the company elected, in accordance with section 386 of the Companies Act UK 1985, to dispense with the obligation to appoint auditors annually.

By order of the Board



BLG (Professional Services) Limited  
Company Secretary  
27 October 2003

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

We have audited the financial statements on pages 5 to 16.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

### **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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
27 October 2003

## Speciality Care (Rest Homes) Limited

### Profit and loss account for the year ended 31 December 2002

		2002	2001 As restated (note 1)
	Note	£'000	£'000
<b>Turnover</b>	2	<b>3,222</b>	3,045
Cost of sales		(2,184)	(2,113)
<b>Gross profit</b>		<b>1,038</b>	932
Administrative expenses		(781)	(791)
<b>Profit on ordinary activities before taxation</b>	6	<b>257</b>	141
Tax on profit on ordinary activities	7	(83)	(54)
<b>Profit transferred to reserves</b>	15	<b>174</b>	87

All activities relate to continuing operations.

## Speciality Care (Rest Homes) Limited

### Statement of total recognised gains and losses

		2002	2001 As restated (note 1)
	Note	£'000	£'000
Profit for the financial year		174	87
<b>Total recognised gains and losses for the year</b>		<b>174</b>	<b>87</b>
Prior year adjustment	1 & 15	(28)	
<b>Total gains and losses since last annual report</b>		<b>146</b>	

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

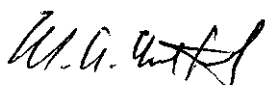


# Speciality Care (Rest Homes) Limited

## Balance sheet as at 31 December 2002

	Note	2002 £'000	2001 As restated (note 1) £'000
<b>Fixed assets</b>			
Intangible assets	8	356	377
Tangible assets	9	234	227
		<b>590</b>	<b>604</b>
<b>Current assets</b>			
Debtors	10	677	243
Cash at bank and in hand		3	5
		<b>680</b>	<b>248</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(772)</b>	<b>(526)</b>
<b>Net current liabilities</b>		<b>(92)</b>	<b>(278)</b>
<b>Total assets less current liabilities</b>		<b>498</b>	<b>326</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(421)</b>	<b>(421)</b>
<b>Provisions for liabilities and charges</b>	13	<b>(26)</b>	<b>(28)</b>
<b>Net assets/(liabilities)</b>		<b>51</b>	<b>(123)</b>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	51	(123)
<b>Total equity shareholders' funds/(deficit)</b>	16	<b>51</b>	<b>(123)</b>

The financial statements on page 5 to 16 were approved by the board of directors on 27 October 2003 and signed on its behalf by:



M A Stratford  
Director

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2002

### 1 Principal accounting policies

#### Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. In accordance with the requirements of Financial Reporting Standard ("FRS") 18, "Accounting Policies" the directors have reviewed the accounting policies of the company to ensure that they remain the most appropriate to its particular circumstances. This review has not resulted in any changes to the accounting policies of the company. A summary of the more important accounting policies, which have been consistently applied, and the impact of adopting a new accounting standard is set out below:

#### Change in accounting policy

The company has adopted FRS 19, "Deferred Tax" in the financial statements. The adoption of this new standard represents a change in accounting policy and the comparative figures have been restated accordingly.

FRS 19 requires full provision to be made for deferred tax assets and liabilities arising from timing differences.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

The effect of the change in accounting policy to adopt FRS 19 was to decrease tax on profit on ordinary activities by £2,000 (2001: £2,000 increase) and to increase profit for the financial year by £2,000 (2001: £2,000 decrease). The adjustments to opening reserves are shown in note 15.

#### Tangible fixed assets

The cost of fixed assets is their purchase cost, and any costs directly attributable to bringing them into working condition for their intended use. Land and buildings are revalued by professionally qualified valuers every five years, on an existing use open market value basis, and in the intervening years these valuations are updated by the directors with the assistance of independent professional advice as required.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on the following bases:

Freehold land	- nil
Freehold buildings	- 2% straight line
Short term leasehold property	- over lease term
Equipment	- 10% to 25% straight line
Furniture and fittings	- 10% to 25% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

Provision is made for any impairment in the period in which it arises. The impairment is calculated by comparing the carrying value to the recoverable amount as required by FRS 11, "Impairment of fixed assets and goodwill". The recoverable amount of land and buildings is taken to be the higher of realisable value and value in use. Value in use is determined by reference to the expected future cash flows of the care home, discounted at a risk adjusted weighted cost of capital. Realisable value is determined by professional valuers on an existing use open market value basis.

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

## **Notes to the financial statements for the year ended 31 December 2002 (continued)**

### **1 Principal accounting policies (continued)**

#### **Tangible fixed assets (continued)**

Provisions for impairment in the carrying value of fixed assets to below historical cost are charged to the profit and loss account.

#### **Debtors**

Specific provisions are made against those trade debtor amounts where settlement is considered unlikely.

#### **Finance and operating leases**

Costs in respect of operating leases are charged as incurred.

Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

#### **Pension costs**

The company does not operate a pension scheme. Pension costs represent amounts paid to employees' private pension schemes.

#### **Cash flow statement**

The company is a wholly owned subsidiary of Craegmoor Limited, and the cash flows of the company are included in the consolidated group cash flow statement of that company. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a cash flow statement.

#### **Intangible fixed assets**

Intangible fixed assets comprise goodwill created at the date of incorporation. The goodwill is being amortised over a period of 20 years.

### **2 Turnover**

Turnover which excludes value added tax consists entirely of fee income for the year in the United Kingdom.

### **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.

## Speciality Care (Rest Homes) Limited

### Notes to the financial statements for the year ended 31 December 2002 (continued)

#### 4 Directors' emoluments

M A Stratford received no emoluments in respect of his services to the company for the year ended 31 December 2002 (2001: £nil). The emoluments of G Blackoe are paid by the intermediate parent company, Craegmoor Healthcare Company Limited. G Blackoe was also a director of a number of fellow subsidiaries during the year ended 31 December 2002 and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly, no emoluments have been included above for G Blackoe.

#### 5 Employee information

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

	2002	2001
	Number	Number
<b>Nursing, ancillary and administrative</b>		
Full time	123	121
Part time	51	44
	174	165
<b>Staff costs (for the above persons)</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,836	1,789
Social security costs	135	135
	1,971	1,924

#### 6 Profit on ordinary activities before taxation

	2002	2001
	£'000	£'000
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Depreciation of tangible fixed assets:		
- owned assets	36	29
Amortisation of goodwill	21	21
Rent payable under operating lease	497	494
Auditors' fees – Audit	10	8

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 7 Tax on profit on ordinary activities

	2002	2001 As restated (note 1)
	£'000	£'000
<b>Current taxation</b>		
UK Corporation tax at 30% (2001: 30%)	85	52
<b>Deferred taxation</b>		
Current year	(2)	2
<b>Tax charge</b>	<b>83</b>	<b>54</b>

The tax for the year differs from the standard rate of Corporation Tax in the UK (30%). The differences are explained below:

	2002	2001 As restated (note 1)
	£'000	£'000
<b>Profit on ordinary activities</b>	<b>257</b>	<b>141</b>
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	77	42
Effects of:		
Expenses not deductible for tax purposes	6	12
Capital allowance for the year in excess of depreciation	2	(2)
<b>Current tax charge</b>	<b>85</b>	<b>52</b>

Deferred tax liabilities have not been discounted.

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 8 Intangible fixed assets

	Goodwill £'000
<b>Cost</b>	
At 1 January and 31 December 2002	419
<b>Amortisation</b>	
At 1 January 2002	42
Charge for the year	21
<b>At 31 December 2002</b>	<b>63</b>
<b>Net book value</b>	
<b>At 31 December 2002</b>	<b>356</b>
At 31 December 2001	377

### 9 Tangible fixed assets

	Leasehold buildings £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>			
At 1 January 2002	52	209	261
Additions	14	29	43
<b>At 31 December 2002</b>	<b>66</b>	<b>238</b>	<b>304</b>
<b>Accumulated depreciation</b>			
At January 2002	4	30	34
Charge for the year	1	35	36
<b>At 31 December 2002</b>	<b>5</b>	<b>65</b>	<b>70</b>
<b>Net book value</b>			
<b>At 31 December 2002</b>	<b>61</b>	<b>173</b>	<b>234</b>
At 31 December 2001	48	179	227

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 10 Debtors

Amounts falling due within one year	2002	2001
	£'000	£'000
Trade debtors	30	67
Amounts owed by group undertakings	632	167
Prepayments and accrued income	15	9
	677	243

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

	2002	2001
	£'000	£'000
Bank loans and overdrafts	9	4
Trade creditors	20	18
Other taxation and social security	-	30
Corporation tax payable	19	19
Other creditors	-	8
Accruals and deferred income	724	447
	772	526

### 12 Creditors: amounts falling due after more than one year

	2002	2001
	£'000	£'000
Amounts owed to group undertakings	421	421

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.

# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 13 Provisions for liabilities and charges

	£'000
	Deferred tax
At 1 January 2002 as previously reported	-
Prior year adjustment	28
At 1 January 2002 as restated	28
Credited in profit and loss account	(2)
<b>At 31 December 2002</b>	<b>26</b>

	2002	2001
	£'000	£'000
The amount provided for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	26	28

### 14 Called up share capital

	2002	2001
	£'000	£'000
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1	1
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	-	-



# Speciality Care (Rest Homes) Limited

## Notes to the financial statements for the year ended 31 December 2002 (continued)

### 15 Profit and loss account

	£'000
At 1 January 2002 as previously reported	(95)
Prior year adjustment – FRS 19 (see note 1)	(28)
As at 1 January 2002 as restated	(123)
Profit for the financial year	174
<b>At 31 December 2002</b>	<b>51</b>

### 16 Reconciliation of movement in shareholders' funds

	2002 £'000	2001 As restated (note 1) £'000
Profit for the financial year	174	87
Net increase in shareholders' funds	174	87
Opening equity shareholders' deficit as previously reported	(95)	(184)
Prior year adjustment – FRS 19 (see note 1)	(28)	(26)
Opening equity shareholders' deficit as restated	(123)	(210)
<b>Closing equity shareholders' equity/(deficit)</b>	<b>51</b>	<b>(123)</b>

### 17 Financial commitments

At 31 December 2002 the company had annual commitments for land and buildings under non-cancellable operating leases as follows:

	2002 £'000	2001 £'000
Expiring greater than five years	507	502

### 18 Capital commitments and contingent liabilities

The company had no capital commitments or contingent liabilities at 31 December 2002 (2001: £nil).

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

### **Notes to the financial statements for the year ended 31 December 2002 (continued)**

#### **19 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 Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom of Speciality Care Limited. Copies of Craegmoor Limited's consolidated financial statements may now be obtained from it's registered office, "Hillcairnie", St. Andrews Road, Droitwich, Worcestershire, WR9 8DJ.