

Speciality Care (Rest Homes) Limited

Directors' report and financial statements

28 February 1998

Registered number 3010116



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the period ended 28 February 1998.

Principal activities and business review

The principal activities of the company during the period were the provision of nursing and residential home facilities for the care of elderly frail, mental handicap and learning disability clients.

The results for the period can be seen in the profit and loss account on page 4.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the period were as follows:

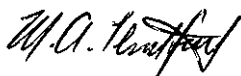
M Stratford (appointed 26 February 1998)
G Blackoe (appointed 26 February 1998)
TF Nicholson (resigned 26 February 1998)
AL Robinson (resigned 26 February 1998)
DM Hunter (resigned 16 December 1997)
DG Cormack (resigned 17 December 1997)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company at 28 February 1998. Their interests in the shares of the company's parent company, Speciality Care Limited, (formerly Speciality Care PLC), are disclosed in the financial statements of that company.

Auditors

Following a change in ownership of the Speciality Care Group, KPMG will not be seeking re-appointment as auditors.

By order of the board



M Stratford

Director

Hillcairnie
St Andrews Road
DROITWICH
Worcestershire
WR9 8DJ

13 October 1998

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable 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 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 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.



Peat House
1 Commercial Street
Forster Square
Bradford
BD1 4AS

Report of the auditors to the members of Speciality Care (Rest Homes) Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of 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 as at 28 February 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

*Chartered Accountants
Registered Auditors*

13 October 1998

Profit and loss account

for the period ended 28 February 1998

	<i>Note</i>	Discontinued activities 8 months ended 20 June 1998 £	Discontinued activities Year ended 30 June 1997 £
Turnover	<i>1</i>	104,128	228,815
Cost of sales		(70,666)	(184,055)
		<hr/>	<hr/>
Gross profit		33,462	44,760
Administrative expenses		(18,487)	(258,635)
		<hr/>	<hr/>
Operating profit/(loss)		14,975	(213,875)
Interest payable and similar charges	<i>5</i>	(236)	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	<i>2-4</i>	14,739	(213,875)
Tax on profit/(loss) on ordinary activities	<i>6</i>	(92,089)	93,065
		<hr/>	<hr/>
Loss for the financial period		(77,350)	(120,810)
		<hr/>	<hr/>

There were no recognised gains or losses other than the loss for the period/year.

Reconciliation of movements in shareholders' funds

for the period ended 28 February 1998

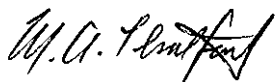
	8 months to 28 February 1998 £	Year to 30 June 1997 £
Net reduction to shareholder's funds	(77,350)	(120,810)
Opening shareholders' funds	(119,401)	1,409
	<hr/>	<hr/>
Closing shareholders' funds	(196,751)	(119,401)
	<hr/>	<hr/>

Balance sheet

at 28 February 1998

	Note	28 February 1998		30 June 1997	
		£	£	£	£
Fixed assets					
Tangible assets	7		-		15,349
Current assets					
Stock	8	-		253	
Debtors	9	-		12,942	
Cash at bank and in hand		-		8,021	
				21,216	
Creditors: amounts falling due within one year	10	(196,751)		(155,966)	
Net current liabilities			(196,751)		(134,750)
Net liabilities			(196,751)		(119,401)
Capital and reserves					
Called up equity share capital	11		2		2
Profit and loss account	12	(196,753)		(119,403)	
Revaluation reserve	12		-		-
Shareholders' funds - equity			(196,751)		(119,401)

These financial statements were approved by the board of directors on 13 October 1998 and were signed on its behalf by:



M Stratford

Director

Notes

(forming part of 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 company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain land and freehold property. The company's ultimate parent company, Craegmoor Healthcare Company Limited, has confirmed its policy of providing financial support to the company and on the strength of this assurance the financial statements have been prepared on a going concern basis.

The company is exempt from the requirement of Financial Reporting Standard No.1 (revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Speciality Care Limited (formerly Speciality Care PLC) and its cash flows are included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

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

Freehold buildings	-	Nil% per annum
Plant, equipment and motor vehicles	-	15% per annum to 33.33% per annum

No depreciation is provided on freehold property on the basis that the directors consider it essential to maintain the buildings to such a standard that their residual values are at least equal to their book value.

Goodwill

Goodwill relating to a business purchased by the company, is amortised over the directors' estimate of its useful life.

Leases

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' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

Accounting policies (continued)

Stocks

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

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services during the period. Turnover is attributed to the provision of nursing and residential home facilities for the care of the elderly frail, mental handicap, and learning disability clients.

2 Profit/(loss) on ordinary activities before taxation

	8 months ended 28 February 1998	Year ended 30 June 1997
	£	£
<i>Profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	-	-
Depreciation and other amounts written off tangible fixed assets:		
Owned	710	1,660
Leased	583	-
Hire of other assets - operating leases	10,250	37,563
	<hr/>	<hr/>

The auditors' remuneration is discharged by Speciality Care Limited (formerly Speciality Care PLC), the parent company.

3 Remuneration of directors

	8 months ended 28 February 1998	Year ended 30 June 1997
	£	£
Directors' emoluments:		
As directors	-	-
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	8 months ended 28 February 1998	Year ended 30 June 1997
Health care (including part time employees)	36	26
Directors	8	5
	<hr/> 44	<hr/> 31

The aggregate payroll costs of these persons were as follows:

	1998 £	1997 £
Wages and salaries	61,870	163,222
Social security costs	3,948	9,706
	<hr/> 65,818	<hr/> 172,928

5 Interest payable and similar charges

	8 months ended 28 February 1998 £	Year ended 30 June 1997 £
Finance charges payable in respect of finance leases and hire purchase contracts	236	-
	<hr/> 236	<hr/> -

6 Taxation

	8 months ended 28 February 1998 £	Year ended 30 June 1997 £
Group relief payable/(receivable) at 31% (1997 : 32½%) - current period	1,125	(10,690)
Group relief payable/(receivable) at 31% (1997 : 32½%) - prior period	90,964	(82,375)
	<hr/> 92,089	<hr/> (93,065)

Notes (continued)

7 Tangible fixed assets

	Land and buildings £	Plant and equipment £	Total £
Cost			
At beginning of period	1,763	15,246	17,009
Additions	1,102,077	15,156	1,117,233
Revaluation	98,728	-	98,728
Transfers to fellow subsidiary undertaking	(1,202,568)	(30,402)	(1,232,970)
	<hr/>	<hr/>	<hr/>
At end of period	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of period	-	1,660	1,660
Charge for period	-	1,293	1,293
Transfers to fellow subsidiary undertaking	-	(2,953)	(2,953)
	<hr/>	<hr/>	<hr/>
At end of period	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
28 February 1998	-	-	-
	<hr/>	<hr/>	<hr/>
30 June 1997	1,763	13,586	15,349
	<hr/>	<hr/>	<hr/>

Included in the total net book value of plant and equipment is £nil (1997: £nil) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £583 (1997: £nil).

8 Stock

	8 months ended 28 February 1998 £	Year ended 30 June 1997 £
Raw materials and consumables	-	253
	<hr/>	<hr/>

9 Debtors

	8 months ended 28 February 1998 £	Year ended 30 June 1997 £
Trade debtors	-	10,700
Prepayments and accrued income	-	2,242
	<hr/>	<hr/>
	-	12,942
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	8 months ended 28 February 1998	Year ended 30 June 1997
	£	£
Trade creditors	-	12,074
Amounts due to group undertakings	196,751	130,491
Other creditors	-	2,772
Accruals and deferred income	-	10,629
	<hr/> 196,751	<hr/> 155,966

11 Called up share capital

	8 months ended 28 February 1998	Year ended 30 June 1997
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

12 Reserves

	Profit and loss account	Revaluation reserve
	£	£
At beginning of period	(119,403)	-
Loss for the period	(77,350)	-
Revaluation during period	-	98,728
Transfer to fellow subsidiary undertaking	-	(98,728)
	<hr/>	<hr/>
At end of period	(196,753)	-
	<hr/>	<hr/>

13 Contingent liabilities

The company has entered into a cross guarantee with its bankers and Speciality Care Limited (formerly Speciality Care PLC) and other subsidiary undertakings. The contingent liability at 28 February 1998 was £2,188,538.

14 Ultimate parent company

Craegmoor Healthcare Company, Limited is the ultimate parent company, a company registered in England and Wales.