

Reg

**Speciality Care (Rest Homes) Limited**

**Directors' report and financial statements**

**30 June 1996**

Registered number 3010116



# Speciality Care (Rest Homes) Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	3
Profit and loss account	4
Reconciliation of movements in shareholders' funds	4
Balance sheet	5
Notes	6 - 10

# Speciality Care (Rest Homes) Limited

## Directors' report

The directors present their annual report and the audited financial statements for the period ended 30 June 1996.

### Incorporation and change of name

The company was incorporated on 16 January 1995 and commenced trading on 5 June 1995.

### Share capital

On incorporation the authorised share capital of the company comprised 1,000 ordinary shares of £1 each, two of which were issued and fully paid.

### Principal activities

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. During the period the trading homes of the company was transferred to a fellow subsidiary undertaking, Speciality Care (Reit Homes) Limited.

### Proposed dividend and transfer to reserves

The profit retained by the company during the period was £1,407. 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:

TF Nicholson

DG Cormack

DM Harte

AL Robinson (appointed on 7 June 1996)

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 30 June 1996. Their interests in the shares of the company's parent company, Speciality Care PLC, are disclosed in the financial statements of that company.

# Speciality Care (Rest Homes) Limited

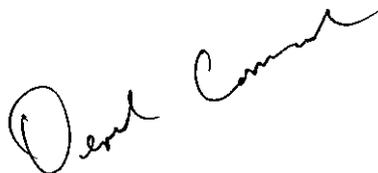
## Directors' report

### Auditors

KPMG were appointed the company's first auditors.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**DG Cormack**  
*Secretary*

Hamilton House  
1 Temple Avenue  
LONDON  
EC4Y OHA

22 January 1997

# Speciality Care (Rest Homes) Limited

## Statement of directors' responsibilities

*in respect of the preparation of 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 year. 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;
- 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.

## 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 above 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 30 June 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*  
Bradford

22 January 1997

# Speciality Care (Rest Homes) Limited

## Profit and loss account for the period ended 30 June 1996

	Note	1996 £
<b>Turnover</b>	1	354,444
Cost of sales		<u>(219,610)</u>
<b>Gross profit</b>		134,834
Administrative expenses		<u>(34,873)</u>
<b>Operating profit</b>		99,961
Interest payable and similar charges	5	<u>(107,456)</u>
<b>Loss on ordinary activities before taxation</b>	2-4	(7,495)
Tax on loss on ordinary activities	6	<u>8,902</u>
<b>Profit for the financial period</b>		<u>1,407</u>

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

All of the turnover and operating loss for the period relates to businesses acquired and discontinued in the period.

## Reconciliation of movements in shareholders' funds for the period ended 30 June 1996

	1996 £
Loss for the financial period	1,407
New share capital subscribed	<u>2</u>
<b>Closing shareholders' funds</b>	<u>1,409</u>

# Speciality Care (Rest Homes) Limited

Balance sheet  
at 30 June 1996

	<i>Note</i>	1996 £
<b>Fixed assets</b>		
Tangible assets	7	40,625
<b>Creditors: amounts falling due within one year</b>	8	<u>(39,216)</u>
<b>Net liabilities</b>		<u>1,409</u>
<b>Capital and reserves</b>		
Called up equity share capital	9	2
Profit and loss account		<u>1,407</u>
<b>Shareholders' funds - equity</b>		<u>1,409</u>

These financial statements were approved by the board of directors on 22 January 1997 and were signed on its behalf by:



**TF Nicholson**  
Director

# Speciality Care (Rest Homes) Limited

## 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 is exempt from the requirement of Financial Reporting Standard No.1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of 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.

# Speciality Care (Rest Homes) Limited

## Notes (continued)

### 1 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 Loss on ordinary activities before taxation

1996  
£

#### *Loss on ordinary activities before taxation is stated*

#### *after charging*

Auditors' remuneration  
Depreciation and other amounts written  
off tangible fixed assets:  
Owned

-  
2,847

The auditors' remuneration is discharged by Speciality Care PLC, the parent company.

### 3 Remuneration of directors

1996  
£

Directors' emoluments:  
As directors

-

# Speciality Care (Rest Homes) Limited

## 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 1996
Health care (including part time employees)	19
Directors	3
	—
	22
	—

The aggregate payroll costs of these persons were as follows:

	1996 £
Wages and salaries	193,997
Social security costs	8,943
	<u>202,940</u>

### 5 Interest payable and similar charges

	1996 £
On bank loans, overdrafts and other loans wholly repayable within five years	<u>107,456</u>

### 6 Taxation

	1996 £
UK corporation tax at 25% on the loss for the period on ordinary activities	-
Group relief receivable at 33%	<u>(8,902)</u>
	<u>(8,902)</u>

# Speciality Care (Rest Homes) Limited

Notes (continued)

7	Tangible fixed assets	Land and buildings £	Plant and equipment £	Development costs £	Total £
	<i>Cost</i>				
	Additions	5,122,558	339,211	63,817	5,525,586
	Transfers to fellow subsidiary undertaking	<u>(5,122,558)</u>	<u>(339,211)</u>	<u>(23,192)</u>	<u>(5,484,961)</u>
	At 30 June 1996	<u>-</u>	<u>-</u>	<u>40,625</u>	<u>40,625</u>
	<i>Depreciation</i>				
	Charge	-	2,847	-	2,847
	Transfers to fellow subsidiary undertaking	<u>-</u>	<u>(2,847)</u>	<u>-</u>	<u>(2,847)</u>
	At 30 June 1996	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<i>Net book value</i>				
	30 June 1996	<u>-</u>	<u>-</u>	<u>40,625</u>	<u>40,625</u>

Development costs include capitalised personnel costs of £23,000.

8	Creditors: amounts falling due within one year	1996 £
	Amounts due to group undertakings	<u>39,216</u>
9	Called up share capital	1996 £
	<i>Authorised</i>	
	Ordinary shares of £1 each	<u>1,000</u>
	<i>Allotted, called up and fully paid</i>	
	Ordinary shares of £1 each	<u>2</u>

# Speciality Care (Rest Homes) Limited

Notes *(continued)*

## 10 **Contingent liabilities**

The company has entered into a cross guarantee with its bankers and Speciality Care PLC and other subsidiary undertakings. The contingent liability at 30 June 1996 was £6,491,515.

## 11 **Ultimate parent company**

On 16 January 1995 the entire share capital of Speciality Care (Rest Homes) Limited was acquired by Speciality Care PLC, a company registered in England and Wales. Speciality Care PLC is the ultimate parent company.