

Yorkshire Care Group Limited

**Directors' report and financial
statements**

Registered number 3016902

31 December 2004



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Directors' report

The directors present their annual report and the audited financial statements for the seventeen months ended 31 December 2004.

Principal activities and review of the business

The principal activity of the company is the ownership and management of nursing and care homes.

Business review

On 10 October 2003, 100% of the company's share capital was acquired by Barchester Healthcare Homes Limited.

The directors are satisfied with the result for the period and are confident of continued profitability.

Details of the result for the year are set out in the profit and loss account on page 4.

Proposed dividend

The directors do not recommend the payment of a dividend (2003: *£nil*).

Directors

The directors who held office during the period, and their interests in the ordinary share capital of the company were:

		2004	2003
Robert Summarsell	(resigned 10 October 2003)	-	525,000
Sir Nicholas Bacon, Bt DL	(resigned 10 October 2003)	-	525,000
Dr Sathiyarajah Arasu	(resigned 10 October 2003)	-	525,000
Michael Parsons	(appointed 24 May 2004)	-	-
David Duncan	(appointed 10 October 2003)	-	-

None of the directors who held office at the end of the financial period had any disclosable interests in the shares of the company.

Jon Hather was appointed as a director of the company on 23 February 2005.

The directors' interests in the shares of the ultimate parent company, Grove Limited, are detailed in the directors' report of that company.

Market value of land and buildings

Due to recent market conditions, the directors are of the opinion that the market value of land and buildings exceeds the book value of those assets at 31 December 2004. The company does not have a policy of revaluation and therefore the amounts by which land and buildings exceed book value cannot be quantified.

Auditors

WBS resigned as auditors on 10 October 2003 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J Hather
Secretary

Suite 201
The Chambers
Chelsea Harbour
London
SW10 0XF

20 October 2005

Statement of directors' responsibilities

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 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 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.



KPMG LLP

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Report of the independent auditors to the members of Yorkshire Care Group Limited

We have audited the financial statements on pages 4 to 12.

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 auditor's 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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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.

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 as at 31 December 2004 and of its profit for the seventeen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

20 October 2005

Profit and loss account

for the seventeen months ended 31 December 2004

	Note	Seventeen months ended 31 December 2004 £000	Year ended 30 July 2003 £000
Turnover	1	4,134	2,718
Cost of services		(3,276)	(1,737)
Gross profit		858	981
Administrative expenses		(429)	(583)
Operating profit		429	398
Interest receivable and similar income		7	5
Interest payable and similar charges	5	(50)	(51)
Profit on ordinary activities before taxation	2	386	352
Tax on profit on ordinary activities	6	(170)	(89)
Profit retained for the financial period		216	263

A statement of movements in reserves is given in note 13.

There were no recognised gains or losses other than those shown above.

There were no acquisitions or discontinued activities in either period.

Balance sheet

at 31 December 2004

	Note	31 December 2004		30 July 2003	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		3,648		3,230
Current assets					
Stocks	8	7		2	
Debtors	9	163		353	
Cash at bank and in hand		2,212		187	
		<u>2,382</u>		<u>542</u>	
Creditors: amounts falling due within one year	10	<u>(1,361)</u>		<u>(497)</u>	
Net current assets			<u>1,021</u>		<u>45</u>
Total assets less current liabilities			<u>4,669</u>		<u>3,275</u>
Creditors: amounts falling due after more than one year	11		<u>(1,775)</u>		<u>(658)</u>
Provisions for liabilities and charges	12		<u>(143)</u>		<u>(82)</u>
Net assets			<u>2,751</u>		<u>2,535</u>
Capital and reserves					
Called up share capital	15		1,575		1,575
Profit and loss account	13		1,176		960
Shareholders' funds	14		<u>2,751</u>		<u>2,535</u>

These financial statements were approved by the board of directors on 20 October 2005 and were signed on its behalf by:



D Duncan
 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.

The company is exempt from the requirement of FRS 1 (revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Barchester Healthcare Limited and its cash flows are included within the consolidated cash flow statement of that company.

As the company is a wholly owned subsidiary of Barchester Healthcare Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Barchester Healthcare Limited, within which this company is included, can be obtained from the address given in note 19.

Tangible fixed assets and depreciation

Depreciation is provided 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	-	50 years
Fixtures and fittings	-	10 years
Motor vehicles	-	4 years

Freehold land is not depreciated.

The estimated residual value of the company's freehold buildings reflects the high quality nature of these assets and the group's practice to maintain these assets in a continual state of sound repair and to make improvements thereto from time to time.

Following the acquisition of the company's entire share capital by Barchester Healthcare Homes Limited during the period, some methods of depreciation were changed to align them with those of the company's new parent, the effect of which were not material.

Turnover

Turnover relates to income received from residents of the company's nursing and care home and arises entirely in the United Kingdom. Turnover is recognised on an accruals basis as earned.

Stock

Stock is valued at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

2 Profit on ordinary activities before taxation

	17 months ended 31 December 2004 £000	Year ended 30 July 2003 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	5	8
Depreciation of owned tangible fixed assets	100	109
Profit on disposal of fixed assets	-	(1)
	<hr/>	<hr/>

3 Staff numbers and costs

The average monthly number of employees (excluding directors) during the year was as follows:

	17 months ended 31 December 2004 No	Year ended 30 July 2003 No
Administration	4	7
Nursing and domestic	122	114
	<hr/>	<hr/>
	126	121
	<hr/>	<hr/>

The aggregate payroll costs of these persons are as follows:

	17 months ended 31 December 2004 £000	Year ended 30 July 2003 £000
Wages and salaries	2,283	1,437
Social security costs	188	109
	<hr/>	<hr/>
	2,471	1,546
	<hr/>	<hr/>

4 Directors remuneration

	17 months ended 31 December 2004 £000	Year ended 30 July 2003 £000
Total emoluments	11	67
	<hr/>	<hr/>

Since acquisition the directors of the company receive their remuneration wholly from Barchester Healthcare Homes Limited, which made a recharge of £21,000 in respect thereof to the company.

Notes (continued)

5 Interest payable and similar charges

	17 months ended 31 December 2004 £000	Year ended 30 July 2003 £000
Bank loan interest	9	51
On amounts owed to parent undertakings	41	-
	<u>50</u>	<u>51</u>

6 Taxation

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period as follows:

	17 months ended 31 December 2004 £000	Year ended 30 July 2003 £000
Analysis of charge in period		
Current tax		
UK corporation tax	109	90
Deferred tax (see note 12)		
Deferred taxation	14	(1)
Prior year deferred tax	47	-
	<u>170</u>	<u>89</u>
Tax on profit on ordinary activities		

Factors affecting the tax charge

The current tax charge for the year is lower, (2003: lower) than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	17 months ended 31 December 2004 £000	Year ended 30 July 2003 £000
Profit on ordinary activities before tax	<u>386</u>	<u>352</u>
Current tax at 30%	116	106
Effects of:		
Expenses not deductible for tax purposes	8	14
Capital allowances in excess of depreciation	(15)	(30)
	<u>109</u>	<u>90</u>

Notes (continued)

7 Tangible fixed assets

	Land and buildings freehold £	Plant and equipment £	Total £
Cost or valuation			
At 31 July 2003	3,373	426	3,799
Additions	183	347	530
Disposals	-	(29)	(29)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	3,556	744	4,300
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31 July 2003	224	345	569
Charge for the year	32	68	100
Eliminated on disposals	-	(17)	(17)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	256	396	652
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2004	3,300	348	3,648
	<hr/>	<hr/>	<hr/>
At 31 July 2003	3,149	81	3,230
	<hr/>	<hr/>	<hr/>

8 Stocks

	31 December 2004 £000	30 July 2003 £000
Raw materials and consumables	7	2
	<hr/>	<hr/>

9 Debtors: amounts falling due within one year

	31 December 2004 £000	30 July 2003 £000
Trade debtors	152	171
Prepayments	10	32
Other debtors	1	150
	<hr/>	<hr/>
	163	353
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	31 December 2004 £000	30 July 2003 £000
Bank loans and overdrafts	952	188
Trade creditors	45	44
Other creditors	39	-
Social security and other taxes	51	33
Corporation tax	52	90
Accruals and deferred income	222	142
	<u>1,361</u>	<u>497</u>

11 Creditors: amounts falling due after more than one year

	31 December 2004 £000	30 July 2003 £000
Bank Loan	-	658
Amounts due to group undertakings	1,775	-
	<u>1,775</u>	<u>658</u>

The amounts owed to group undertaking are unsecured, fall due after more than five years and since 1 January 2004 interest has been charged on the balance due at 6.70%, being the applicable cost of funds during the year.

12 Provisions for liabilities and charges

	31 December 2004 £000	30 July 2003 £000
Deferred taxation	143	82
	<u>143</u>	<u>82</u>

Deferred tax is provided in full and relates entirely to accelerated capital allowances.

Notes (continued)

13 Reserves

	Profit and loss Account £000
At beginning of period	960
Retained profit for period	216
	<hr/>
At end of period	1,176
	<hr/>

14 Reconciliation of movements in equity shareholders' funds

	31 December 2004 £000	30 July 2003 £000
Opening equity shareholders' funds	2,535	2,272
Retained profit for the year	216	263
	<hr/>	<hr/>
Closing equity shareholders' funds	2,751	2,535
	<hr/>	<hr/>

15 Called up share capital

	31 December 2004 £000	30 July 2003 £000
Authorised		
1,600,000 Ordinary shares of £1 each	1,600	1,600
	<hr/>	<hr/>
Allotted, called up and fully paid		
1,575,000 Ordinary shares of £1 each	1,575	1,575
	<hr/>	<hr/>

16 Contingent liabilities

During 2004 a parent company, Barchester Healthcare Limited, entered into a bank loan agreement which is guaranteed by a number of group companies including Yorkshire Care Group Limited. Under the terms of the agreement, Yorkshire Care Group Limited also executed a debenture, providing security in the form of fixed and floating charges over all of its properties, assets and undertakings.

Notes (continued)

17 Transactions with directors

The following loans to ex-directors were outstanding at the start of the period and settled prior to acquisition of the company by Barchester Healthcare Homes Limited:

	£000
R A Summarsell	50
Sir N H P Bacon, Bt , DL	50
Dr S Arasu	50

18 Related Party disclosures

During the period the company paid administration charges and rent totalling £3,000 (2003:£6,000) on normal trading terms to Gilt Finance and Leasing Limited, a company in which Mr R A Summarsell is also a director.

Yorkshire Care Group Limited invoices Gilt Finance and Leasing Limited in respect of medical care insurance on behalf of Mr R Self, a director of Gilt Finance and Leasing Limited, the costs for which have been borne by Yorkshire Care Group Limited. The amount recharged to Gilt Finance and Leasing Limited in the year amounted to £Nil (2003: £1,000).

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary undertaking of Barchester Healthcare Homes Limited, a company incorporated in Great Britain and registered in England and Wales.

The company's ultimate parent undertaking is Grove Limited, a company incorporated and registered in Jersey.

The smallest group in which the results of the company are consolidated is that headed by Barchester Healthcare Limited. The largest group in which the results of the company are consolidated is that headed by Grove Limited. The consolidated accounts of Barchester Healthcare Limited are available to the public and may obtained from:

Suite 201
 The Chambers
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 London
 SW10 0XF