

## SUTTON COURT HOMES LTD

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
26 MARCH 2005



**Horwath Clark Whitehill**

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## **SUTTON COURT HOMES LTD**

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### **DIRECTORS' REPORT** **For the year ended 26 March 2005**

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The directors present their report and the financial statements for the year ended 26 March 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 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 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 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.

#### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The company's principal activity in the year was the operation of a nursing centre in Ilford, Essex.

The results are in line with directors' expectations.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £690,421 (2004 - £532,620) .

The directors recommend a final dividend of £250,000 (2004 - £nil) .

#### **DIRECTORS**

The directors who served during the period were:

F J Sinclair-Brown  
G W S Daly

#### **ADDITIONAL INFORMATION RE DIRECTORS**

No directors held any interest in shares of the company at 26 March 2005, or at any time during the year.

The interests of the directors in the issued share capital and share options of other group companies are disclosed in the accounts of ANS plc, an intermediate parent company. Copies of the accounts of ANS plc can be obtained from the Company Secretary, ANS plc, Regent House, 16 Lombard Road, Battersea, London SW11 3PZ.

**SUTTON COURT HOMES LTD**

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**DIRECTORS' REPORT**  
**For the year ended 26 March 2005**

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**AUDITORS**

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 11 July 2005 and signed on its behalf.



**G W S Daly**  
Director

## **SUTTON COURT HOMES LTD**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUTTON COURT HOMES LTD**

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We have audited the financial statements of Sutton Court Homes Ltd for the year ended 26 March 2005 set out on pages 5 to 14. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom 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.

SUTTON COURT HOMES LTD

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUTTON COURT HOMES LTD

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**UNQUALIFIED OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 26 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Horwath Clark Whitehill LLP*  
**Horwath Clark Whitehill LLP**

Chartered Accountants  
and Registered Auditors  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

11 July 2005

**SUTTON COURT HOMES LTD**

**PROFIT AND LOSS ACCOUNT**  
For the year ended 26 March 2005

	Note	Year ended 26 March 2005 £	Year ended 27 March 2004 £
<b>TURNOVER</b>	1	2,566,660	1,963,049
Cost of sales		(1,421,650)	(1,164,130)
<b>GROSS PROFIT</b>		1,145,010	798,919
Administrative expenses		(300,395)	(230,078)
<b>OPERATING PROFIT</b>	2	844,615	568,841
Interest receivable		-	1,105
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		844,615	569,946
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	4	(154,194)	(37,326)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		690,421	532,620
<b>DIVIDENDS</b> - On equity shares		(250,000)	-
<b>RETAINED PROFIT FOR THE PERIOD</b>	10	440,421	532,620

All amounts relate to continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

**SUTTON COURT HOMES LTD**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 26 March 2005**

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	<b>Year ended 26 March 2005 £</b>	<b>Year ended 27 March 2004 £</b>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>690,421</b>	<b>532,620</b>
Unrealised surplus on revaluation of properties	<b>4,907,740</b>	-
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD</b>	<b>5,598,161</b>	<b>532,620</b>

The notes on pages 8 to 14 form part of these financial statements.

**SUTTON COURT HOMES LTD**

**BALANCE SHEET**  
**As at 26 March 2005**

		26 March 2005		27 March 2004	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible fixed assets	5		9,393,650		4,463,957
<b>CURRENT ASSETS</b>					
Debtors	6	160,904		182,373	
Cash at bank and in hand		686,065		354,867	
		<u>846,969</u>		<u>537,240</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(3,934,165)</u>		<u>(4,096,561)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(3,087,196)</u>		<u>(3,559,321)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,306,454</u>		<u>904,636</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	8		(53,657)		-
<b>NET ASSETS</b>			<u><u>6,252,797</u></u>		<u><u>904,636</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		100		100
Revaluation reserve	10		6,116,680		1,214,823
Profit and loss account	10		136,017		(310,287)
<b>SHAREHOLDERS' FUNDS - All Equity</b>	11		<u><u>6,252,797</u></u>		<u><u>904,636</u></u>

The financial statements were approved by the board on 11 July 2005 and signed on its behalf.

**F J Sinclair-Brown**  
Director



The notes on pages 8 to 14 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 26 March 2005

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties and in accordance with applicable accounting standards.

**1.2 Turnover**

This represents the fees receivable from the residents of the company's nursing centre and all arises within the United Kingdom.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	10-25% pa straight line
Freehold buildings ( on cost less residual value of 30% )	-	2% pa straight line basis
Freehold land	-	0%
Plant and machinery as an integral part of land and buildings	-	4-10%

**1.4 Revaluation of tangible fixed assets**

Surpluses arising from the professional valuations of properties are taken direct to the revaluation reserve. Where an impairment in the value of an asset is identified, the deficit is eliminated first against any revaluation reserve in respect of that asset with any excess being charged to the profit and loss account. Surpluses or deficits realised on the disposal of an asset are transferred from the revaluation reserve to the profit and loss account reserve. A transfer equal to the excess depreciation charged on the revalued amounts over the historical cost amounts is made annually between the revaluation reserve and the profit and loss account reserve.

**1.5 Deferred taxation**

In accordance with FRS 19, full provision is made, at the rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. Deferred tax is measured on a non-discounted basis.

In accordance with FRS 19, no deferred tax has been provided for on revalued amounts, as no binding agreements to sell any property have been entered into prior to the balance sheet date or to the extent that any gain on any property contracted to be sold will be rolled over in to replacement assets.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

**SUTTON COURT HOMES LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 26 March 2005

**2. OPERATING PROFIT**

The operating profit is stated after charging:

	Year ended 26 March 2005 £	Year ended 27 March 2004 £
Depreciation of tangible fixed assets: - owned by the company	104,338	67,760
Auditors' remuneration	3,380	3,453
Auditors' remuneration - non-audit	2,600	1,528
	<u>104,338</u>	<u>67,760</u>

During the year, no director received any emoluments (2004 - £nil).

**3. STAFF COSTS**

Staff costs were as follows:

	Year ended 26 March 2005 £	Year ended 27 March 2004 £
Wages and salaries	1,222,548	987,846
Social security costs	100,902	79,831
	<u>1,323,450</u>	<u>1,067,677</u>

The average monthly number of employees, including directors, during the year was as follows:

	Year ended 26 March 2005	Year ended 27 March 2004
Nursing centre staff	89	88
Administration	3	3
	<u>92</u>	<u>91</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 26 March 2005

**4. TAXATION**

	Year ended 26 March 2005 £	Year ended 27 March 2004 £
<b>Analysis of tax charge in period</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profits of the period	2,714	149
<b>Deferred tax</b>		
Deferred tax asset movement relating to losses utilised	151,480	37,177
<b>Total deferred tax</b> (see note 8)	151,480	37,177
<b>Tax on profit on ordinary activities</b>	154,194	37,326

**Factors affecting tax charge for period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK applicable to the company (30%). The differences are explained below:

	Year ended 26 March 2005 £	Year ended 27 March 2004 £
Profit on ordinary activities before tax	844,615	569,946
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2004 - 30)	253,385	170,984
<b>Effects of:</b>		
Permanent differences	10,933	9,475
Utilisation of tax losses	(110,360)	(142,951)
Loss movement affect against deferred tax	(151,480)	(37,177)
Difference between standard and actual rates of tax	(1,572)	(182)
Other	1,808	-
<b>Current tax charge for period</b> (see note above)	2,714	149

**Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if one property were sold without it being possible to claim rollover relief. The total amount unprovided for is £1,698,281 (2004 £261,783). No tax is expected to be payable in the foreseeable future.

**SUTTON COURT HOMES LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 26 March 2005

**5. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 28 March 2004	4,391,584	396,997	4,788,581
Additions	45,322	80,967	126,289
Disposals	-	(87,189)	(87,189)
Revaluation surplus/(deficit)	4,803,094	-	4,803,094
	<u>9,240,000</u>	<u>390,775</u>	<u>9,630,775</u>
<b>At 26 March 2005</b>			
<b>Depreciation</b>			
At 28 March 2004	40,325	284,299	324,624
Charge for the period	64,323	40,015	104,338
On disposals	-	(87,189)	(87,189)
Revaluation	(104,648)	-	(104,648)
	<u>-</u>	<u>237,125</u>	<u>237,125</u>
<b>At 26 March 2005</b>			
<b>Net book value</b>			
At 26 March 2005	<u>9,240,000</u>	<u>153,650</u>	<u>9,393,650</u>
At 27 March 2004	<u>4,351,259</u>	<u>112,698</u>	<u>4,463,957</u>

The nursing centre property within the company was valued on the basis of an open market value on a going concern basis with existing planning and registration use consent as at 31 March 2005 by Powell Associates, Property Consultants and Valuers, Surrey.

If the freehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2005 £	2004 £
Cost	3,314,152	3,268,830
Accumulated depreciation	190,834	132,394
Net book value	<u>3,123,318</u>	<u>3,136,436</u>

**SUTTON COURT HOMES LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 26 March 2005

**6. DEBTORS**

	2005	2004
	£	£
Trade debtors	148,156	75,191
Other debtors	123	1,174
Prepayments and accrued income	12,625	8,185
Deferred tax asset (see note 8)	-	97,823
	<u>160,904</u>	<u>182,373</u>

**7. CREDITORS:**  
**Amounts falling due within one year**

	2005	2004
	£	£
Trade creditors	15,761	13,465
Amounts owed to group undertakings	3,680,000	3,887,106
Corporation tax	2,714	143
Social security and other taxes	50,187	47,651
Other creditors	115,887	111,934
Accruals and deferred income	69,616	36,262
	<u>3,934,165</u>	<u>4,096,561</u>

The amount due to group companies represents an amount of £3,680,000 due to ANS PLC. Although this amount is strictly due within one year ANS PLC has confirmed that it will not demand repayment within one year.

**8. DEFERRED TAXATION**

	2005	2004
	£	£
At 28 March 2004	(97,823)	(135,000)
Charge for the period	151,480	37,177
	<u>53,657</u>	<u>(97,823)</u>

The deferred tax provision/(asset) is made up as follows:

	2005	2004
	£	£
Accelerated capital allowances	(12,040)	(33,125)
Tax losses brought forward	-	(131,855)
Capitalised interest	65,697	67,157
	<u>53,657</u>	<u>(97,823)</u>

**SUTTON COURT HOMES LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 26 March 2005

**9. SHARE CAPITAL**

	2005 £	2004 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100

**10. RESERVES**

<b>Revaluation reserve</b>	£
At 28 March 2004	1,214,823
Surplus on revaluation of freehold property	4,907,740
Transfer to profit and loss account	(5,883)
At 26 March 2005	6,116,680
<b>Profit and loss account</b>	£
At 28 March 2004	(310,287)
Profit retained for the period	440,421
Transfer from revaluation reserve	5,883
At 26 March 2005	136,017

**11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2005 £	2004 £
Profit for the period	690,421	532,620
Dividends	(250,000)	-
	440,421	532,620
Revaluation	4,907,740	-
	5,348,161	532,620
Opening shareholders' funds	904,636	372,016
Closing shareholders' funds	6,252,797	904,636

**12. RELATED PARTY TRANSACTIONS**

The company is exempt, under FRS 8, from disclosing its transactions with fellow group undertakings as a result of being a 100% subsidiary of ANS plc.

**SUTTON COURT HOMES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 26 March 2005**

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**13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company is ANS 2003 plc. The immediate parent company is ANS plc, which prepared group accounts. The accounts of ANS plc are available from Companies House.