J C Care Limited

Annual Report

for the year ended 31 December 2006

Registered number 3251577

J C Care Limited

Annual report
for the year ended 31 December 2006

J C Care Limited

Directors and advisors

Executive directors

Ted Smith
Denise Keating
Charles Cameron
Peter Cavanagh

Secretary

BLG Professional Services Limited
Beaufort House
15 St Botolph Street
London
EC3A 7NJ

Registered Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors

Barlow Lyde & Gilbert
Beaufort House
15 St Botolph Street
London
EC3A 7NJ

Pinsent Masons
3 Colmore Circus
Birmingham
B4 6BH

Registered office

Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Bankers

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3V 9EX

J C Care Limited

Directors' report for the year ended 31 December 2006

The Directors present their report and the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the Company continues to be the provision of care

Review of business and future developments

Both the level of continuing business and the year end position were satisfactory and the Directors expect that the current level of activity will continue for the foreseeable future

The Company is part of the Craegmoor Limited Group that currently has certain security arrangements for its external funding The Directors of the Group are of the view that the securitisation is no longer the most suitable financing structure for the Group and therefore announced in March 2007 that they were in exploratory discussions with banks regarding a more appropriate structure Whilst the discussions are at an early stage the Directors believe there is a reasonable prospect of a successful outcome

Results and dividends

The profit and loss account shows a profit after tax for the year of £682,000 (2005 £580,000) The Directors do not recommend the payment of a dividend for the year ended 31 December 2006 (2005 £Nil)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Craegmoor Limited, its ultimate parent company, and are not managed separately Accordingly, the principal risks and uncertainties of Craegmoor Limited, which include those of the Company, are discussed in the Directors' Report of Craegmoor Limited which does not form part of this report

Key Performance Indicators ("KPIs")

The Directors of Craegmoor Limited manage the Craegmoor Group's operations on a group-wide basis For this reason, the Directors of the Company believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company The development, performance and position of the Craegmoor Limited Group, which includes the Company, is discussed in the Directors' Report of Craegmoor Limited which does not form part of this report

Directors

The following directors have held office for the whole year unless otherwise stated

Ted Smith		
Margaret Hill	Resigned 7 April 2006	
Denise Keating	Appointed 6 March 2006	
Julian Spurling	Appointed 6 March 2006	Resigned 27 November 2006
Charles Cameron	Appointed 15 March 2006	
Peter Cavanagh	Appointed 1 July 2006	

Changes in fixed assets

Movements in intangible and tangible fixed assets during the year are set out in notes 11, 12 and 13 to the financial statements

J C Care Limited

Directors' report
for the year ended 31 December 2006 (continued)

Financial instruments

The Company's financial instruments primarily comprise debtors and creditors with other group companies arising directly from its operations No trading in financial instruments has been undertaken

There are no significant risks arising directly from the Company's financial instruments However, the Company is reliant on the ongoing support of the Craegmoor Group, which has long term financing and overdraft facilities in place The Board of Craegmoor Limited, the ultimate parent undertaking, has reviewed and agreed the policies for managing the risks related to these facilities as set out below

Liquidity risk

The Group has secured long term financing and overdraft facilities with financial institutions who have high credit ratings that are designed to ensure the Company has sufficient available funds for operations The £334,410,000 of debt, in the form of loan notes, is repayable over 17 years

Interest rate and cash flow risk

The Group has entered into interest rate swaps to ensure certainty over future interest cashflows As a consequence, 95% of the Group's borrowings are at fixed rates of interest

Credit risk

A fellow subsidiary company, Craegmoor Facilities Company Limited, bears the credit risk for the Company

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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,
- state whether applicable UK 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, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the financial statements

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

Statement of disclosure of information to auditors

Each of the persons who are directors at the date that this report is approved confirm that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

J C Care Limited

Directors' report
for the year ended 31 December 2006 (continued)

Auditors

The Company has 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

Charles Cameron
Director
14 June 2007

Independent auditors' report to the members of J C Care Limited

We have audited the financial statements of J C Care Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland) 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Independent auditors' report to the members of J C Care Limited (continued)

Emphasis of Matter - Going concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in Note 1 to the financial statements (*Going Concern*) concerning the Directors' consideration of the ability of the Group to meet its future covenants under current financing arrangements, and the associated impact on the Company The financial statements of the Company have been prepared on a going concern basis, the validity of which depends on the Group complying with its covenants or, should they be breached, the pursuit of alternative strategies which would result in the Group remaining a going concern This condition indicates the existence of an uncertainty for the Company relating to going concern The financial statements do not include any adjustments that would result from a failure to meet the covenant requirements Our opinion is not qualified in this respect

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
14 June 2007

J C Care Limited

Profit and loss account
for the year ended 31 December 2006

	Note	2006 Before exceptional items £'000	2006 Exceptional items £'000	2006 Total £'000	2005 Total £'000
Turnover		**5,712**	**-**	**5,712**	5,557
Administrative expenses	6	**(4,313)**	**855**	**(3,458)**	(3,493)
Operating profit	5	**1,399**	**855**	**2,254**	2,064
Loss on disposal of tangible fixed assets	7	**-**	**(86)**	**(86)**	(199)
Interest payable	8	**(838)**	**-**	**(838)**	(873)
Interest receivable	9	**3**	**-**	**3**	11
Profit on ordinary activities before taxation		**564**	**769**	**1,333**	1,003
Tax on profit on ordinary activities	10	**(651)**	**-**	**(651)**	(423)
Profit for the financial year	20	**(87)**	**769**	**682**	580

All activities relate to continuing operations

J C Care Limited

Statement of total recognised gains and losses for the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Profit for the financial year		**682**	580
Unrealised surplus on revaluation of properties	12	**4,190**	-
Reversal of prior years' revaluations on impaired properties	12	**(380)**	(656)
Total recognised gains / (losses) for the financial year		**4,492**	(76)

Note of historical cost profit and losses for the year ended 31 December 2006

	2006 £'000	2005 £'000
Reported profit on ordinary activities before taxation	**1,333**	1,003
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	**162**	129
Historical cost profit on ordinary activities before taxation	**1,495**	1,132
Historical cost profit for the financial year	**844**	709

J C Care Limited

Balance sheet
as at 31 December 2006

	Note	2006 £'000	2005 Restated (Note 2) £'000
Fixed assets			
Intangible assets	11	**200**	216
Tangible assets	12	**14,106**	10,017
Investments	13	**16,378**	16,378
		30,684	26,611
Current assets			
Assets held for resale	14	**185**	27
Debtors	15	**11,703**	11,275
		11,888	11,302
Creditors amounts falling due within one year	16	**-**	(3)
Net current assets		**11,888**	11,299
Total assets less current liabilities		**42,572**	37,910
Creditors amounts falling due after more than one year	17	**(9,452)**	(9,242)
Provisions or liabilities and charges	18	**(94)**	(134)
Net assets		**33,026**	28,534
Capital and reserves			
Called up share capital	19	**70**	70
Share premium account	20	**16,358**	16,358
Revaluation reserve	20	**11,279**	6,650
Profit and loss account	20	**5,319**	5,456
Total equity shareholders' funds	21	**33,026**	28,534

The financial statements on pages 7 to 21 were approved by the Board of Directors on 14 June 2007 and signed on its behalf by

Charles Cameron
Director

J C Care Limited

Notes to the financial statements for the year ended 31 December 2006

1 Principal accounting policies

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 A summary of the principal accounting policies, which have been consistently applied, is set out below

Going concern

The Company is reliant upon the ongoing support of the Craegmoor Limited Group in order to continue as a going concern, and the Group is subject to certain covenants as part of its current financing arrangements

Whilst trading and cash flow of the Group has improved significantly since last year it is during 2007 that the Group's covenants return to the higher levels set at the time of the securitisation in 2003 Following due review of current trading and the outlook, the Directors are of the view that the headroom on the Group's covenants is limited at certain times and the ability to meet this is dependent on achieving forecast trading results Those forecasts are inherently uncertain In the unlikely event that a covenant was to be breached then a number of courses of action would be available to the securitisation bondholders including *in extremis* enforcement of security and debt repayment provisions

The accounts have been prepared on a going concern basis as the Directors believe that the Craegmoor Limited Group will either achieve compliance with its covenants or alternative strategies could be pursued, which would result in the Company remaining a going concern

Turnover

Turnover represents amounts invoiced and accrued for care services provided during the period in the UK, excluding Value Added Tax Where services are invoiced in advance the related income is deferred to match the period in which the service is provided

Corporation tax

UK Corporation Tax is provided at amounts expecting to be paid (or recovered) using the tax rates and bases that have been enacted or substantially enacted by the balance sheet date Corporation tax payable is reduced wholly or in part by the surrender of losses by fellow group companies Payments made, if any, to surrendering companies for losses are reflected in the tax charge

Deferred taxation

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 only recognised to the extent that the transfer of economic benefits in the future is deemed to be more likely than not Deferred tax assets and liabilities recognised are not discounted

Intangible fixed assets

Intangible fixed assets comprise goodwill arising on the acquisition of business, trade and assets at the date of incorporation It represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, and is amortised over its useful economic life, which the Directors estimate to be 20 years

1 Principal accounting policies (continued)

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 Freehold land and buildings are revalued by independent, professionally qualified valuers on a five year rolling basis, the first such valuation being five years after acquisition These valuations are carried out on an existing use, open market value basis, and in the intervening years are updated by the Directors with the assistance of independent professional advice as required

Increases in the revalued amounts of land and buildings are credited to revaluation reserves

Freehold land is not depreciated Subsequent to a revaluation, depreciation on freehold properties is based on revalued amounts Depreciation on other tangible fixed assets is calculated to write off cost, less estimated residual values, by equal annual instalments on the following bases

Freehold buildings	-over 50 years
Building improvements	-over 20 or 50 years
Equipment	-over 7 years
Furniture and fittings	-over 3, 5 or 10 years
Motor vehicles	-over 4 years
Computer equipment	-over 4 years

During the year, a review was performed of the appropriateness of asset lives resulting in the revised lives shown above The effect of this change on the depreciation charge for the year was not deemed to be material to the financial statements

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 of 10 0% (2005 8 5%) Realisable value is determined by independent, professional valuers on an existing use, open market value basis

Provisions for impairment in the carrying value of land and buildings are charged against revaluation reserves in the balance sheet to the extent that they relate to a reversal of prior increases Impairments to below historical cost are charged to the profit and loss account

Investments

The carrying value of fixed asset investments is based on cost less provisions for impairment where necessary in accordance with FRS 11

Finance leases

Leasing agreements which transfer to the Company 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 elements of the leasing commitments are shown as an obligation 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

Consolidation

The Company has taken advantage of the exemption under section 228(i) of the Companies Act, not to prepare and file consolidated accounts The results of the Company are included within the group accounts of Craegmoor Investments Limited, an intermediate parent undertaking, which is incorporated in the United Kingdom In accordance with section 228(ii), the Company will deliver to the registrar, copies of these group accounts

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

Notes to the financial statements for the year ended 31 December 2006 (continued)

2 Prior period reclassifications

The Directors have reviewed the presentation of fixed assets held for resale in the balance sheet As a result, assets held for resale with a carrying value of £185,000 (2005 £27,000) are now included in current assets instead of fixed assets and the comparatives have been restated accordingly This restatement had no impact on the profit for the year, charge for taxation or net assets

3 Directors' emoluments

The emoluments of the Directors were paid by Craegmoor Healthcare Company Limited, a fellow subsidiary of Craegmoor Limited The Directors were also directors of a number of other fellow subsidiaries during the year ended 31 December 2006 and 31 December 2005 and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries Accordingly, the emoluments of the Directors are disclosed within the accounts of Craegmoor Healthcare Company Limited

4 Employee information

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

Analysis by function	**2006**	2005
	Number	Number
Nursing	**161**	178
Ancillary	**5**	5
Administration	**17**	16
	183	199

Staff costs (for the above persons)	**2006**	2005
	£'000	£'000
Management charge in lieu of staff costs	**2,575**	2,072

The above disclosures are in respect of employees that carried out work in connection with the Company's operations during the year However, these persons are employed by a fellow subsidiary company

5 Operating profit

	2006	2005
	£'000	£'000
Operating profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets	**306**	265
Reversal of previous impairments (Note 6)	**(855)**	-
Amortisation of goodwill	**16**	16
Management charge from fellow subsidiary	**3,991**	3,212

The audit fee for the Company for the year ended 31 December 2006 of £1,000 (2005 £7,000) is borne by a fellow subsidiary company and included within the management charge

The management charges from fellow subsidiary undertakings, Craegmoor Facilities Company Limited and Craegmoor Healthcare Company Limited, relate to an allocation of operating costs incurred on behalf of the Company and its fellow subsidiaries

6 Exceptional administrative expenses

	2006 £'000	2005 £'000
Reversal of prior years' impairments on revalued properties (Note 12)	855	-

The exceptional administrative expenses had no effect on the charge for current taxation for the financial year (2005 £Nil)

7 Loss on disposal of tangible fixed assets

	2006 £'000	2005 £'000
Provision for loss on assets held for resale (Note 14)	(179)	(199)
Profit on disposal of tangible fixed assets realised during the year	93	-
	(86)	(199)

The loss on disposal of tangible fixed assets had no effect on the charge for current taxation for the financial year (2005 £Nil)

8 Interest payable

	2006 £'000	2005 £'000
Interest on amounts owed to group undertakings	837	873
Interest on finance leases	1	-
	838	873

9 Interest receivable

	2006 £'000	2005 £'000
Interest on overpaid taxation	3	11

J C Care Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

10 Tax on profit on ordinary activities

	2006	2005
	£'000	£'000
Current taxation		
Group relief and balancing payments at 30% (2005 30%)	461	464
Adjustment in respect of previous periods	230	(5)
Total current taxation	691	459
Deferred taxation		
Current year – origination and reversal of timing differences	(41)	(28)
Adjustment in respect of previous periods	1	(7)
Total deferred taxation	(40)	(35)
Tax charge	651	423

The tax for the year is differs from the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006	2005
	£'000	£'000
Profit on ordinary activities	1,333	1,003
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	400	301
Effects of		
Expenses not deductible for tax purposes	81	65
Impairment of fixed assets	(256)	51
Capital allowances less than depreciation	37	28
Transfer pricing adjustments and balancing payment	199	19
Adjustment to tax charge in respect of previous periods	230	(5)
Current tax charge	691	459

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 the property was sold without it being possible to claim rollover relief The total amount unprovided for is £3,384,000 (2005 £2,191,000)

J C Care Limited

Notes to the financial statements
for the year ended 31 December 2006 (continued)

11 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 January 2006 and 31 December 2006	334
Amortisation	
At 1 January 2006	118
Charge for the year	16
At 31 December 2006	**134**
Net book value	
At 31 December 2006	**200**
At 31 December 2005	216

J C Care Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

12 Tangible fixed assets

	Freehold land and buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2006 as previously reported	10,499	135	976	11,610
Prior year reclassification (Note 2)	(93)	-	-	(93)
At 1 January 2006 as restated	10,406	135	976	11,517
Reclassifications (see below)	823	-	-	823
Additions	-	-	108	108
Transfers from / (to) fellow subsidiaries	5	(135)	-	(130)
Transfers to current assets (Note 14)	(490)	-	(11)	(501)
Revaluations (see below)	3,746	-	-	3,746
Impairments (see below)	(380)	-	-	(380)
At 31 December 2006	**14,110**	-	**1,073**	**15,183**
Accumulated depreciation				
At 1 January 2006 as previously reported	1,007	108	451	1,566
Prior year reclassification (Note 2)	(66)	-	-	(66)
At 1 January 2006 as restated	941	108	451	1,500
Reclassifications (see below)	823	-	-	823
Charge for the year	228	7	71	306
Transfers to fellow subsidiaries	-	(115)	-	(115)
Transfers to current assets (Note 14)	(135)	-	(2)	(137)
Revaluations (see below)	(1,299)	-	-	(1,299)
At 31 December 2006	**557**	-	**520**	**1,077**
Net book value				
At 31 December 2006	**13,553**	-	**553**	**14,106**
At 31 December 2005 as restated (Note 2)	9,465	27	525	10,044

Reconciliation work was undertaken during the year to review the allocation of value to specific land and buildings owned by the Company where they had been acquired as a group of properties, and assess the accounting treatment of them in prior years Estimations made in prior years were revised as in the opinion of the Directors the revised estimates results in a better representation of the individual asset values in the financial statements The reclassifications shown above led to the reversal of a previous impairment charge of £855,000, which has been credited to the profit and loss account, and are necessary in order to bring the financial statements in line with the revised estimation techniques

12 Tangible fixed assets (continued)

The net book value of motor vehicles includes £Nil (2005 £26,000) in respect of assets held under finance leases Depreciation charged in respect of assets held under finance leases amounted to £Nil (2005 £2,000)

The Company has followed FRS 15 "Tangible fixed assets" during the year and has chosen to revalue its land and buildings on a rolling basis such that all properties are covered by independent, professional valuations over a five year cycle In accordance with the Group's accounting policy, the land and buildings occupied by the Company, which were acquired during 2001, were revalued by external valuers, Christie & Co , Chartered Surveyors and Valuers, as at 31 December 2006 These valuations were carried out on the basis of existing use value in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors

The impact of these valuation techniques can be summarised as follows

	2006	2005
	£'000	£'000
External valuations		
Upward valuations – credited to revaluation reserve	4,190	-
Impairments – charged to revaluation reserve	(380)	-
	3,810	-
Directors' valuations (Revisions to estimation techniques as described above)		
Reversal of impairment – credited to profit and loss account	855	-
	4,665	-
Included in profit and loss account	855	-
Included in statement of total recognised gains and losses	3,810	-
	4,665	-

If freehold land and buildings had not been revalued they would have been included at the following amounts

	2006	2005 (Restated see above)
	£'000	£'000
Cost	4,010	4,019
Aggregate depreciation	(535)	(465)
Net book value	3,475	3,554

13 Investments

	Shares in subsidiary undertakings	Loans to subsidiary undertakings	Total
	£'000	£'000	£'000
Cost and net book value			
At 1 January 2006 and 31 December 2006	**15,101**	**1,277**	**16,378**

Name of undertaking	Principal activity	Description of shares held	Proportion of nominal value of issued shares held
Lansdowne Road Limited	Provision of care	Ordinary £1 shares	100%
Lothlorien Community Limited	Provision of care	Ordinary £1 shares	100%
R J Homes Limited	Provision of care	Ordinary £1 shares	100%
Heddfan Care Limited	Provision of care	Ordinary £1 shares	100%

All subsidiaries are incorporated in England and Wales

14 Assets held for resale

	Freehold land and buildings	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 January 2006 as restated (Note 2)	93	-	93
Disposals	(93)	-	(93)
Transfers from fixed assets (Note 12)	490	11	501
At 31 December 2006	**490**	**11**	**501**
Accumulated depreciation			
At 1 January 2006 as restated (Note 2)	66	-	66
Disposals	(66)	-	(66)
Transfers from fixed assets (Note 12)	135	2	137
Provision for loss on disposal (see below)	179	-	179
At 31 December 2006	**314**	**2**	**316**
Net book value			
At 31 December 2006	**176**	**9**	**185**
At 31 December 2005 as restated (Note 2)	27	-	27

14 Assets held for resale (continued)

During the year the Directors have identified certain properties for disposal that do not meet future business requirements As a result, the Directors have written these assets down to the lower of cost or estimated net realisable value, having transferred them to current assets

	2006	2005
	£'000	£'000
Provisions for losses on disposals		
Amounts charged to profit and loss account	179	199

15 Debtors

	2006	2005
Amounts falling due within one year	£'000	£'000
Amounts owed by group undertakings	11,703	11,275

Amounts owed by group undertakings are interest free and are payable on demand

16 Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Obligations under finance leases	-	3

17 Creditors: amounts falling due after more than one year

	2006	2005
	£'000	£'000
Obligations under finance leases	-	17
Amounts owed to group undertakings	9,452	9,225
	9,452	9,242

There are no defined repayment terms on amounts owed to group undertakings but the relevant group undertaking has confirmed to the Directors of the Company that it will not seek any repayments of this loan within 12 months after the year-end

Finance leases repayable as follows:	2006	2005
	£'000	£'000
In one year or less	-	3
Between one and two years	-	3
Between two and five years	-	14
	-	20

On 31 December 2006 all motor vehicles were transferred to Craegmoor Facilities Company Limited, a fellow subsidiary company, along with the associated finance lease liabilities

18 Provisions for liabilities and charges

	Deferred tax
	£'000
At 1 January 2006	134
Credited to profit and loss account	(40)
At 31 December 2006	**94**

The amount provided for deferred taxation comprises:	**2006**	2005
	£'000	£'000
Accelerated capital allowances	**94**	134

19 Called up share capital

	2006	2005
	£'000	£'000
Authorised		
70,000 (2005 70,000) ordinary shares of £1 each	**70**	70
Allotted, called up and fully paid		
70,000 (2005 70,000) ordinary shares of £1 each	**70**	70

20 Reserves

	Share premium account	Profit and loss account	Revaluation reserve
	£'000	£'000	£'000
At 1 January 2006	16,358	5,456	6,650
Reclassifications (Note 12)	-	(819)	819
Profit for the financial year	-	682	-
Unrealised surplus on revaluation of properties	-	-	4,190
Reversal of prior years' revaluations on impaired properties	-	-	(380)
At 31 December 2006	**16,358**	**5,319**	**11,279**

21 Reconciliation of movement in shareholders' funds

	2006 £'000	2005 £'000
Profit for the financial year	**682**	580
Unrealised surplus on revaluation of properties	**4,190**	-
Reversal of prior years' revaluations on impaired properties	**(380)**	(656)
Net increase / (decrease) in shareholders' funds	**4,492**	(76)
Opening equity shareholders' funds	**28,534**	28,610
Closing equity shareholders' funds	**33,026**	28,534

22 Post balance sheet events

Subsequent to the year-end the UK Corporation Tax rates were changed from 30% to 28% These changes have not yet been substantially enacted through the Provisional Collection of Taxes Act and hence not reflected in the deferred tax assets or liabilities as at 31 December 2006

23 Contingent liabilities

There is a fixed charge over the assets of the Company and a cross guarantee in respect of the external loan undertaken by Craegmoor Funding (No 2) Limited amounting to £7,640,000 (2005 £7,640,000)

24 Capital commitments

As at 31 December 2006 the Company had no capital commitments (2005 £Nil)

25 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 where they are more than 90% owned by a common parent

26 Immediate and ultimate parent companies

The Directors regard Craegmoor Investments Limited, a company registered in England and Wales, as the immediate parent company of J C Care Limited, and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom The parent companies of the largest and smallest groups in which J C Care Limited is consolidated are Craegmoor Limited and Craegmoor Investments Limited respectively Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW