

ROTHCARE ESTATES LIMITED
FINANCIAL STATEMENTS
31ST DECEMBER 2003

Company Registration Number 3941902



KPMG LLP
Chartered Accountants, Registered Auditor
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

ROTHCARE ESTATES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2003

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ROTHCARE ESTATES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J G Mackenzie
T R Leigh FCA
D R Savage
D J Ayers
C Dalton

Company secretary

T R Leigh FCA

Registered office

The Manor House
Squire's Hill
Rothwell
Northamptonshire
NN14 6BQ

Auditors

KPMG LLP
Chartered Accountants
& Registered Auditor
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Bankers

Barclays Bank plc
PO 16294
1-2 Trinity Way
Chingford
London
E4 8US

Solicitors

Wilson Browne
60 Gold Street
Northampton
NN1 1RS

ROTHCARE ESTATES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2003

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of holding property, occupied by other companies in the Castlecare Holdings Group.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors do not recommend the payment of a dividend for the year (2002: £nil).

DIRECTORS

The directors who served the company during the year were as follows:

J G Mackenzie
T R Leigh FCA
D R Savage
D J Ayers
C Dalton

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies as described on page 8, 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.

ROTHCARE ESTATES LIMITED

THE DIRECTORS' REPORT *(continued)*

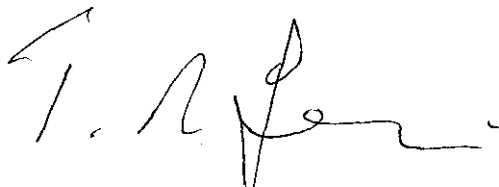
YEAR ENDED 31ST DECEMBER 2003

AUDITORS

A resolution to re-appoint KPMG LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with Section 385 of the Companies Act 1985.

Registered office:
The Manor House
Squire's Hill
Rothwell
Northamptonshire
NN14 6BQ

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'T. R. Leigh', written over a horizontal line.

T R LEIGH FCA
Company Secretary

Approved by the directors on 23 March 2004

ROTHCARE ESTATES LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS****YEAR ENDED 31ST DECEMBER 2003**

We have audited the financial statements on pages 5 to 13.

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

KPMG LLP
Chartered Accountants,
Registered Auditor

23 March 2004

ROTHCARE ESTATES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2003

	Note	2003 £	2002 £
TURNOVER	2	171,200	156,850
Administrative expenses		(47,613)	(48,085)
OPERATING PROFIT	3	123,587	108,765
Interest payable	5	(87,299)	(56,736)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		36,288	52,029
Tax on profit on ordinary activities	6	(19,265)	45
PROFIT FOR THE FINANCIAL YEAR		<u>17,023</u>	<u>52,074</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

ROTHCARE ESTATES LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

YEAR ENDED 31ST DECEMBER 2003

	2003 £	2002 £
Reported profit on ordinary activities before taxation	36,288	52,029
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount	34,855	32,252
Historical cost profit on ordinary activities before taxation	<u>71,143</u>	<u>84,281</u>
Historical cost profit for the year retained after taxation and dividends	<u>51,878</u>	<u>84,326</u>

ROTHCARE ESTATES LIMITED

BALANCE SHEET

31ST DECEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	7,510,839	7,346,654
CURRENT ASSETS			
Debtors	8	405,679	25,000
Cash at bank		10,009	5,596
		<u>415,688</u>	<u>30,596</u>
CREDITORS: Amounts falling due within one year	9	<u>(158,265)</u>	<u>(94,777)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>257,423</u>	<u>(64,181)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,768,262</u>	<u>7,282,473</u>
CREDITORS: Amounts falling due after more than one year	10	<u>(1,922,514)</u>	<u>(1,453,748)</u>
		<u>5,845,748</u>	<u>5,828,725</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	25,000	25,000
Revaluation reserve	14	5,703,502	5,738,357
Profit and loss account	14	117,246	65,368
SHAREHOLDERS' FUNDS	15	<u>5,845,748</u>	<u>5,828,725</u>

These financial statements were approved by the directors on 23 March 2004 and signed on their behalf by:



J. G. MACKENZIE

ROTHCARE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2003****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

As the company is a wholly owned subsidiary of Castlecare Holdings Plc, the company has taken advantage of the exemption contained in Financial Reporting Standard No 8 and has not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as the ultimate parent company, Castlecare Holdings Plc, a company incorporated in England and Wales, prepares consolidated financial statements which are publicly available.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for rent during the year.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property - 2% on cost

No depreciation is provided on freehold land.

Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date except for timing differences arising on revaluations of fixed assets which are not intended to be sold and gains on disposals of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

ROTHCARE ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2003

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>171,200</u>	<u>156,850</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2003 £	2002 £
Auditors' remuneration	2,000	—
Directors' emoluments	—	—
Depreciation	<u>47,538</u>	<u>40,775</u>

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees or directors during the year.

5. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	<u>87,299</u>	<u>56,736</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation

	2003 £	2002 £
Analysis of charge in year:		
UK corporation tax		
Current tax on profit for the year	19,203	—
Under/(over) provision in prior year	62	(45)
Total current tax	<u>19,265</u>	<u>(45)</u>

ROTHCARE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

	2003 £	2002 £
Profit on ordinary activities before taxation	36,288	52,029
Profit on ordinary activities at 30% (2002: 19.25%)	10,886	10,015
Ineligible depreciation	14,261	7,849
Group relief for no payment	—	(18,774)
Expenses not deductible for taxation purposes	—	910
Under/(over) provision in prior year	62	(45)
Marginal rate of tax	(5,944)	—
Total current tax (note 6(a))	19,265	(45)

7. TANGIBLE FIXED ASSETS

Freehold Properties
£

COST OR VALUATION

At 1st January 2003	7,405,376
Additions	211,723
At 31st December 2003	7,617,099

DEPRECIATION

At 1st January 2003	58,722
Charge for the year	47,538
At 31st December 2003	106,260

NET BOOK VALUE

At 31st December 2003	7,510,839
At 31st December 2002	7,346,654

ROTHCARE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2003

7. TANGIBLE FIXED ASSETS *(continued)*

Revaluation of fixed assets

The company's freehold properties were professionally valued at £7,045,000 on 29 August 2001 and comprised.

	2003 £	2002 £
Property	2,038,000	2,038,000
Land	5,007,000	5,007,000
	<u>7,045,000</u>	<u>7,045,000</u>

The valuation was carried out externally by Messrs Matthews & Goodman, Chartered Surveyors, on the basis of open market value of each freehold property as a fully equipped operational entity, and having regard to trading potential, but otherwise with vacant possession. The directors are not aware of any material change in the value of the properties during the year and accordingly the valuation at 31 December 2002 and 2003 reflects directors' valuation.

Additions to freehold property since the date of revaluation have been included at directors' valuation of £576,572 (2002: £364,849).

If the revalued freehold properties had been included in the accounts at historical cost they would have been included at the amounts detailed below:

	2003 £	2002 £
Historical cost of revalued assets	1,856,155	1,644,432
Aggregate depreciation thereon	(33,124)	(20,441)
Historical cost net book value	<u>1,823,031</u>	<u>1,623,991</u>

The value of freehold land on which depreciation is not provided amounts to £5,166,454 (2002: £5,108,337).

8. DEBTORS

	2003 £	2002 £
Amounts owed by group undertakings	<u>405,679</u>	<u>25,000</u>

The above debtors are falling due after more than one year.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank loans and overdrafts	136,972	70,100
Amounts owed to group undertakings	—	22,587
Corporation tax	19,203	—
Accruals and deferred income	2,090	2,090
	<u>158,265</u>	<u>94,777</u>

Bank loans and overdrafts are secured by the company (see note 10).

ROTHCARE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2003****10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2003 £	2002 £
Bank loans and overdrafts	1,777,021	1,334,169
Amounts owed to group undertakings	145,493	119,579
	<u>1,922,514</u>	<u>1,453,748</u>

Analysis of debt:

Bank loans and overdrafts can be analysed as falling due:

	2003 £	2002 £
Within one year	136,972	70,100
Between two and five years	547,888	280,400
In five years or more	1,229,133	1,053,769
	<u>1,913,993</u>	<u>1,404,269</u>

The bank loans are secured on the fixed assets of the company and there is also a cross guarantee with certain other companies in the group (see note 12). The other companies in the group can be found listed in the financial statements of the ultimate parent company.

The bank loans are payable by monthly instalments. Interest is calculated at 2% over bank base rate but is subject to review.

11. DEFERRED TAX

If the revalued tangible fixed assets were disposed of at their balance sheet value a tax liability of approximately £1,700,000 (2002: £1,700,000) would arise on their disposal, subject to available allowances and reliefs. The directors do not envisage disposing of these assets in the foreseeable future.

12. CONTINGENT LIABILITIES

The company is party to a cross guarantee to secure the bank loans and overdrafts of certain group companies. As at 31 December 2003 total bank loans and overdrafts, subject to this guarantee, were £1,969,833 (2002: £1,849,283).

ROTHCARE ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2003

13. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

Allotted, called up and fully paid:

	2003 £	2002 £
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

14. RESERVES

	Revaluation reserve £	Profit and loss account £
Balance brought forward	5,738,357	65,368
Retained profit for the financial year	-	17,023
Transfer excess depreciation on revalued assets	<u>(34,855)</u>	<u>34,855</u>
Balance carried forward	<u>5,703,502</u>	<u>117,246</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	17,023	52,074
Opening shareholders' equity funds	<u>5,828,725</u>	<u>5,776,651</u>
Closing shareholders' equity funds	<u>5,845,748</u>	<u>5,828,725</u>

16. ULTIMATE PARENT COMPANY

The largest group of which the results of the company are consolidated is that headed by Castlecare Holdings Plc, a company incorporated in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from The Manor House, Squires Hill, Rothwell, Northamptonshire, NN14 6BQ. No other consolidated financial statements include the results of the company.

17. ULTIMATE CONTROLLING PARTY

The company is controlled by J G Mackenzie by virtue of his shareholding in the parent company.