

ROTHCARE ESTATES LIMITED
FINANCIAL STATEMENTS
31ST DECEMBER 2002

Company Registration Number 3941902



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

ROTHCARE ESTATES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	J G Mackenzie T R Leigh FCA D J Ayers D R Savage 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 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2002.

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 (2001 £nil).

DIRECTORS

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

J G Mackenzie
T R Leigh FCA
D J Ayers
D R Savage
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.

AUDITORS

KPMG were re-appointed as auditors at the last annual general meeting. Since that date KPMG have transferred their business to a limited liability partnership, KPMG LLP. KPMG resigned as auditors and KPMG LLP were subsequently appointed on 18 September 2002. In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of KPMG LLP will be proposed at the forthcoming Annual General Meeting.


ROTHCARE ESTATES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2002

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', is written over the printed name.

T R LEIGH FCA
Company Secretary

Approved by the directors on 28 October 2003

ROTHCARE ESTATES LIMITED**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS****YEAR ENDED 31ST DECEMBER 2002**

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

28 October 2003

KPMG-LLP

KPMG LLP
Chartered Accountants
& Registered Auditor

ROTHCARE ESTATES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2002

	Note	2002 £	2001 £
TURNOVER	2	156,850	140,000
Administrative expenses		(48,085)	(15,711)
OPERATING PROFIT	3	108,765	124,289
Interest payable	5	(56,736)	(61,611)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		52,029	62,678
Tax on profit on ordinary activities	6	45	(12,500)
RETAINED PROFIT FOR THE FINANCIAL YEAR		52,074	50,178

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

ROTHCARE ESTATES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 31ST DECEMBER 2002**

	2002 £	2001 £
Profit for the financial year attributable to the shareholders	52,074	50,178
Unrealised profit on revaluation of certain fixed assets	—	5,738,357
<i>Total gains and losses recognised since the last annual report</i>	<u>52,074</u>	<u>5,788,535</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2002 £	2001 £
Reported profit on ordinary activities before taxation	52,029	62,678
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount	32,252	6,029
Historical cost profit on ordinary activities before taxation	<u>84,281</u>	<u>68,707</u>
Historical cost profit for the year retained after taxation and dividends	<u>84,326</u>	<u>56,207</u>

ROTHCARE ESTATES LIMITED

BALANCE SHEET

31ST DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	7,346,654	7,027,053
CURRENT ASSETS			
Debtors	8	25,000	25,000
Cash at bank		5,596	23
		<u>30,596</u>	<u>25,023</u>
CREDITORS: Amounts falling due within one year	9	<u>(94,777)</u>	<u>(82,386)</u>
NET CURRENT LIABILITIES		<u>(64,181)</u>	<u>(57,363)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,282,473</u>	<u>6,969,690</u>
CREDITORS: Amounts falling due after more than one year	10	<u>(1,453,748)</u>	<u>(1,193,039)</u>
		<u><u>5,828,725</u></u>	<u><u>5,776,651</u></u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	25,000	25,000
Revaluation reserve		5,738,357	5,738,357
Profit and Loss Account	14	65,368	13,294
SHAREHOLDERS' FUNDS	15	<u><u>5,828,725</u></u>	<u><u>5,776,651</u></u>

These financial statements were approved by the directors on the 28 October 2003 and are signed on their behalf by:


J G MACKENZIE

ROTHCARE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2002****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. The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred taxation' in these financial statements. It was not necessary to restate comparative figures.

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 invoiced for rent during the year.

Depreciation

Depreciation is calculated so as to write off the cost 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 2002

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:

	2002 £	2001 £
United Kingdom	<u>156,850</u>	<u>140,000</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2002 £	2001 £
Directors' emoluments	—	—
Depreciation	40,775	13,592
Auditors' remuneration - as auditors	<u>—</u>	<u>2,090</u>

4. PARTICULARS OF EMPLOYEES

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

5. INTEREST PAYABLE

	2002 £	2001 £
On bank loans and overdraft	<u>56,736</u>	<u>61,611</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 19.25% (2001 - 20%)	—	12,500
Over provision in prior year	<u>(45)</u>	<u>—</u>
Total current tax	<u>(45)</u>	<u>12,500</u>

ROTHCARE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

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

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2001: lower) than the standard rate of corporation tax in the UK of 19.25% (2001 - 20%).

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>52,029</u>	<u>62,678</u>
Profit on ordinary activities by rate of taxation	10,015	12,536
Excess of depreciation over taxation allowances	7,849	2,718
Utilisation of taxation losses	—	(2,799)
Provision adjustment for year	—	45
Group relief	(18,774)	—
Expenses not deductible for taxation purposes	910	—
Over provision in prior year	(45)	—
Total current tax (note 6(a))	<u>(45)</u>	<u>12,500</u>

7. TANGIBLE FIXED ASSETS

Freehold Property
£

COST OR VALUATION

At 1st January 2002	7,045,000
Additions	360,376
At 31st December 2002	<u>7,405,376</u>

DEPRECIATION

At 1st January 2002	17,947
Charge for the year	40,775
At 31st December 2002	<u>58,722</u>

NET BOOK VALUE

At 31st December 2002	<u>7,346,654</u>
At 31st December 2001	<u>7,027,053</u>

ROTHCARE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

7. TANGIBLE FIXED ASSETS *(continued)***Revaluation of fixed assets**

The company's freehold property was professionally valued at £7,045,000 on 29 August 2001. The valuation was carried out externally by Messrs Matthews & Goodman, Chartered Surveyors, on the basis of open market values 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 has not been updated.

Additions to freehold property since the date of revaluation have been capitalised at cost. The directors do not consider the value of these properties to be materially different to cost.

If the freehold property had been included in the accounts at historical cost it would have been included at a cost of £1,644,432 and accumulated depreciation of £20,441 giving a net book value of £1,623,991.

The value of freehold land on which depreciation is not provided amounts to £5,007,000.

8. DEBTORS

	2002 £	2001 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>25,000</u>	<u>25,000</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts (secured)	70,100	67,796
Corporation tax	—	12,500
Accruals and deferred income	2,090	2,090
Amounts owed to group undertakings	<u>22,587</u>	<u>—</u>
	<u>94,777</u>	<u>82,386</u>

ROTHCARE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2002****10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2002 £	2001 £
Bank loans and overdrafts (secured)	1,334,169	751,691
Amounts owed to group undertakings	119,579	441,348
	<u>1,453,748</u>	<u>1,193,039</u>

The bank loans are secured on the fixed assets of the company and there is also a cross guarantee with the 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 following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2002 £	2001 £
Bank loans and overdrafts	<u>1,053,769</u>	<u>513,013</u>

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 the value shown on the balance sheet a tax liability of approximately £1,088,000 would arise on their disposal. 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 2002 total bank loans and overdrafts subject to this guarantee were £1,849,283.

13. SHARE CAPITAL**Authorised share capital:**

	2002 £	2001 £
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

Allotted, called up and fully paid:

	2002 £	2001 £
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

ROTHCARE ESTATES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2002****14. PROFIT AND LOSS ACCOUNT**

	2002	2001
	£	£
Balance brought forward	13,294	(36,884)
Retained profit for the financial year	52,074	50,178
Balance carried forward	<u>65,368</u>	<u>13,294</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	52,074	50,178
Other net recognised gains and losses	—	5,738,357
Net addition to funds	52,074	5,788,535
Opening shareholders' equity funds/(deficit)	<u>5,776,651</u>	<u>(11,884)</u>
Closing shareholders' equity funds	<u>5,828,725</u>	<u>5,776,651</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.