

Craegmoor Homes Limited

Annual report

for the period ended 31 December 2003

Registered number: 4790588



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Craegmoor Homes Limited

Annual report for the period ended 31 December 2003

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Craegmoor Homes Limited

Directors and advisors for the period ended 31 December 2003

Executive directors

J Newell	(appointed on 6 June 2003)
M Preston	(appointed on 5 August 2003)
P Hayes	(appointed on 1 September 2003)
R Saville	(appointed on 1 December 2003)
M Hill	(appointed on 15 December 2003)
K Hall	(appointed on 9 February 2004)
A Kay	(appointed on 1 March 2004)
AE Smith	(appointed on 19 April 2004)
D Pointer	(appointed on 1 August 2004)
M Byrne	(appointed on 5 August 2004)

Secretary

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

Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Solicitors

Simon Bishop & Partners
"Hillcairnie"
St. Andrew's Road
Droitwich
Worcestershire
WR9 8DJ

Registered office

Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Bankers

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

Craegmoor Homes Limited

Directors' report for the period ended 31 December 2003

The directors present their report and the audited financial statements for the period ended 31 December 2003.

Principal activities

The company is principally engaged in the provision of care.

Review of business and future developments

The company was incorporated on 6 June 2003.

Both the level of business and the period end position were satisfactory despite an overall loss for the period. The directors expect that the company's performance will improve in the coming year.

Results and dividends

The profit and loss account shows a loss for the period of £62,000. The directors do not recommend the payment of a dividend for the period ended 31 December 2003.

Directors and their interests

The directors who held office up to the date of this report are listed on page 1. In addition P Cornford was appointed on 1 January 2004 and resigned on 9 March 2004. MA Stratford was appointed on 6 June 2003 and resigned on 20 May 2004. C Artis and E Haines were appointed on 16 June 2003 and resigned on 1 August 2004. L Chaplin was appointed on 1 January 2004 and resigned on 1 August 2004.

MA Stratford was a director of the ultimate parent company in the United Kingdom, Craegmoor Limited, and his share interests are shown in the directors' report of that company.

J Newell, R Saville and P Hayes are directors of the ultimate parent company in the United Kingdom, Craegmoor Limited, and their share interests are shown in the directors' report of that company.

C Artis held no interest in the share capital of Craegmoor Homes Limited during the period ended 31 December 2003. C Artis held 5,000 shares in the ultimate parent company, Craegmoor Limited as at 31 December 2003 (5,000 shares held at 16 June 2003).

E Haines held no interest in the share capital of Craegmoor Homes Limited during the year ended 31 December 2003. E Haines held 2,500 shares in the ultimate parent company, Craegmoor Limited, as at 31 December 2003 (2,500 shares held at 1 January 2003).

No other director as at 31 December 2003 had any interests in the share capital of Craegmoor Homes Limited or Craegmoor Limited.

Changes in fixed assets

Movements in tangible fixed assets during the period are set out in note 9 to the financial statements.

Craegmoor Homes Limited

Directors' report for the period ended 31 December 2003 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

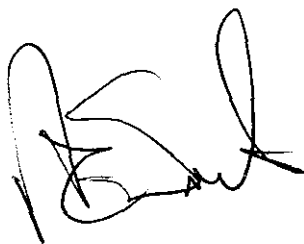
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2003 and that applicable accounting standards have been followed.

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.

Auditors

On 26 July 2004 the directors formally approved and ratified the appointment of PricewaterhouseCoopers LLP as auditors to the Company.

By order of the Board

A handwritten signature in black ink, appearing to be 'AE Smith', written over a horizontal line.

AE Smith
Director
25 October 2004

Independent auditors' report to the members of Craegmoor Homes Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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 is not disclosed.

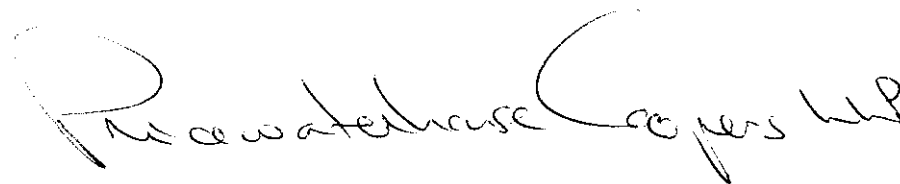
Basis of audit opinion

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 at 31 December 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in dark ink, reading "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style with large loops and is positioned above the printed name of the firm.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
25 October 2004

Craegmoor Homes Limited

Profit and loss account for the period ended 31 December 2003

		30 weeks ended 31 December 2003
	Note	£'000
Turnover	2	685
Cost of sales		(359)
Gross profit		326
Administrative expenses		(207)
Operating profit	6	119
Interest payable	7	(179)
Loss on ordinary activities before taxation		(60)
Tax on loss on ordinary activities	8	(2)
Loss for the financial period	15	(62)

All activities relate to continuing operations.

The Company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

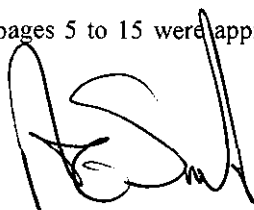
There is no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalent.

Craegmoor Homes Limited

Balance sheet as at 31 December 2003

	Notes	31 December 2003 £'000
Fixed assets		
Tangible assets	9	8,740
Current assets		
Debtors	10	297
Cash at bank and in hand		2,723
		3,020
Creditors: amounts falling due within one year	11	(9,229)
Net current liabilities		(6,209)
Total assets less current liabilities		2,531
Creditors: amounts falling due after more than one year	12	(2,591)
Provisions for liabilities and charges	13	(2)
Net liabilities		(62)
Capital and reserves		
Called up share capital	14	-
Profit and loss account	15	(62)
Total equity shareholders' deficit	16	(62)

The financial statements on pages 5 to 15 were approved by the board of directors on 25 October 2004 and signed on its behalf by:



AE Smith
Director

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003

1 Principal accounting policies

Basis of accounting

The financial statements have been 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 more important accounting policies, which have been consistently applied, is set out below:

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, or a right to pay less taxation, in future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

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. Land and buildings are revalued by professionally qualified valuers every five years, on an existing use open market value basis, and in the intervening years these valuations are updated by the directors with the assistance of independent professional advice as required.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on the following bases:

Freehold land	- nil
Freehold buildings	- 2% straight line
Equipment	- 10% to 25% straight line
Furniture and fittings	- 10% to 25% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

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. Realisable value is determined by professional valuers on an existing use open market value basis.

Any provisions for impairment in the carrying value of fixed assets to below historical cost are charged to the profit and loss account.

Debtors

Specific provisions are made against those trade debtor amounts where settlement is considered unlikely.

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

1 Principal accounting policies (continued)

Operating leases

Costs in respect of operating leases are charged as incurred.

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 Limited its ultimate parent undertaking that 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.

2 Turnover

Turnover, which excludes value added tax, consists entirely of fee income for care services provided in the period in the United Kingdom. Where fees are billed in advance they are deferred to match the period in which care is provided.

3 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.

4 Directors' emoluments

MA Stratford, J Newell, R Saville and P Hayes received no emoluments in respect of their services to the Company for the period ended 31 December 2003. The emoluments of the other directors are paid by a fellow group company, Craegmoor Healthcare Company Limited. These directors were also directors of a number of fellow group companies during the period ended 31 December 2003 and it is not possible to make an accurate apportionment of their emoluments in respect of each of these companies. Accordingly, no emoluments have been included above for these directors.

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the period was:

Nursing, ancillary and administrative	30 weeks ended 31 December 2003
	Number
Full time	34
Part time	57
	91

Staff costs (for the above persons)	30 weeks ended 31 December 2003
	£'000
Wages and salaries	285
Social security costs	23
	308

6 Operating profit

	30 weeks ended 31 December 2003
	£'000
Operating profit is stated after charging:	
Depreciation of owned tangible fixed assets	18
Land and building operating lease rentals	2
Auditors' remuneration – audit	6

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

7 Interest payable

	30 weeks ended 31 December 2003
	£'000
Bank interest payable	179

8 Tax on loss on ordinary activities

	30 weeks ended 31 December 2003
	£'000
Current taxation	
UK Corporation tax at 30%	-
Deferred taxation	
Current period – origination and reversal of timing differences	2
Tax charge	2

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

8 Tax on loss on ordinary activities (continued)

The tax for the period differs from the standard rate of Corporation Tax in the UK (30%). The differences are explained below:

	30 weeks ended 31 December 2003
	£'000
Loss on ordinary activities	(60)
Loss on ordinary activity multiplied by standard rate of corporation tax in the UK of 30%	(18)
Effects of:	
Expenses not deductible for tax purposes	4
Capital allowances for the year in excess of depreciation	(1)
Benefit of tax losses not recognised	15
Current tax charge	-

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

9 Tangible fixed assets

	Land and buildings	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
Additions	2,982	15	34	3,031
Acquisitions	2,535	50	-	2,585
Transfers from fellow group companies	3,009	296	-	3,305
At 31 December 2003	8,526	361	34	8,921
Accumulated depreciation				
Charge for the period	15	3	-	18
Transfers from fellow group companies	14	149	-	163
At 31 December 2003	29	152	-	181
Net book value				
At 31 December 2003	8,497	209	34	8,740

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

10 Debtors

	31 December 2003
Amounts falling due within one year	£'000
Trade debtors	87
Amounts owed by group undertakings	124
Other debtors	84
Prepayments and accrued income	2
	297

11 Creditors: amounts falling due within one year

	31 December 2003
	£'000
Bank loans and overdrafts	1
Trade creditors	7
Amounts owed to group undertakings	9,043
Other creditors	4
Accruals and deferred income	174
	9,229

12 Creditors: amounts falling due after more than one year

	31 December 2003
	£'000
Bank loans	2,591

Bank loans arise under the group warehousing facility agreement dated 16 October 2003 to partly fund acquisitions and developments. This facility is available for a two year period from inception and the amounts drawn down bear interest at commercial rates linked to the 3 month LIBOR rate.

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

13 Provisions for liabilities and charges

	Deferred tax
	£'000
Charged in the profit and loss account	2
At 31 December 2003	2
The amount provided for deferred taxation comprises:	
Timing differences relating to accelerated capital allowances	2

14 Called up share capital

	31 December 2003
	£'000
Authorised	
1,000 ordinary shares of £1 each	1
Allotted, called up and fully paid	
1 ordinary share of £1 each	-

15 Reserves

	Profit and loss account
	£'000
Loss for the financial period	(62)
At 31 December 2003	(62)

Craegmoor Homes Limited

Notes to the financial statements for the period ended 31 December 2003 (continued)

16 Reconciliation of movement in shareholders' deficits

	31 December 2003
	£'000
Loss for the financial period	(62)
Net increase in shareholders' deficits	(62)
Closing equity shareholders' deficits	(62)

17 Capital commitments and contingent liabilities

At 31 December 2003 the company had exchanged contracts to acquire the assets and trade of Oaklands (Derby) for a consideration of £775,000 and Stable Cottage and Tithe Barn for a consideration of £1,700,000. There were no other capital commitments at 31 December 2003.

18 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:	Land and buildings
Operating leases which expire:	£'000
In more than five years	9

19 Post balance sheet events

On 9 January 2004 the company purchased the assets and trade of Oaklands (Derby) for a consideration of £775,000. On 23 February 2004 the company purchased the assets and trade of Stable Cottage and Tithe Barn for a consideration of £1,700,000.

20 Immediate and ultimate parent companies

The directors regard Craegmoor Group Limited, a company registered in England and Wales, as the immediate parent company of Craegmoor Homes Limited, and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.