



**Shaw healthcare Limited**

**Registered Number : 5133946**

## **Financial Statements**

**Year Ended 31 March 2006**

**1 Links Court, Links Business Park, St Mellons, CARDIFF CF3 0LT**



**Shaw healthcare Limited**  
**Financial Statements**  
**Year Ended 31st March 2006**

<b>Contents</b>	<b>Page No</b>
Officers and Professional Advisors	1
Directors' report	2
Independent Auditors' report	4
Balance Sheet	6
Profit and Loss Account	7
Cash Flow Statement	8
Notes to the Financial Statements	9

**Shaw healthcare Limited**  
**Officers and Professional Advisors**  
**Year Ended 31<sup>st</sup> March 2006**

Directors  
P J Nixey, MA (Oxon)  
A Thomas, BA, FCA  
A Savery, AIQS  
J StJ Foulger, FCA  
WJP Witter, MA (Oxon), Solicitor

Secretary  
WJP Witter, MA (Oxon), Solicitor

Registered Office  
1 Links Court  
Links Business Park  
St. Mellons  
Cardiff  
CF3 0LT

Auditors  
HWCA Ltd  
Chartered Accountants  
& Registered Auditors  
Pagefield House  
24 Gold Tops  
Newport  
South Wales  
NP20 4PG

Bankers  
Allied Irish Bank  
2 Callaghan Square  
Cardiff  
CF10 5AZ

Solicitors  
Eversheds Solicitors  
1 Callaghan Square  
Cardiff  
CF10 5BT  
  
Morgan Cole Solicitors  
Bradley Court  
Park Place  
Cardiff  
CF10 3DP

**Directors' report to the members of  
Shaw healthcare Limited  
Year Ended 31<sup>st</sup> March 2006**

The directors present the annual report on the affairs of the company, together with the audited financial statements for the year ended 31 March 2006. Shaw healthcare Ltd is a wholly owned subsidiary of Shaw healthcare (Homes) Ltd.

**Principal activities:**

The principal activity of the company is that of the provision of care services.

The profit and loss account for the period is set out on page 7. The profit for the period before taxation was £137,231 (2005:£632).

**Dividends and transfers to reserves**

The directors do not recommend a dividend for the period.

**Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year. In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on a 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. The directors 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.

In so far as the directors are aware:

There is no relevant audit information of which the company's auditors are unaware; and

The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Disabled Employees**

The company operates a policy of equal opportunities for employment which includes disabled employees. This policy gives full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitude and abilities, for continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company and otherwise for the training, career development and promotion of disabled persons employed by the company.

**Directors' report to the members of  
Shaw healthcare Limited  
Year Ended 31<sup>st</sup> March 2006**

**Employee Involvement**

During the financial year the company continued the arrangements aimed at:

1. providing employees systematically with information on matters of concern to them as employees;
2. consulting employees of their representatives on a regular basis so that the views of the employees can be taken into account in making decisions which are likely to effect their interests;
3. achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

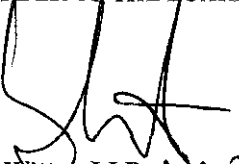
**Directors**

The directors who held office during the period were: P J Nixey, A Savery, J StJ Foulger, A Thomas and WJP Witter, and they had no interest in the ordinary share capital of the company. The directors had no beneficial interest in the share capital of the ultimate parent company, Shaw healthcare (Homes) Limited.

**Taxation status**

The company is a close company under the provisions of the Taxes Act.

**BY ORDER OF THE BOARD**

  
WJP Witter, LLB MA Oxcn  
Secretary  
Date: 21/7/06

**Shaw healthcare Limited**  
**Independent Auditors' report to the shareholders**  
**Year ended 31st March 2006**

We have audited the financial statements on pages 6 - 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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 the Directors and the Auditors**

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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.

**Shaw healthcare Limited**  
**Independent Auditors' report to the shareholders**  
**Year ended 31st March 2006**

**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 31st March 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 for the year ended 31st March 2006.

*HWCA Limited*

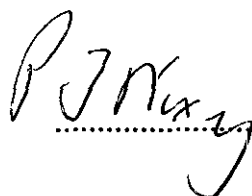
**HWCA Ltd**  
**Chartered Accountants**  
**& Registered Auditors**  
**Pagefield House**  
**24 Gold Tops**  
**Newport, NP20 4PG**

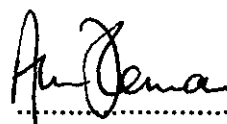
**Date:** *26th July 2006*

Shaw healthcare Limited  
Balance Sheet  
As at 31<sup>st</sup> March 2006

	Notes	2006		2005	
		£	£	£	£
<b>Current assets</b>					
Debtors					
Falling due within one year	8	649,499		129,891	
Cash at Bank and in Hand		1,349,041		886,912	
		1,998,540		1,016,803	
<b>Creditors: Amounts falling due within one year</b>	9	(1,651,595)		(1,016,170)	
<b>Net current assets</b>			346,945		633
<b>Creditors: Amounts falling due after more than one year</b>	10		(250,000)		-
<b>Net assets</b>			96,945		633
<b>Capital and reserves</b>					
Share Capital	11		1		1
Revenue Reserves	12		96,944		632
<b>Shareholders funds</b>	13		96,945		633

These financial statements were approved by the directors on 21<sup>st</sup> July 2006 and were signed on their behalf by

 ..... P J Nixey (Director)

 ..... A Thomas (Director)

The notes on pages 9 to 13 form part of these financial statements.



**Shaw healthcare Limited**  
**Profit and Loss Account**  
**Year Ended 31<sup>st</sup> March 2006**

	Notes	2006 £	2005 £
Turnover	2	26,191,235	6,573,620
Operating Costs		(25,488,575)	(6,413,522)
<b>Operating Profit/(Loss)</b>	3	702,660	160,098
Interest Receivable		38,936	9,930
Interest Payable	6	(4,920)	(657)
Exceptional Item:			
Gift Aid	4	(599,445)	(168,739)
<b>Profit for the period before taxation</b>		137,231	632
Taxation	7	(40,919)	-
<b>Retained profit for the period</b>		96,312	632

**Statement of Retained Reserves for the period ended 31 March 2006**

		2006 £	2005 £
Retained Reserves at 1 April 2005		632	-
<b>Retained profit for the period</b>		96,312	632
Retained reserves at 31 March 2006	12	96,944	632

The company has no recognised gains or losses for the period apart from those shown in the profit and loss account.

All amounts relate to continuing activities.

The notes on pages 9 to 13 form part of these financial statements.

Shaw healthcare Ltd  
Cash Flow Statement  
Period ended 31<sup>st</sup> March 2006

Reconciliation of operating surplus to net cash inflow from operating activities

	2006 £	2005 £
Operating profit/(loss)	702,660	160,098
Increase in Debtors	(356,485)	(78,931)
Increase in Creditors	468,365	820,428
Decrease in Inter Association balances	213,018	144,782
Exceptional item: Gift aid	(599,445)	(168,739)
Net cash inflow from operating activities	428,113	877,638

Cash Flow Statement for the period ended 31st March 2006

	2006 £	2005 £
Net cash inflow from operating activities	428,113	877,638
Returns on investment and servicing of finance ( note 1 )	34,016	9,273
	462,129	886,911
Financing ( note 1 )	-	1
Increase in cash	462,129	886,912

Note 1 - Gross Cash Flows

	2006 £	2005 £
<b>Returns on investments and servicing of finance</b>		
Interest received	38,936	9,930
Interest paid	(4,920)	(657)
	34,016	9,273
<b>Financing</b>		
Increase in share capital	-	1

Note 2 - Analysis of changes in net debt

	At 31st March 2005 £	Flows YTD £	At 31st March 2006 £
Cash at bank and in hand	886,912	462,129	1,349,041

The notes on pages 9 to 13 form part of these financial statements.

**Shaw healthcare Limited**  
**Notes to the Financial Statements**  
**Year ended 31<sup>st</sup> March 2006**

**1. Principal Accounting Policies**

**a) Basis of Accounting**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The financial statements are prepared in accordance with the historical cost convention.

**b) Deferred Taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences.

**c) Liability for Maintenance costs**

The liability for the cost of maintenance is recognised in the accounting period in which the commitment is made to the contractor for the work to be carried out.

**2. Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

	2006 £	2005 £
Turnover represents :		
Care Home Residential Fees	25,539,449	6,572,498
Other Income	651,786	1,122
	<hr/> 26,191,235	<hr/> 6,573,620

**3. Operating Profit**

	2006 £	2005 £
Operating profit is stated after charging :		
Auditors remuneration	2,602	2,526
	<hr/>	<hr/>

**4. Exceptional item**

The exceptional item on page 7 relates to an accrual of £599,445 in respect of a Gift Aid payment to Shaw healthcare (Homes) Ltd (2005: £ 168,739). This will be paid within 9 months of the financial year end and has been treated as a charge on income for taxation purposes in the year ended 31<sup>st</sup> March 2006.

**Shaw healthcare Limited**  
**Notes to the Financial Statements (continued)**  
**Year Ended 31<sup>st</sup> March 2006**

**5. Staff Costs for all employees consist of:**

	2006 £	2005 £
Salaries	16,354,540	4,565,125
Social security costs	1,067,426	261,255
Other pension costs	1,321,278	439,756

The average monthly number of persons employed by the company analysed by function were:

Administration	78	22
Care home staff	1,422	354

**6. Interest payable and similar charges**

	2006 £	2005 £
On bank and other loans	4,920	657

**7. Taxation**

	2006 £	2005 £
<b>Current tax:</b>		
<b>Provision during year</b>		
Corporation tax at 30% of taxable profits	-	-
Group relief	40,919	-
	40,919	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous years	-	-
	40,919	-
<b>Factors affecting the current tax charge for the year:</b>		
Profit on ordinary activities before taxation	137,231	632
Profit on ordinary activities multiplied by the standard rate of Corporation Tax of 30%	41,169	-
Small companies rate adjustment	(250)	-
	40,919	-

Shaw healthcare Limited  
Notes to the Financial Statements (continued)  
Year Ended 31<sup>st</sup> March 2006

8. Debtors: amounts falling due within one year

	2006 £	2005 £
Due from other Shaw healthcare companies	214,083	50,960
Residential fees	335,014	3,173
Other Debtors and prepayments	100,402	75,758
	649,499	129,891

9. Creditors : Amounts falling due within one year

	2006 £	2005 £
Trade Creditors	304,226	301,038
Due to other Shaw healthcare companies	612,803	195,743
Other Creditors	254,805	127,360
Taxes and Social Security	479,761	392,029
Corporation Tax	-	-
	1,651,595	1,016,170

10. Creditors : Amounts falling due after one year

	2006 £	2005 £
LBB Working Capital	250,000	-

Amounts included above relate to monies due to London Borough of Bromley on expiry of the Care Services contract between London Borough of Bromley and Shaw healthcare Limited.

11. Share Capital

	2006 £	2005 £
Authorised :- 1000 Ordinary Shares of £1 each	1,000	1,000
Issued and fully paid :- 1 Ordinary Share of £1	1	1

**Shaw healthcare Limited**  
**Notes to the Financial Statements (continued)**  
**Year Ended 31<sup>st</sup> March 2006**

**12. Revenue Reserves**

	2006 £	2005 £
At 1 April 2005	632	-
Retained profit for the period after taxation	96,312	632
At 31 March 2006	96,944	632

**13. Reconciliation of movement in shareholders' funds**

	2006 £	2005 £
Opening shareholders funds	633	-
Shares issued on incorporation	-	1
Retained profit for the period after taxation	96,312	632
Closing shareholders' funds as at 31 March 2006	96,945	633

**14. Related party transactions**

The company takes exemption from the reporting of related party transactions under FRS 8 'Reporting of related party transactions' as a wholly owned subsidiary of Shaw healthcare (Homes) Limited: whose accounts are available from the Company Secretary, 1 Links Court, Links Business Park, St Mellons, Cardiff.

**15. Parent company**

The ultimate parent company is Shaw healthcare (Homes) Limited, a Friendly Society incorporated under the Industrial and Provident Societies Acts 1965 - 2002.

**16. Capital commitments**

Capital expenditure authorised but not contracted for amounts to £nil (2004: £nil).

**17. Defined benefit pension schemes**

Shaw healthcare Ltd participates in the following Pension Funds:

- a) Northamptonshire County Council Pension Fund, which is a defined benefit (final salary) pension scheme. The last formal valuation of the scheme was performed at 31st March 2004. This valuation revealed a deficit of assets compared with the valuation of liabilities. As this deficit represents only 29% of the valuation of the scheme liabilities and as this deficit cannot be accurately allocated to each employer, the directors do not consider it appropriate to provide this liability at 31st March 2006.  
The deficit will be recovered by way of increased employer contributions over a 20 year period.

**Shaw healthcare Limited**  
**Notes to the Financial Statements (continued)**  
**Year Ended 31<sup>st</sup> March 2006**

**17. Defined benefit pension schemes (cont)**

The following details in relation to the pension scheme are also required to be disclosed in accordance with Financial Reporting Standard 17:-

The valuation at 31st March 2004 was performed by a professionally qualified actuary using the "projected unit" method. The market value of the scheme's assets at that date was £715.8 million and the present value of the scheme liabilities at the same date was £1,011 million, representing a shortfall of some £295.2 million (equivalent to a past service funding of 71%).

The total contribution rate will be 18% and this includes a past service adjustment of 7.8% of pensionable pay.

b) West Sussex County Council Pension Fund, which is a defined benefit (final salary) pension scheme. The last formal valuation of the scheme was performed at 31st March 2004. This valuation revealed a deficit of assets compared with the valuation of liabilities. As this deficit represents only 24% of the valuation of the scheme liabilities and as this deficit cannot be accurately allocated to each employer, the directors do not consider it appropriate to provide this liability at 31st March 2006.

The deficit will be recovered by way of increased employer contributions over a 20 year period.

The following details in relation to the pension scheme are also required to be disclosed in accordance with Financial Reporting Standard 17:-

The valuation at 31st March 2004 was performed by a professionally qualified actuary using the "projected unit" method. The market value of the scheme's assets at that date was £968 million and the present value of the scheme liabilities at the same date was £1,274 million, representing a shortfall of some £306 million (equivalent to a past service funding of 76%).

The total contribution rate will be 18.8% and this includes a past service adjustment of 6.9% of pensionable pay.

c) Worcestershire County Council Pension Fund, which is a defined benefit (final salary) pension scheme. The last formal valuation of the scheme was performed at 31st March 2004. This valuation revealed a deficit of assets compared with the valuation of liabilities. As this deficit represents only 33% of the valuation of the scheme liabilities and as this deficit cannot be accurately allocated to each employer, the directors do not consider it appropriate to provide this liability at 31st March 2006.

The deficit will be recovered by way of increased employer contributions over a 25 year period.

The following details in relation to the pension scheme are also required to be disclosed in accordance with Financial Reporting Standard 17:-

The valuation at 31st March 2004 was performed by a professionally qualified actuary using the "projected unit" method. The market value of the scheme's assets at that date was £800.4 million and the present value of the scheme liabilities at the same date was £1,200.5 million, representing a shortfall of some £400.1 million (equivalent to a past service funding of 67%).

The total contribution rate will be 17.8% and this includes a past service adjustment of 7.9% of pensionable pay.

In practice, contribution rates will be reviewed regularly at future valuations so that a gradual reversion of the average employer's contribution rate to the Common Contribution Rate may be expected.

**18. Post Balance sheet event**

On 5 April 2006, the current holding company, Shaw healthcare (Homes) Limited, contracted to transfer its investments in this company to a new holding company, Shaw healthcare (Group) Limited, as part of a group restructure. Subject to satisfaction of conditions precedent, the transfer is anticipated to complete on 1 October 2006.