

CARRICK CARE HOMES LIMITED

(Registered No. SC151487)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 1 MAY 2004 TO 31 DECEMBER 2004**



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COMPANIES HOUSE 23/03/05

CARRICK CARE HOMES LIMITED

REPORT OF THE DIRECTORS

for the period 1 May 2004 to 31 December 2004

The Directors present their annual report and the audited financial statements for the period 1 May 2004 to 31 December 2004.

1. Principal activities

The principal activities of the Company are the ownership and operation of nursing and residential homes for the elderly.

2. Review of the business

The Directors consider the performance of the Company during the period to be satisfactory.

3. Change of ownership and accounting reference date

On 31 August 2004, BUPA Care Homes (CFG) plc (formerly Care First Group plc) acquired the entire issued share capital of the Company. The accounting reference date has been changed to 31 December.

4. New home

The construction of a purpose built care home in Paisley, Glasgow was completed in the period and is open for business.

5. Results and dividends

The profit for the period, after taxation, amounted to £1,000,000 (year ended 30 April 2004 - £1,832,000).

No dividend is proposed for the period 1 May 2004 to 31 December 2004 (year ended 30 April 2004 - £nil).

6. Conversion to International Financial Reporting Standards

The Company will be preparing its 2005 financial statements under International Financial Reporting Standards in line with the policy of its ultimate parent company, The British United Provident Association Limited (BUPA). Further information regarding this change can be found in the accounts of BUPA.

7. Directors and directors' interests

Details of the present directors and any other person who served as a director during the period and subsequently are set out below:

M Anderson	(resigned 31 August 2004)
P E Brodie	(resigned 31 August 2004)
S B Brodie	(resigned 31 August 2004)
J P Davies	(appointed 31 August 2004)
C H Dixon	(appointed 31 August 2004, resigned 11 January 2005)
M I Dugdale	(appointed 31 August 2004)
M Ellerby	(appointed 31 August 2004)
A D Garvie	(resigned 31 August 2004)
B MacLennan	(resigned 31 August 2004)
G MacLennan	(resigned 31 August 2004)
N R Taylor	(appointed 31 August 2004)
A D Walford	(appointed 31 August 2004)

The Directors had no interests requiring disclosure under Section 234 of the Companies Act 1985.

CARRICK CARE HOMES LIMITED

REPORT OF THE DIRECTORS

for the period 1 May 2004 to 31 December 2004

8. Employees and remuneration

Details of the number of persons employed and gross remuneration are contained in note 3 to the financial statements.

Every effort is made by the directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the Company's performance.

The Company continues to pursue its stated policy of giving every consideration to the employment of disabled persons. Employees who are registered disabled persons are, to the greatest possible extent, treated on the same basis as all other employees and given every opportunity to develop their full working potential within the Company, through training, career development and promotion. Where employees have become disabled whilst in the service of the Company, every effort is made to rehabilitate them in their former occupation or some suitable alternative.

9. Auditors

During the period, Grant Thornton UK LLP resigned as auditors of the Company and KPMG Audit Plc were appointed to fill the casual vacancy created. A resolution will be proposed at a general meeting to reappoint KPMG Audit Plc as auditors for the ensuing year.

Registered Office:
122 Corstorphine Road
Edinburgh
EH12 6UD
Scotland

10 March 2005

By Order of the Board



M Ellerby
Director

CARRICK CARE HOMES LIMITED

STATEMENT OF 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 and of the profit or loss for that period. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and*
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARRICK CARE HOMES LIMITED

We have audited the financial statements on pages 5 to 15.

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 3, 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 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Leeds

10 March 2005

CARRICK CARE HOMES LIMITED

PROFIT AND LOSS ACCOUNT

for the period 1 May 2004 to 31 December 2004

	Note	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Turnover	1	9,888	12,529
Operating expenses		<u>(8,148)</u>	<u>(9,337)</u>
Operating profit		1,740	3,192
Interest receivable and similar income	4	-	17
Interest payable and similar charges	5	<u>(157)</u>	<u>(507)</u>
Profit on ordinary activities before taxation	6	1,583	2,702
Tax on profit on ordinary activities	7	<u>(583)</u>	<u>(870)</u>
Retained profit for the financial period		<u>1,000</u>	<u>1,832</u>

The operating profit is all derived from continuing operations.

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation.

The accounting policies and notes on pages 8 to 15 form part of these financial statements.

CARRICK CARE HOMES LIMITED

BALANCE SHEET
as at 31 December 2004

	Note	31 December 2004 £'000	30 April 2004 £'000
Fixed assets			
Tangible assets	8	41,446	15,439
Investments	9	<u>1</u>	<u>1</u>
		<u>41,447</u>	<u>15,440</u>
Current assets			
Debtors	10	10	1,441
Cash at bank and in hand		<u>2,521</u>	<u>367</u>
		2,531	1,808
Creditors: amounts falling due within one year	11	<u>(2,884)</u>	<u>(4,298)</u>
Net current liabilities		<u>(353)</u>	<u>(2,490)</u>
Total assets less current liabilities		41,094	12,950
Creditors: amounts falling due after more than one year	12	(9,543)	(5,516)
Provision for liabilities and charges	13	<u>(670)</u>	<u>(605)</u>
		<u>30,881</u>	<u>6,829</u>
Capital and reserves			
Called up share capital	14	151	151
Revaluation reserve	15	23,052	-
Profit and loss account	15	<u>7,678</u>	<u>6,678</u>
Equity shareholders' funds		<u>30,881</u>	<u>6,829</u>

These financial statements were approved by the Board of Directors on 10 March 2005 and were signed on its behalf by:



N R Taylor
Director

The accounting policies and notes on pages 8 to 15 form part of these financial statements.

CARRICK CARE HOMES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period 1 May 2004 to 31 December 2004

	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Profit for the financial period	1,000	1,832
Unrealised surplus on revaluation of properties	23,052	-
Total gains and losses recognised since last report	24,052	1,832

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the period 1 May 2004 to 31 December 2004

	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Profit for the financial period	1,000	1,832
Other recognised gains and losses relating to the period (net)	23,052	-
Net additions to shareholders' funds	24,052	1,832
Opening shareholders' funds	6,829	4,997
Closing shareholders' funds	30,881	6,829

CARRICK CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period 1 May 2004 to 31 December 2004

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention as modified to include the revaluation of land and buildings and on a going concern basis.

As the Company is a wholly owned subsidiary undertaking of BUPA, a company registered in England and Wales, which publishes consolidated accounts, the Company has pursuant to paragraph 17 of Financial Reporting Standard No. 8: Related Party Disclosures (FRS 8) not included details of transactions with other companies which are subsidiary undertakings of the BUPA Group. There were no other related party transactions.

The Company is exempt under Section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies.

Accounting conventions

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

(b) Cash flow statement

Under Financial Reporting Standard No. 1: Cash Flow Statements (revised 1996) (FRS 1) the Company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of BUPA, a company that prepares a consolidated cash flow statement for the BUPA Group.

(c) Turnover

Turnover represents the total amount earned by the Company in the ordinary course of business for services rendered after deducting trade discounts and Value Added Tax, where applicable. All turnover arises within the United Kingdom.

(d) Fixed assets and depreciation

Freehold and leasehold properties are stated at current valuation. Other tangible assets are stated at cost. Land and buildings are valued by external valuers every three years. No depreciation is provided on freehold land and properties under construction. Other tangible assets are depreciated so as to write off the cost or valuation by equal instalments over their useful economic lives, as follows:

Freehold buildings	- 50 years
Leasehold improvements	- term of the lease
Fixtures, fittings & equipment	- 3 to 50 years

(e) Taxation including deferred taxation

The charge for taxation is based on the result for the period and takes into account deferred tax.

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of property to its fixed value, the fair value adjustment of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

CARRICK CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period 1 May 2004 to 31 December 2004

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(e) Taxation including deferred taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current tax rates and laws.

Trading losses surrendered to other Group subsidiary undertakings are made on a full payment basis.

(f) Pensions and other post-retirement benefits

Contributions to the defined contribution scheme are charged to the profit and loss account in the accounting period in which they occur.

2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking of the Company is BUPA Care Homes (CFG) plc (formerly Care First Group plc), a company registered in England and Wales.

The ultimate parent undertaking of the Company is BUPA, a company registered in England and Wales, in whose accounts these financial statements are consolidated. Copies of the accounts of BUPA can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

a) Employees

The average number of persons employed by the Company during the period (including directors), analysed by category was as follows:

	Number of employees	
	1 May 2004 to 31 December 2004	Year ended 30 April 2004
Health care	<u>770</u>	<u>723</u>

The aggregate payroll costs of these persons were as follows:

	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Wages and salaries	5,890	6,827
Social security costs	213	527
Other pension costs	<u>1</u>	<u>6</u>
	<u>6,104</u>	<u>7,360</u>

CARRICK CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period 1 May 2004 to 31 December 2004

3. STAFF COSTS AND DIRECTORS' REMUNERATION (CONTINUED)

b) Directors' remuneration

Emoluments	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Aggregate emoluments	90	289
Company contributions to defined contribution pension schemes	2	6
	<u>92</u>	<u>295</u>

The amount paid in respect of the highest paid director for the year ended 30 April 2004 was £75,000. In addition, emoluments paid to certain directors who are also directors of fellow BUPA Group Companies are disclosed in the financial statements of those companies.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Bank	-	17

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Bank loans and overdraft	157	507

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Profit on ordinary activities before taxation is stated after charging		
Depreciation and other amounts written off owned tangible fixed assets:	515	398
Auditors' remuneration		
Audit	-	8
Other services	-	8

Auditors' remuneration and amounts paid to KPMG Audit Plc and their associates for non audit services are borne by a fellow Group undertaking.

CARRICK CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period 1 May 2004 to 31 December 2004

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge in period

	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Current tax		
UK corporation tax on profits of the period	520	765
Adjustments in respect of prior periods	(2)	-
	518	765
Deferred tax		
Origination and reversal of timing differences	65	105
Tax on profit on ordinary activities	583	870

(ii) Factors affecting the tax charge

The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	1 May 2004 to 31 December 2004 £'000	Year ended 30 April 2004 £'000
Profit on ordinary activities before tax	1,583	2,702
Tax charge on profit on ordinary activities at 30%	475	811
Effects of:		
Expenses not deductible for tax purposes	110	59
Accelerated capital allowances	(89)	(105)
Deferred tax on short term and other timing differences	24	-
Adjustment to tax credit in respect of prior periods	(2)	-
Total current tax charge for the period	518	765

(iii) Factors that may affect future tax charges

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 were sold without it being possible to claim rollover relief. The total amount unprovided for is £6,701,000 (year ended 30 April 2004 - £nil). At present it is not envisaged that any tax will become payable in the foreseeable future.

CARRICK CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period 1 May 2004 to 31 December 2004

8. TANGIBLE FIXED ASSETS

	Land & buildings £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 May 2004	12,147	4,392	78	233	16,850
Additions	3,053	457	-	-	3,510
Revaluation	22,338	-	-	-	22,338
Disposals	-	-	(78)	-	(78)
Transfer	233	-	-	(233)	-
At 31 December 2004	37,771	4,849	-	-	42,620
Depreciation					
At 1 May 2004	638	735	38	-	1,411
Charge for the period	287	228	-	-	515
Adjustments on revaluation	(714)	-	-	-	(714)
Disposals	-	-	(38)	-	(38)
At 31 December 2004	211	963	-	-	1,174
Net Book Value					
At 31 December 2004	37,560	3,886	-	-	41,446
At 30 April 2004	11,509	3,657	40	233	15,439

The Company's freehold land and buildings were valued by Knight Frank, Chartered Surveyors at 31 December 2004 on the basis of existing use. The valuation has been made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. These valuations were incorporated into the balance sheet at 31 December 2004. Other tangible assets are stated at cost.

Analysis of cost or valuation of land and buildings:

	31 December 2004 £'000	30 April 2004 £'000
At open market value	37,771	-
At cost	-	12,147
Aggregate depreciation thereon	(211)	(638)
	37,560	11,509
Historical cost of revalued assets	15,435	-
Aggregate depreciation based on historical cost	(925)	-
Historical cost net book value	14,510	-

CARRICK CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period 1 May 2004 to 31 December 2004

9. INVESTMENTS

**Interests in
subsidiary
undertakings
£'000**

Cost and net book value

At 1 May 2004 and 31 December 2004

1

The Company owns the entire ordinary shares of Kyle Building Services Limited a company registered in Scotland. The principal activity of Kyle Building Services Limited is the construction and maintenance of Care Homes.

10. DEBTORS

	31 December 2004 £'000	30 April 2004 £'000
Trade debtors	-	750
Amounts owed by Group undertakings	-	690
Other debtors	10	-
Prepayments and accrued income	-	1
	<u>10</u>	<u>1,441</u>

During the period, the Company assigned its trade debtors to a fellow Group undertaking.

11. CREDITORS – amounts falling due within one year

	31 December 2004 £'000	30 April 2004 £'000
Bank loan and overdrafts	-	1,907
Trade creditors	-	103
Amounts owed to Group undertakings	2,609	17
Taxation and social security	275	199
Other creditors	-	1,840
Accruals and deferred income	-	232
	<u>2,884</u>	<u>4,298</u>

CARRICK CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the period 1 May 2004 to 31 December 2004

12. CREDITORS – amounts falling due after more than one year

	31 December 2004 £'000	30 April 2004 £'000
Loans	-	5,516
Amount owed to Group undertaking	<u>9,543</u>	<u>-</u>
	<u>9,543</u>	<u>5,516</u>

Following the change in ownership referred to in the Directors' report, the outstanding loans in the prior period have been repaid.

13. PROVISION FOR LIABILITIES AND CHARGES

Deferred tax liabilities are analysed as follows:

	31 December 2004 £'000	30 April 2004 £'000
Accelerated capital allowances	693	605
Other timing differences	<u>(23)</u>	<u>-</u>
	<u>670</u>	<u>605</u>

The movement for the period in the net deferred tax provision is as follows:

	31 December 2004 £'000
At 1 May 2004	605
Deferred tax charge for the period	<u>65</u>
At 31 December 2004	<u>670</u>

CARRICK CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the period 1 May 2004 to 31 December 2004

14. SHARE CAPITAL

	31 December 2004 £'000	30 April 2004 £'000
Authorised		
151,000 ordinary shares of £1 each	<u>151</u>	<u>151</u>
 Allotted, called-up and fully paid		
151,000 ordinary shares of £1 each	<u>151</u>	<u>151</u>

15. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 May 2004	-	6,678
Unrealised surplus in the period	23,052	-
Retained profit for the period	<u>-</u>	<u>1,000</u>
At 31 December 2004	<u>23,052</u>	<u>7,678</u>

16. COMMITMENTS

The Company had no capital commitments at 31 December 2004 (30 April 2004 - £2,750,000).