

Conquest Care Homes (Peterborough) Limited
Annual report
for the year ended 31 December 2002

Registered number: 2706124



Conquest Care Homes (Peterborough) Limited

Annual report for the year ended 31 December 2002

	Page
Directors and advisors for the year ended 31 December 2002	1
Directors' report for the year ended 31 December 2002	2
Independent auditors' report to the members of Conquest Care Homes (Peterborough) Limited	4
Profit and loss account for the year ended 31 December 2002	5
Statement of total recognised gains and losses for the year ended 31 December 2002	6
Note of historical cost profit and losses for the year ended 31 December 2002	6
Balance sheet as at 31 December 2002	7
Notes to the financial statements for the year ended 31 December 2002	8

Conquest Care Homes (Peterborough) Limited

Directors and advisors for the year ended 31 December 2002

Directors

M A Stratford
G Blackoe (resigned on 14 March 2003)
C Artis (appointed on 24 March 2003)
A Thomas (appointed on 1 April 2003)

Secretary

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

Auditors

PricewaterhouseCoopers LLP
Temple Court
35 Bull Street
Birmingham
B4 6JT

Solicitors

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

Registered office

"Hillcairnie"
St. Andrew's Road
Droitwich
Worcestershire
WR9 8DJ

Bankers

National Westminster Bank plc
Cheltenham & Gloucester Business Centre
68-70 Suffolk Road
Cheltenham
Gloucestershire
GL50 2ED

Conquest Care Homes (Peterborough) Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements for the period ended 31 December 2002.

Principal activities and review of business

The Company is principally engaged in the provision of care for the disabled.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The profit and loss account shows a profit for the year of £409,000 (Restated 2001: £506,000). The directors have not paid any interim dividend in 2002 (2001: Interim dividends of £91,000 paid on 6 March 2001 and £509,000 on 6 April 2001). No final dividend has been proposed for the year ended 31 December 2002 (2001: £nil).

Directors and their interests

The directors who held office during the year are listed on page 1.

M A Stratford is 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. No other director at 31 December 2002 had any interests in the share capital of Conquest Care Homes (Peterborough) Limited or Craegmoor Limited

Changes in fixed assets

Movement in tangible fixed assets during the year are set out in note 8 to the financial statements.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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 year ended 31 December 2002 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.

Conquest Care Homes (Peterborough) Limited

Directors' report for the year ended 31 December 2002 (continued)

Elective resolutions

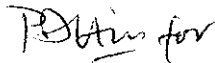
On 3 March 2003 the Company elected, in accordance with sections 252 and 366A of the Companies Act UK 1985, to dispense with the need to lay accounts and reports before general meeting and to dispense with holding an annual general meeting.

Auditors

Following the conversion of our auditors, PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 3 March 2003 and the directors appointed its successors, PricewaterhouseCoopers LLP, as auditors.

On 3 March 2003 the Company elected, in accordance with section 386 of the Companies Act UK 1985, to dispense with the obligation to appoint auditors annually.

By order of the Board



BLG (Professional Services) Limited
Company Secretary
27 October 2003

Independent auditors' report to the members of Conquest Care Homes (Peterborough) Limited

We have audited the financial statements on pages 5 to 16.

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
27 October 2003

Conquest Care Homes (Peterborough) Limited

Profit and loss account for the year ended 31 December 2002

		2002	2001 As restated (note 1)
	Note	£'000	£'000
Turnover	2	2,715	2,667
Cost of sales		(1,679)	(1,519)
Gross profit		1,036	1,148
Administrative expenses		(430)	(401)
Profit on ordinary activities before taxation	6	606	747
Tax on profit on ordinary activities	7	(197)	(241)
Profit on ordinary activities after taxation		409	506
Dividends		-	(600)
Profit/(loss) transferred to/(from) reserves	14	409	(94)

All activities relate to continuing operations.

Conquest Care Homes (Peterborough) Limited

Statement of total recognised gains and losses for the year ended 31 December 2002

	2002	2001 As restated (note 1)
	£'000	£'000
Profit/(loss) for the financial year	409	(94)
Total recognised gains and losses for the year	409	(94)
Prior year adjustment (notes 1 and 14)	(12)	
Total gains and losses since last annual report	397	

Note of historical cost profit and losses for the year ended 31 December 2002

	2002	2001 As restated (note 1)
	£'000	£'000
Reported profit on ordinary activities before taxation	606	747
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	12	14
Historical cost profit on ordinary activities before taxation	618	761
Historical cost profit/(loss) for the year after taxation and dividends	421	(80)

Conquest Care Homes (Peterborough) Limited

Balance sheet as at 31 December 2002

	Note	2002 £'000	2001 As restated (note 1) £'000
Fixed assets			
Tangible assets	8	2,686	2,726
Current assets			
Debtors	9	613	268
Cash at bank and in hand		14	5
		627	273
Creditors: amounts falling due within one year	10	(176)	(267)
Net current assets		451	6
Total assets less current liabilities		3,137	2,732
Creditors: amounts falling due after more than one year	11	(1,172)	(1,172)
Provisions for liabilities and charges	12	(11)	(15)
Net assets		1,954	1,545
Capital and reserves			
Called up share capital	13	-	-
Share premium account	14	228	228
Revaluation reserve	14	716	716
Profit and loss account	14	1,010	601
Total equity shareholders' funds	15	1,954	1,545

The financial statements on pages 5 to 16 were approved by the board of directors on 27 October 2003 and signed on its behalf by:



M A Stratford
Director

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002

1 Principal accounting policies

Basis of accounting

The financial statements are 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. In accordance with the requirements of Financial Reporting Standard ("FRS") 18, "Accounting Policies" the directors have reviewed the accounting policies of the Company to ensure that they remain the most appropriate to its particular circumstances. This review has not resulted in any changes to the accounting policies of the Company. A summary of the more important accounting policies, which have been consistently applied and the impact of adopting a new accounting standard is set out below:

Change in accounting policy

The Company has adopted FRS 19, "Deferred Tax" in the financial statements. The adoption of this new standard represents a change in accounting policy and the comparative figures have been restated accordingly.

FRS 19 requires full provision to be made for deferred tax assets and liabilities arising from timing differences.

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

The effect of the change in accounting policy to adopt FRS 19 was to decrease tax on profit on ordinary activities by £4,000 (2001: £8,000 increase) and to increase profit for the financial year by £4,000 (2001: £8,000 decrease). The adjustments to opening reserves are shown in note 14.

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
Short term leasehold property	- over lease term
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.

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets (continued)

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

Stocks

Stocks are stated at the lower of cost and net realisable value.

Debtors

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

Finance and operating leases

Costs in respect of operating leases are charged as incurred.

Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Pension costs

The Company does not operate a pension scheme. Pension costs represent amounts paid to employees' private pension schemes.

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 is entirely attributable to the provision of care for the disabled in the United Kingdom.

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.

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

4 Directors

M A Stratford received no emoluments in respect of his services to the Company for the year ended 31 December 2002 (2001: £nil). The emoluments of G Blackoe are paid by the intermediate parent company, Craegmoor Healthcare Company Limited. G Blackoe was also a director of a number of fellow subsidiaries during the year ended 31 December 2002 and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly, no emoluments have been included above for G Blackoe.

5 Employee information

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

	2002	2001
	Number	Number
Nursing, ancillary and administrative		
Full time	81	84
Part time	44	33
	125	117

	2002	2001
	£'000	£'000
Staff costs for the above persons		
Wages and salaries	1,333	1,218
Social security costs	97	90
	1,430	1,308

6 Profit on ordinary activities before taxation

	2002	2001
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets:		
- owned assets	114	71
Auditors' remuneration - Audit	11	6

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

7 Tax on profit on ordinary activities

	2002	2001 As restated (note 1)
	£'000	£'000
Current taxation		
UK Corporation tax at 30% (2001: 30%)	201	233
Deferred taxation		
Current year –origination and reversal of timing differences	(4)	8
Tax charge	197	241

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

	2002	2001 As restated (note 1)
	£'000	£'000
Profit on ordinary activities	606	747
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	182	224
Effects of:	15	17
Expenses not deductible for tax purposes	4	(8)
Capital allowance for the year in excess of depreciation		
Current tax charge	201	233

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to current year.

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 was sold without it being possible to claim rollover relief. The total amount unprovided for is £215,000 (2001: £215,000).

Deferred tax liabilities have not been discounted.

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

8 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2002	2,609	366	35	3,010
Additions	10	69	-	79
Disposals	-	-	(8)	(8)
At 31 December 2002	2,619	435	27	3,081
Depreciation				
At 1 January 2002	73	184	27	284
Charged for the year	47	64	3	114
Disposals	-	-	(3)	(3)
At 31 December 2002	120	248	27	395
Net book value				
At 31 December 2002	2,499	187	-	2,686
At 31 December 2001	2,536	179	11	2,726
Cost or valuation at 31 December 2002 is represented as follows:				
Valuation in 2000	2,590	-	-	2,590
Cost	29	435	27	491
At 31 December 2002	2,619	435	27	3,081

In accordance with the Company's accounting policy, the land and buildings occupied by the Company, were revalued during 2000, by independent external valuers, Matthews and Goodman, Chartered Surveyors and Valuers. This was on the basis of existing use value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

The directors consider that there has been no material change in value since 31 December 2001 and therefore the valuation has not been amended.

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

8 Tangible fixed assets (continued)

If freehold land and buildings had not been re-valued they would have been included at the following amounts:

	2002	2001
	£'000	£'000
Cost	1,941	1,931
Aggregate depreciation based on cost	(122)	(87)
Net book value based on cost	1,819	1,844

9 Debtors

	2002	2001
	£'000	£'000
Trade debtors	206	70
Amounts owed by group undertakings	128	53
Corporation tax recoverable	65	65
Other debtors	2	-
Prepayments and accrued income	212	80
	613	268

10 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Bank loans and overdrafts	6	8
Trade creditors	48	44
Other creditors	-	125
Accruals and deferred income	122	90
	176	267

Bank loans and overdrafts are secured by a fixed and floating charge over all of the Company's assets.

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

11 Creditors: amounts falling due after more than one year

	2002	2001
	£'000	£'000
Amounts owed to group undertakings	1,172	1,172

Included in amounts owed to group companies due after more than one year is £10,000 (2001: £10,000) loaned to the Company by Craegmoor Funding PLC, a fellow subsidiary of Craegmoor Limited, under the Issuer/Borrowers Facility Agreement dated 23 November 2000.

12 Provisions for liabilities and charges

	£'000
	Deferred tax
At 1 January 2002 as previously reported	3
Prior year adjustment (note 1)	12
At 1 January 2002 as restated	15
Credited in profit and loss account	(4)
At 31 December 2002	11

	2002	2001
	£'000	£'000
The amount provided for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	11	15

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

13 Called up share capital

	2002	2001
	£'000	£'000
Authorised		
1,000 ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
204 ordinary shares of £1 each	-	-

14 Reserves

	Share premium account	Profit and loss account	Revaluation reserve
	£'000	£'000	£'000
At 1 January 2002 as previously reported	228	613	716
Prior year adjustment – FRS 19 (see note 1)	-	(12)	-
As at 1 January 2002 as restated	228	601	716
Profit for the financial year	-	409	-
At 31 December 2002	228	1,010	716

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

15 Reconciliation of movement in shareholders' funds

	2002	2001 As restated (note 1)
	£'000	£'000
Profit for the financial year	409	506
Equity dividends paid	-	(600)
Net increase/(reduction) in shareholders' funds	409	(94)
Opening equity shareholders' funds as previously reported	1,557	1,643
Prior year adjustment – FRS 19 (see note 1)	(12)	(4)
Opening equity shareholders' funds as restated	1,545	1,639
Closing equity shareholders' funds	1,954	1,545

16 Capital commitments and contingent liabilities

There is a fixed and floating charge over the undertaking and assets of the Company in respect of a loan from Craegmoor Funding PLC to Parkcare Homes Limited under the Issuer/Borrowers Facility Agreement dated 23 November 2000. Craegmoor Funding PLC and Parkcare Homes Limited are fellow subsidiaries of Craegmoor Limited.

Subsequent to the year end the Craegmoor Group completed a refinancing project. As a result, the previous charging and guarantee arrangements ceased and have been replaced with a new charge and guarantee in respect of a loan with Craegmoor Funding (No. 2) Limited.

17 Immediate and ultimate parent companies

The directors regard Craegmoor Holdings Limited, a company registered in England and Wales, as the immediate parent company of Conquest Care Homes (Peterborough) Limited, and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom of Craegmoor Holdings Limited. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, "Hillcairnie", St Andrew's Road, Droitwich, Worcestershire WR9 8DJ.