

Conquest Care Homes (Peterborough) Limited

Annual report

for the year ended 31 December 2004

Registered number: 2706124



Conquest Care Homes (Peterborough) Limited

Annual report for the year ended 31 December 2004

	Page
Directors and advisors	1
Directors' report for the year ended 31 December 2004	2
Independent auditors' report to the members of Conquest Care Homes (Peterborough) Limited.....	4
Profit and loss account for the year ended 31 December 2004.....	6
Note of historical cost profits and losses for the year ended 31 December 2004	7
Balance sheet as at 31 December 2004.....	8
Notes to the financial statements for the year ended 31 December 2004	9

Conquest Care Homes (Peterborough) Limited

Directors and advisors

Directors

A E Smith (appointed on 19 April 2004)
M Preston (appointed on 21 December 2005)

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

Pinsent Masons
3 Colmore Circus
Birmingham
B4 6BH

Registered office

Craegmoor House
Perdiswell Park
Worcester
WR3 7NW

Bankers

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

Conquest Care Homes (Peterborough) Limited

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the Company continues to be the provision of care.

Review of business and future developments

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

On 31 December 2004 the Company's current assets, current liabilities and employees were transferred to Craegmoor Facilities Company Limited, a group company, at no gain or loss.

Audit opinion qualification

As described fully in note 1 to the financial statements, the accounting problems experienced by the Craegmoor Group during the year, and subsequently, have given rise to a qualification in the auditors' report concerning the keeping of proper books and records as required by the Companies Act 1985.

Results and dividends

The profit and loss account shows a profit after tax for the year of £122,000 (2003: £143,000). The directors do not recommend the payment of a dividend for the year ended 31 December 2004 (2003: £Nil).

Directors and their interests

The directors who held office up to the date of this report are listed on page 1. In addition M A Stratford resigned on 20 May 2004, C Artis resigned 6 August 2004, M Byrne resigned 18 November 2005, and L Chaplin was appointed on 1 January 2004 and resigned on 31 July 2004.

M A 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. A E Smith 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.

C Artis held no interest in the share capital of Conquest Care Homes (Peterborough) Limited during the year ended 31 December 2004. C Artis held 5,000 shares in the ultimate parent company, Craegmoor Limited as at 6 August 2004 (31 December 2003: 5,000).

No other director at 31 December 2004 or 31 December 2003 had any interests in the share capital of Conquest Care Homes (Peterborough) Limited or Craegmoor Limited.

M Byrne held 1,750 share options over the ordinary shares of Craegmoor Limited as at 31 December 2004 (5 August 2004: None held). C Artis held 2,500 share options over the ordinary shares of Craegmoor Limited as at 6 August 2004 (31 December 2003: 2,500). L Chaplin held 1,750 share options over the ordinary shares of Craegmoor Limited as at 31 July 2004 (1 January 2004: 1,750). These options have an exercise price of £1 each and may be exercised on the sale of Craegmoor Limited by its current shareholders. No other directors of Conquest Care Homes (Peterborough) Limited held any share options in Craegmoor Limited at 31 December 2004 or 31 December 2003.

Changes in fixed assets

Movement in tangible fixed assets during the year is set out in note 9 to the financial statements.

Conquest Care Homes (Peterborough) Limited

Directors' report for the year ended 31 December 2004 (continued)

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.

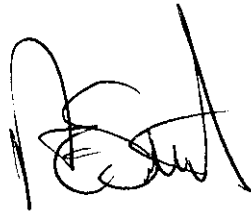
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have 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

The Company has 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



A E Smith
Director
10 February 2006

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

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the note of historical cost profit and losses 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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.

Going concern

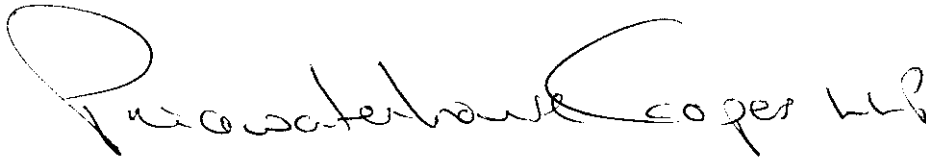
In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 to the financial statements (*Going Concern*) concerning the ongoing negotiations of the directors of the ultimate holding company, Craegmoor Limited, with lenders to the group for renewal of existing overdraft facilities, restructuring of loan facilities and renegotiation of lending obligations and covenants. The financial statements of the Company have been prepared on a going concern basis, the validity of which depends on the successful conclusion of these negotiations with the group's lenders. The financial statements do not include any adjustments that would result from a failure of the group to obtain this funding. Our opinion is not qualified in this respect.

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

Qualified opinion arising on the keeping of proper accounting records

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

As set out in Note 1 (*Problems arising from closure of the Regional Accounting Centres*), the company encountered difficulties with the transfer of the accounting processes from the former regional accounting centres to a newly established Shared Service Centre which led to serious accounting issues. Consequently, the company did not maintain complete records relating to the allocation of sales transactions and cash receipts during the year. In this respect alone in our opinion proper accounting records, as required by Section 221 of the Companies Act 1985, have not been kept throughout the year. However, by virtue of the transfer of trade debtor balances to another group company before the year end we have satisfied ourselves that the resultant inter-company balance recognised in the financial statements at the year-end is fairly stated.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written across the page. The signature is fluid and cursive, with the letters 'P', 'C', and 'L' being particularly prominent.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
10 February 2006

Conquest Care Homes (Peterborough) Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover	2	2,804	2,657
Cost of sales		(1,958)	(1,878)
Gross profit		846	779
Administrative expenses		(597)	(543)
Operating profit	6	249	236
Interest payable	7	(182)	(67)
Profit on ordinary activities before taxation		67	169
Tax on profit on ordinary activities	8	55	(26)
Retained profit for the year	15	122	143

All activities relate to continuing operations.

There are no recognised gains and losses other than these shown above and therefore no separate statement of recognised gains and losses has been prepared.

Conquest Care Homes (Peterborough) Limited

Note of historical cost profits and losses for the year ended 31 December 2004

	2004	2003
	£'000	£'000
Reported profit on ordinary activities before taxation	67	169
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	8	12
Historical cost profit on ordinary activities before taxation	75	181
Historical cost retained profit for the year	130	155

Conquest Care Homes (Peterborough) Limited

Balance sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	9	2,589	2,632
Current assets			
Debtors	10	3,573	3,435
Cash at bank and in hand		-	4
		3,573	3,439
Creditors: amounts falling due within one year	11	(371)	(352)
Net current assets		3,202	3,087
Total assets less current liabilities		5,791	5,719
Creditors: amounts falling due after more than one year	12	(3,572)	(3,616)
Provisions for liabilities and charges	13	-	(6)
Net assets		2,219	2,097
Capital and reserves			
Called up share capital	15	-	-
Share premium account	16	228	228
Revaluation reserve	16	716	716
Profit and loss account	16	1,275	1,153
Total equity shareholders' funds	17	2,219	2,097

The financial statements on pages 6 to 18 were approved by the board of directors on 10 February 2006 and signed on its behalf by:



A E Smith
Director

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004

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

Problems arising from closure of the Regional Accounting Centres

In 2004, as part of a process of streamlining the financial operations of the Craegmoor group, the decision was taken to close 11 regional accounting centres, transfer the processes to a newly established Shared Service Centre in Worcester and at the same time migrate the accounting systems to a new computer software system. Difficulties were encountered with the transfer process that led to a number of serious accounting issues within the Shared Service Centre including, most significantly, difficulties in allocating cash received from debtors against their accounts, the lack of timely completion of key accounting reconciliations and some inaccuracies in the customer invoicing process resulting in the need to subsequently issue credit notes and make provision for doubtful debts. This led to delays for many months in determining the exact recoverability or otherwise of the trade debtor amounts as at 31 December 2004 and consequently to the production of the 2004 statutory accounts while investigations were completed.

For the consolidated accounts of Craegmoor Limited, the ultimate parent company, the directors have taken extensive actions to assess the full recoverability of trade debtors, and full provision has been made where amounts are determined not to be collectible. Nonetheless, some uncertainty does remain that will not be fully eliminated until the 2005 accounting reconciliations are themselves completed and provide evidence regarding the position presented. Any adjustments identified have been allocated, as appropriate, to the relevant subsidiary company.

On 31 December 2004, these adjusted trade debtor balances of the company were transferred at book value via inter-company account to a fellow subsidiary undertaking, Craegmoor Facilities Company Limited, as part of a group reorganisation. As such, the risk and rewards related to these trade debtor amounts have been transferred to that company. Any future adjustment to these amounts that may prove to be necessary will be borne by Craegmoor Facilities Company Limited.

Consequently, the report of the auditors makes reference to the failure of the company to maintain proper books and records in respect of sales ledger transactions and associated cash receipt allocations during the year, although, for the reason referred to above, the valuation of the year-end inter-company balance with Craegmoor Facilities Company Limited is not qualified.

Going Concern

By not delivering audited financial statements within 6 months of the year end, the ultimate parent company, Craegmoor Limited, and certain of its subsidiaries, including Conquest Care Homes (Peterborough) Limited have not complied with obligations relating to certain borrowings included in the group's consolidated financial statements. Under the terms of the relevant agreements, these failures potentially give rise to events of default which require remediation. The directors have kept the lenders and, where relevant, the lenders' guarantor fully informed of the group's financial position and the progress on resolving the accounting difficulties described above. As a result, the directors are currently in advanced, constructive discussions with lenders to the group and their guarantor for a continuation of current facilities and agreement of revised lending covenants and obligations. The financial statements have been prepared on the going concern basis which assumes that Craegmoor Limited and its subsidiaries will successfully conclude these discussions and thus continue to operate normally for the foreseeable future.

Whilst the directors are confident that facilities will be renewed, and the covenants and obligations renegotiated, and believe that it is therefore appropriate for the financial statements to be prepared on the going concern basis, a conclusion to these negotiations has not been reached as the date of approval of this report.

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

1 Principal accounting policies (continued)

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. Freehold land and buildings are revalued by independent, professionally qualified valuers on a five year rolling basis, the first such valuation being five years after acquisition. These valuations are carried out on an existing use, open market value basis, and in the intervening years are updated by the directors with the assistance of independent professional advice as required.

Increases in the revalued amounts of land and buildings are credited to revaluation reserves.

Freehold land is not depreciated. Subsequent to a revaluation depreciation on freehold properties is based on revalued amounts. Depreciation on other tangible fixed assets is calculated to write off their cost, less estimated residual values, by equal annual instalments on the following bases:

Freehold buildings	-over 50 years
Building improvements	-over 20 years
Equipment	-over 7 years
Furniture and fittings	-over 3, 5 or 10 years
Motor vehicles	-over 4 years
Computer equipment	-over 4 years

During the year, a review was performed of the appropriateness of asset lives resulting in the revised lives shown above. The effect of this change on the depreciation charge for the year was not deemed to be material to the financial statements.

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 of 8.5% (2003: 8.5%). Realisable value is determined by independent, professional valuers on an existing use, open market value basis.

Provisions for impairment in the carrying value of land and buildings are charged against revaluation reserves in the balance sheet to the extent that they relate to a reversal of prior increases. Impairments to below historical cost are charged to the profit and loss account.

Corporation tax

UK corporation tax is provided at amounts expecting to be paid (or recovered) using the tax rates and bases that have been enacted or substantially enacted by the balance sheet date. Corporation tax payable is reduced wholly or in part by the surrender of losses by fellow group companies. Payments made, if any, to surrendering companies for losses are reflected in the tax charge.

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

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual instalments over the lease term.

Pension costs

The Company does not operate a pension scheme but provides access to a stakeholder plan. Pension costs represent amounts paid to employees' private pension schemes.

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

1 Principal accounting policies (continued)

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 year 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 where they are more than 90% owned by a common parent.

4 Directors emoluments

The emoluments of the directors were paid by Craegmoor Healthcare Company Limited, a fellow subsidiary of Craegmoor Limited. The directors were also directors of a number of other fellow subsidiaries during the year ended 31 December 2004 and 31 December 2003 and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the emoluments of the directors are disclosed within the accounts of Craegmoor Healthcare Company Limited.

5 Employee information

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

	2004	2003
	Number	Number
Nursing	114	115
Ancillary	9	9
Administration	11	6
	134	130

Comparative figures have been reanalysed to show employees by function as the directors consider this gives a more meaningful disclosure. The numbers disclosed include both full time and part time staff.

	2004	2003
Staff costs for the above persons	£'000	£'000
Wages and salaries	1,459	1,406
Social security costs	118	108
	1,577	1,514

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

6 Operating profit

	2004	2003
	£'000	£'000
<hr/>		
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	132	116
Operating lease rentals – other assets	15	11
Auditors' remuneration:		
Audit	5	11
Non-audit	-	2

7 Interest payable

	2004	2003
	£'000	£'000
<hr/>		
Interest on amounts owed to group undertakings	182	67

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

8 Tax on profit on ordinary activities

	2004	2003
	£'000	£'000
Current taxation		
UK corporation tax at 30% (2003: 30%)	28	69
Adjustment in respect of previous periods	(74)	(38)
Total current taxation	(46)	31
Deferred taxation		
Current year – origination and reversal of timing differences	(9)	(4)
Adjustment in respect of previous periods	-	(1)
Total deferred taxation	(9)	(5)
Tax charge	(55)	26

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

	2004	2003
	£'000	£'000
Profit on ordinary activities	67	169
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	20	51
Effects of:		
Expenses not deductible for tax purposes	12	14
Transfer Pricing Adjustment	(13)	-
Capital allowances for the year in excess of depreciation	9	4
Adjustment to tax charge in respect of previous periods	(74)	(38)
Current tax (credit)/charge	(46)	31

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 (2003: £215,000).

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

9 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2004	2,619	497	27	3,143
Additions	-	58	24	82
Acquired from other group companies	-	7	-	7
At 31 December 2004	2,619	562	51	3,232
Depreciation				
At 1 January 2004	167	317	27	511
Charge for the year	43	87	2	132
At 31 December 2004	210	404	29	643
Net book value				
At 31 December 2004	2,409	158	22	2,589
At 31 December 2003	2,452	180	-	2,632

In accordance with the Company's accounting policy, 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 procedures approved by Royal Institution of Chartered Surveyors.

The directors consider that there has been no material change in value since 31 December 2000 and therefore this valuation has not been amended.

If freehold land and buildings had not been previously revalued they would have been included at the following amounts:

	2004	2003
	£'000	£'000
Cost	1,941	1,941
Aggregate depreciation based on cost	(192)	(157)
Net book value based on cost	1,749	1,784

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

10 Debtors

	2004	2003
	£'000	£'000
Amounts falling due within one year		
Trade debtors	-	143
Amounts owed by group undertakings	3,549	3,115
Corporation tax recoverable	21	29
Other debtors	-	130
Prepayments and accrued income	-	18
	3,570	3,435
Amounts falling due after more than one year		
Deferred taxation (Note 14)	3	-
	3,573	3,435

As at 31 December 2004 current assets were transferred to Craegmoor Facilities Company Limited, a Craegmoor group company, at no gain or loss. These balances are included in amounts owed by group undertakings. They are interest free and are payable on demand.

11 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Bank loans and overdrafts (secured)	-	54
Trade creditors	-	85
Other creditors	-	9
Amounts owed to group undertakings	371	-
Accruals and deferred income	-	204
	371	352

As at 31 December 2004 current liabilities were transferred to Craegmoor Facilities Company Limited, a Craegmoor group company, at no gain or loss. These balances are included in amounts owed by group undertakings. They are interest free and are payable on demand.

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

12 Creditors: amounts falling due after more than one year

	2004	2003
	£'000	£'000
Amounts owed to group undertakings	3,572	3,616

Amounts owed to group undertakings include a loan payable to Craegmoor Funding (No.2) Limited under the Issuer/Borrower Facility Agreement dated 13 August 2003. The amount of interest paid each year is equal to the total debt service cost incurred by Craegmoor Funding (No.2) Limited in relation to this loan. Craegmoor Funding (No.2) Limited is a fellow subsidiary of Craegmoor Limited. There are no defined repayment terms but the immediate parent has confirmed to the directors of the Company that it will not seek any repayments of this loan within 12 months after the year-end.

13 Provisions for liabilities and charges

	£'000
	Deferred tax
At 1 January 2004	6
Credited in profit and loss account	(6)
At 31 December 2004	-

As at 31 December 2004 the deferred taxation balance was an asset, see note 14.

14 Deferred taxation

	£'000
Provision at 1 January 2004	(6)
Credited in the profit and loss account	9
Asset at 31 December 2004	3

	2004	2003
	£'000	£'000
The amount recognised for deferred taxation comprises:		
Timing differences relating to accelerated capital allowances	3	(6)

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

15 Called up share capital

	2004	2003
	£'000	£'000
Authorised		
1,000 (2003: 1,000) Ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
204 (2003: 204) Ordinary shares of £1 each	-	-

16 Reserves

	Share premium account £'000	Profit and loss account £'000	Revaluation reserve £'000
At 1 January 2004	228	1,153	716
Profit for the financial year	-	122	-
At 31 December 2004	228	1,275	716

17 Reconciliation of movement in shareholders' funds

	2004	2003
	£'000	£'000
Retained profit for the financial year	122	143
Net increase in shareholders' funds	122	143
Opening equity shareholders' funds	2,097	1,954
Closing equity shareholders' funds	2,219	2,097

18 Capital commitments

As at 31 December 2004 the Company had no capital commitments (2003: £Nil).

Conquest Care Homes (Peterborough) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

19 Financial commitments

At 31 December 2004 the Company had annual commitments under non-cancellable operating leases as follows:

	2004	2003
	£'000	£'000
Operating leases which expire:		
Within one year	15	-
In two to five years	-	15
	15	15

20 Contingent liabilities

There is a charge over the assets of the Company and a cross guarantee in respect of the external loan undertaken by Craegmoor Funding (No. 2) Limited amounting to £2,477,000 (2003: £2,520,000).

21 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. The parent companies of the largest and smallest groups in which Conquest Care Homes (Peterborough) Limited is included are Craegmoor Limited and Craegmoor Investments Limited respectively. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.