

PRESTIGE NURSING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2002

Company Number: 1006953



Jacob Cavenagh & Skeet
Chartered Accountants
5 Robin Hood Lane
Sutton
Surrey, SM1 2SW

PRESTIGE NURSING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2002

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PRESTIGE NURSING LIMITED

REPORT OF THE DIRECTORS

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

Principal activities

The group's principal activities during the year continued to be that of nursing agents and the running of a franchising operation.

Review of the year

2002 was a strong trading year, with a 30% increase in turnover achieved through continued organic growth and a number of strategic acquisitions. Prestige's commitment to investment continued in 2002, with significant sums targeted at ensuring compliance with new legislative programs and the company's IT system. Prestige achieved great success in securing contracted business during the year, particularly within the NHS and the Prison Service. Growth remains strong, even though operating margins continue to be put under pressure.

Future developments

Prestige will continue to strengthen its position within the UK nursing agency market, targeting the NHS and the domiciliary care market as the main areas for growth.

Charitable donations

The group made charitable donations totalling £1,890 in the year (2001: £600).

Directors and their interests

The directors who served during the year and their beneficial interests in the issued share capital of the parent company were as follows:

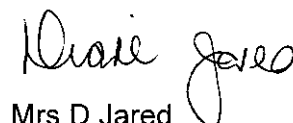
	Number of ordinary shares	
	31st December 2002	31st December 2001
P B Bruce	1,570	1,570
Mrs P Bruce	1,570	1,570
J Bruce	1,500	1,500
Mrs D Jared	-	-

Mr and Mrs P B Bruce have a non-beneficial interest in 4,360 of the issued £1 ordinary shares.

Auditors

The auditors, Jacob Cavenagh & Skeet, have expressed their willingness to continue in office and a resolution to reappoint them will be put to the forthcoming annual general meeting.

BY ORDER OF THE BOARD



Mrs D Jared
Secretary

1st May 2003

PRESTIGE NURSING LIMITED

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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

PRESTIGE NURSING LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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

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

Our responsibility is to audit the financial statements in accordance with relevant legal and statutory requirements and United Kingdom Auditing Standards.

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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 affairs of the group and company at 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Jacob Cavenagh & Skeet

Jacob Cavenagh & Skeet
Chartered Accountants
and Registered Auditor

23rd June 2003

PRESTIGE NURSING LIMITED

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2002**

		2002	2001
	Note	£	£
Turnover	1	25,018,046	19,340,259
Cost of sales		<u>19,360,063</u>	<u>14,918,265</u>
Gross profit		5,657,983	4,421,994
Marketing costs		199,928	226,833
Administrative expenses		<u>4,875,277</u>	<u>3,661,512</u>
		5,075,205	3,888,345
Operating profit	2	582,778	533,649
Interest receivable		2,470	33,258
Interest payable	4	(6,446)	(115)
Profit on ordinary activities before taxation		578,802	566,792
Tax on profit on ordinary activities	5	<u>162,519</u>	<u>154,434</u>
Profit for the year		416,283	412,358
Equity Minority Interests		(459)	(4,131)
Retained profit for the year		415,824	408,227
Retained profit brought forward		<u>2,145,714</u>	<u>1,737,487</u>
Retained profit carried forward		2,561,538	2,145,714

The turnover is generated from continuing activities.

The group has no recognised gains or losses other than those reported above.

PRESTIGE NURSING LIMITED

GROUP BALANCE SHEET AS AT 31ST DECEMBER 2002

		2002		2001	
	Note	£	£	£	£
Fixed assets					
Intangible assets	6a		165,010		12,593
Tangible assets	7a		<u>473,079</u>		<u>184,905</u>
			638,089		197,498
Current assets					
Stocks	9	62		447	
Debtors	10	4,205,153		3,258,034	
Cash in hand		<u>1,371</u>		<u>416,574</u>	
		4,206,586		3,675,055	
Creditors: Amounts falling due within one year	11	<u>(2,277,294)</u>		<u>(1,717,091)</u>	
Net current assets			<u>1,929,292</u>		<u>1,957,964</u>
Total assets less current liabilities			2,567,381		2,155,462
Provision for liabilities and charges	12		4,364		-
Equity Minority Interests			<u>(207)</u>		<u>252</u>
Net assets			2,571,538		2,155,714
Capital and reserves					
Share capital	13		10,000		10,000
Profit and loss account			<u>2,561,538</u>		<u>2,145,714</u>
	14		2,571,538		2,155,714

The financial statements were approved by the Board of Directors
on 1st May 2003 and signed on its behalf by:



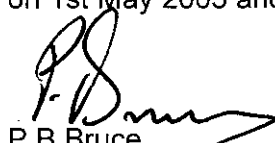
P B Bruce
Director

PRESTIGE NURSING LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Intangible assets	6b		160,750		8,333
Tangible assets	7b		473,079		184,621
Investments	8		<u>2</u>		<u>2</u>
			633,831		192,956
Current assets					
Stocks	9	62		447	
Debtors	10	4,089,638		3,205,782	
Cash in hand		<u>1,062</u>		<u>405,802</u>	
		4,090,762		3,612,031	
Creditors: Amounts falling due within one year	11	(2,457,155)		(1,792,842)	
Net current assets			<u>1,633,607</u>		<u>1,819,189</u>
Total assets less current liabilities			2,267,438		2,012,145
Provision for liabilities and charges	12		<u>4,132</u>		<u>-</u>
Net assets			2,271,570		2,012,145
Capital and reserves					
Share capital	13		10,000		10,000
Profit and loss account			<u>2,261,570</u>		<u>2,002,145</u>
	14		2,271,570		2,012,145

The financial statements were approved by the Board of Directors on 1st May 2003 and signed on its behalf by:


P B Bruce
Director

PRESTIGE NURSING LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2002

	Note	£	2002 £	£	2001 £
Net cash inflow/(outflow) from operations	1		225,988		(94,168)
Returns on investment and servicing of finance					
Interest received		2,470		33,258	
Interest paid		(6,446)		(115)	
			(3,976)		33,143
Taxation					
Corporation tax paid			(149,407)		(188,572)
Capital expenditure					
Payments to acquire intangible fixed assets		167,500		10,000	
Payments to acquire tangible assets		417,152		130,420	
Proceeds of sale of fixed assets		(179)		(31,943)	
Net cash outflow from capital expenditure			(584,473)		(108,477)
(Decrease) in cash	2		(511,868)		(358,074)

NOTES TO THE GROUP CASH FLOW STATEMENT

1	Reconciliation of operating profit to net cash inflow from operations	2002 £
	Operating profit	582,778
	Depreciation	127,766
	Goodwill amortisation	15,083
	Loss on sale of fixed assets	1,033
	Movement in: Stock	385
	Debtors	(946,219)
	Creditors	445,162
	Net cash inflow from operations	225,988
2	Reconciliation of net cash flow to movement in net funds	2002 £
	Net funds at 1st January 2002	416,574
	Net debt at 31st December 2002	95,294
	(Decrease) in cash in the year	511,868

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

1 ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The group accounts consolidate the accounts of the company, Prestige Nursing Limited, and its subsidiaries Prestige Nursing Franchise Limited and Prestige Nursing Training Limited. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

1.2 Turnover

Turnover represents amounts receivable for services provided to customers and clients, net of Value Added Tax.

1.3 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets at rates calculated to write off cost less estimated residual value of each asset over its expected useful life as follows:

Leasehold improvements	-	over 10 years
Office equipment	-	33.3% per annum on cost
Fixtures and fittings	-	10% per annum on cost
Motor vehicles	-	25% per annum on cost

1.4 Leasing and hire purchase commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

1.5 Amortisation of goodwill

The group's policy is to write off purchased goodwill over its useful economic life of 5 years, on a straight line basis.

Goodwill arising on consolidation is not amortised.

1.6 Deferred taxation

Deferred taxation is provided using the liability method to take account of timing differences between certain items for accounts purposes and their treatment for tax purposes.

2 OPERATING PROFIT

	2002 £	2001 £
This is stated after charging:		
Auditors' remuneration – audit services	8,100	8,050
– other services	7,700	6,950
Amortisation	15,083	1,667
Depreciation	127,766	86,379
Loss on disposal of fixed assets	1,033	7,354
Operating lease rentals in respect of:		
Motor vehicles	39,873	28,013
Land and buildings	245,822	141,309

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002 (continued)

3	EMPLOYEE INFORMATION	2002 £	2001 £
	Staff costs		
	Wages and salaries	4,064,323	3,003,237
	Social security	201,868	132,486
	Other pension costs	<u>25,195</u>	<u>39,205</u>
		4,291,386	3,174,928

		No	No
The average weekly number of employees during the year was		275	195

	Directors' emoluments	£	£
	Emoluments in respect of qualifying service	342,433	451,174
	Company contributions to money purchase pension schemes	<u>22,922</u>	<u>39,205</u>
		365,355	490,379

The number of directors to whom retirement benefits are accruing under defined contributions pension schemes is 2 (2001: 2).

Information regarding the highest paid director is as follows:	2002 £	2001 £
Emoluments and benefits	148,506	131,431
Pension contributions	<u>11,844</u>	<u>20,322</u>
	160,350	151,753

Pension scheme arrangements

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents the contributions payable by the group to the funds and amounted to £25,195 (2001: £39,205).

4	INTEREST PAYABLE	2002 £	2001 £
	On bank overdraft repayable on demand	6,435	115
	Other interest	<u>11</u>	<u>-</u>
		6,446	115

PRESTIGE NURSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002 (continued)**

5	TAX ON PROFIT ON ORDINARY ACTIVITIES	2002 £	2001 £
(a)	Analysis of charge in period		
	<i>Current tax:</i>		
	UK corporation tax on profits of the period	166,883	149,408
	Adjustments in respect of previous period	-	5,026
	Total current tax (note 5(b))	166,883	154,434
	<i>Deferred tax:</i>		
	Origination and reversal of timing differences	(4,364)	-
	Tax on profit on ordinary activities	162,519	154,434
(b)	Factors affecting tax charge for period		
	Profit on ordinary activities before tax	578,802	566,792
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.15% (2001: 25.66%)	162,902	145,416
	Effects of:		
	Expenses not deductible for tax	18,979	6,038
	Capital allowances for the period in excess of depreciation	(14,098)	(2,046)
	Adjustments to tax charge in respect of previous periods	(900)	5,026
	Current tax charge for period (see 5(a))	166,883	154,434

The standard rate of tax is equal to the effective rate of tax applied to profits chargeable to corporation tax in the period.

6a	INTANGIBLE FIXED ASSETS – Group	Purchased goodwill £	Goodwill on consolidation £	Total £
	Cost			
	At 1st January 2002	31,000	4,260	35,260
	Addition	167,500	-	167,500
	At 31st December 2002	198,500	4,260	202,760
	Amortisation			
	At 1st January 2002	22,667	-	22,667
	Charge for the year	15,083	-	15,083
	At 31st December 2002	37,750	-	37,750
	Net book value			
	At 31st December 2002	160,750	4,260	165,010
	At 31st December 2001	8,333	4,260	12,593

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002 (continued)

6b INTANGIBLE FIXED ASSETS - Company

Purchased Goodwill £

Cost

At 1st January 2002	31,000
Addition	<u>167,500</u>
At 31st December 2002	<u>198,500</u>

Amortisation

At 1st January 2002	22,667
Charge for the year	<u>15,083</u>
At 31st December 2002	<u>37,750</u>

Net book value

At 31st December 2002	160,750
At 31st December 2001	8,333

7a TANGIBLE FIXED ASSETS – Group

	Leasehold improvements £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1st January 2002	47,090	288,685	46,163	57,602	439,540
Additions	83,770	184,702	41,082	107,598	417,152
Disposals	-	(16,202)	(185)	-	(16,387)
At 31st December 2002	<u>130,860</u>	<u>457,185</u>	<u>87,060</u>	<u>165,200</u>	<u>840,305</u>
Depreciation					
At 1st January 2002	785	192,767	19,265	41,818	254,635
Charge for the year	13,016	88,208	7,088	19,454	127,766
On disposals	-	(15,203)	28	-	(15,175)
At 31st December 2002	<u>13,801</u>	<u>265,772</u>	<u>26,381</u>	<u>61,272</u>	<u>367,226</u>
Net book value					
At 31st December 2002	117,059	191,413	60,679	103,928	473,079
At 31st December 2001	46,305	95,918	26,898	15,784	184,905

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002 (continued)

7b TANGIBLE FIXED ASSETS – Company

	Leasehold improvements £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1st January 2002	47,090	286,523	43,910	57,602	435,125
Additions	83,770	184,702	41,082	107,598	417,152
Disposals	-	(16,202)	(185)	-	(16,387)
At 31st December 2002	<u>130,860</u>	<u>455,023</u>	<u>84,807</u>	<u>165,200</u>	<u>835,890</u>
Depreciation					
At 1st January 2002	785	190,889	17,012	41,818	250,504
Charge for the year	13,016	87,924	7,088	19,454	127,482
On disposals	-	(15,203)	28	-	(15,175)
At 31st December 2002	<u>13,801</u>	<u>263,610</u>	<u>24,128</u>	<u>61,272</u>	<u>362,811</u>
Net book value					
At 31st December 2002	117,059	191,413	60,679	103,928	473,079
At 31st December 2001	46,305	95,634	26,898	15,784	184,621

8 FIXED ASSET INVESTMENTS – Company

Shares in
subsidiary
£

Cost

At 1st January 2002 and 31st December 2002

2

The company owns 100% of the issued share capital of Prestige Nursing (Franchise) Limited which is incorporated in England and Wales. The main activity of that company is running a franchising operation. The aggregate amount of its capital and reserves at 31st December 2002 was £295,560. The profit after taxation for the year was £155,958.

The company owns 49% of the issued share capital of Prestige Nursing (Training) Limited which is incorporated in England and Wales. The main activity of that company is provision of training services. The company was dormant during the year. The company has effective control of Prestige Nursing (Training) Limited by virtue of its control of the board.

9 STOCKS

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Goods for resale	<u>62</u>	447	62	447

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002 (continued)

10 DEBTORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	2,624,394	2,210,606	2,583,430	2,158,616
Amount owed by subsidiary undertaking	-	-	900	-
Other debtors	592,238	273,174	516,787	272,912
Prepayments and accrued income	<u>988,521</u>	<u>774,254</u>	<u>988,521</u>	<u>774,254</u>
	<u>4,205,153</u>	<u>3,258,034</u>	<u>4,089,638</u>	<u>3,205,782</u>

11 CREDITORS: Amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank overdraft	96,665	-	94,866	-
Trade creditors	145,504	105,187	142,059	92,585
Amount owed to subsidiary undertaking	-	-	284,337	127,249
Corporation tax payable 1st October 2003	167,784	149,408	112,133	111,562
Other taxes and social security costs	732,161	568,800	731,107	568,800
Other creditors	946,767	797,635	946,767	797,635
Accruals	<u>188,413</u>	<u>96,061</u>	<u>145,886</u>	<u>95,011</u>
	<u>2,277,294</u>	<u>1,717,091</u>	<u>2,457,155</u>	<u>1,792,842</u>

The bank overdraft facility is secured by a fixed and floating charge over the company's assets.

12 PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Deferred tax asset				
Timing differences regarding capital allowances	(4,364)	-	(4,132)	-

Movements on the provision for deferred tax are as follows:

	£	£
As at 1st January 2002	-	-
Transferred to profit and loss account	(4,364)	(4,132)
As at 31st December 2002	(4,364)	(4,132)

The deferred tax asset is recognised as recoverable, as it is expected that future profits will exceed future reversal of any deferred tax liabilities.

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002 (continued)

13 SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	2002	2001	2002	2001
	£	£	£	£
20,000 Ordinary shares of £1 each	<u>20,000</u>	20,000	10,000	10,000

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Retained profit for the year	415,824	408,227	259,425	270,685
Opening shareholders' funds	<u>2,155,714</u>	<u>1,747,487</u>	<u>2,012,145</u>	<u>1,741,460</u>
Closing shareholders' funds	<u>2,571,538</u>	2,155,714	<u>2,271,570</u>	2,012,145

15 FINANCIAL AND CAPITAL COMMITMENTS

The group has financial commitments in respect of non-cancellable operating leases. The rentals payable under these leases in the next year are as follows:

	2002	2001
	£	£
Land and buildings		
Date of lease termination:		
Between two and five years	268,944	177,733

16 RELATED PARTY TRANSACTIONS

Mr P Bruce, a director of the company, is also a director and has a controlling interest in Prestige Medical Recruitment Limited. At 31st December 2002, Prestige Medical Recruitment Limited owed the group £135,160 (2001: £Nil). This amount is unsecured and interest-free, and has no fixed repayment date.

During the year, the group charged Prestige Medical Recruitment Limited £110,999 (2001: £Nil) for staff costs, £5,335 (2001: £Nil) for insurance, £3,408 (2001: £Nil) for marketing costs and £9,459 (2001: £Nil) for other administrative expenses. Fixed assets with a total net book value of £4,063 were transferred from the group to Prestige Medical Recruitment Limited, and £3,025 from Prestige Medical Recruitment Limited to the group during the year.