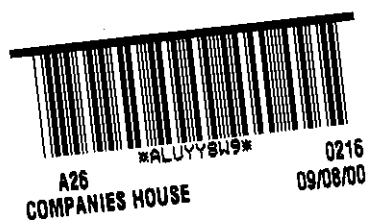


PRESTIGE NURSING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1999

Company Number: 1006953



Jacob Cavenagh & Skeet
Chartered Accountants
6/8 Tudor Court
Brighton Road
Sutton, Surrey, SM2 5AE

PRESTIGE NURSING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1999

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PRESTIGE NURSING LIMITED**REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the year ended 31st December 1999.

Principal activity

The company's principal activity during the year continued to be that of nursing agents.

Review of the year

Trading conditions tightened in 1999 as a result of increased competition within the key markets and a general consolidation within the private healthcare sector. The slight increase in gross profit was offset by a large increase in the operating costs, as the company sought to implement both a new IT system and regional support personnel. Having strengthened the operational activities in this way the directors are confident of a return to year on year increase in profitability in 2000.

Future developments

The company plans to expand to 60 managed and franchised branches by the end of 2000. Allied to this will be the continued development of internet-based opportunities, in conjunction with strategic moves into complementary market sectors.

Directors and their interests

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

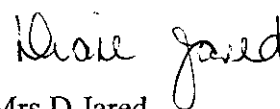
	Number of ordinary shares	
	31st December 1999	31st December 1998
P B Bruce	1,570	1,570
Mrs P Bruce	1,570	1,570
J Bruce	1,000	1,000

Mr and Mrs P B Bruce have a non-beneficial interest in 4,860 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

3rd July 2000

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.

REPORT OF THE AUDITORS
TO THE MEMBERS OF
PRESTIGE NURSING LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

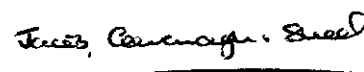
Basis of opinion

We conducted our audit in accordance with the 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 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 affairs of the company as at 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Jacob Cavenagh & Skeet
Chartered Accountants
and Registered Auditor

6/8 Tudor Court
Brighton Road
Sutton
Surrey
SM2 5AE

5th July 2000

PRESTIGE NURSING LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1999**

	Note	1999 £	1998 £
Turnover	1	14,656,673	12,256,106
Cost of sales		<u>12,947,180</u>	<u>10,577,088</u>
Gross profit		1,709,493	1,679,018
Marketing costs		72,258	62,011
Administrative expenses		<u>1,102,090</u>	<u>1,012,231</u>
		<u>1,174,348</u>	<u>1,074,242</u>
Operating profit	2	535,145	604,776
Interest receivable		11,979	3
Interest payable	4	(<u>6,188</u>)	(<u>24,668</u>)
Profit on ordinary activities before taxation		540,936	580,111
Tax on profit on ordinary activities	5	<u>163,332</u>	<u>169,296</u>
Profit for the year		377,604	410,815
Dividends	6	<u>-</u>	<u>65,632</u>
Retained profit for the year		377,604	345,183
Retained profit brought forward		<u>933,527</u>	<u>588,344</u>
Retained profit carried forward		<u>1,311,131</u>	<u>933,527</u>

The turnover is generated from continuing activities.

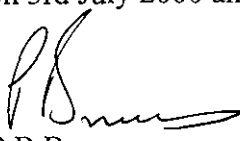
The company has no recognised gains or losses other than those reported above.

PRESTIGE NURSING LIMITED**BALANCE SHEET**

AS AT 31ST DECEMBER 1999

		1999		1998	
	Note	£	£	£	£
Fixed assets					
Intangible assets	7		-		7,800
Tangible assets	8		219,433		108,389
Investments	9		<u>2</u>		<u>2</u>
			219,435		116,191
Current assets					
Stocks	10	683		-	
Debtors	11	2,155,646		2,201,695	
Cash in hand		<u>458,900</u>		<u>2,700</u>	
		2,615,229		2,204,395	
Creditors: Amounts falling due within one year	12	(1,513,533)		(1,374,254)	
Net current assets			1,101,696		830,141
Total assets less current liabilities			1,321,131		946,332
Creditors: Amounts falling due after more than one year	13		-		(2,805)
Net assets			<u>1,321,131</u>		<u>943,527</u>
Capital and reserves					
Share capital	14		10,000		10,000
Profit and loss account			<u>1,311,131</u>		<u>933,527</u>
			<u>1,321,131</u>		<u>943,527</u>

The financial statements were approved by the Board of Directors
on 3rd July 2000 and signed on its behalf by:


P B Bruce
Director

PRESTIGE NURSING LIMITED**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31ST DECEMBER 1999

	Note	£	1999 £
Net cash inflow from operations	1		950,502
Returns on investment and servicing of finance			
Interest received		11,979	
Interest paid		(6,188)	
			5,791
Taxation			
Corporation tax paid			(184,753)
Capital expenditure			
Payments to acquire tangible assets		(198,182)	
Proceeds of sale of fixed assets		<u>7,061</u>	
Net cash outflow from capital expenditure			(191,121)
Net cash outflow before financing			580,419
Financing			
Repayment of hire purchase			(9,537)
Increase in cash	2		<u>570,882</u>

NOTES TO THE CASH FLOW STATEMENT

1	Reconciliation of net incoming resources to net cash inflow from operations	£
	Net incoming resources for the year	535,145
	Depreciation	83,618
	Amortisation	7,800
	Profit on sale of fixed assets	(3,541)
	Movement in: Stock	(683)
	Debtors	46,049
	Creditors	<u>282,114</u>
	Net cash inflow from operations	<u>950,502</u>
2	Reconciliation of net cash flow to movement in net debt	£
	Net debt at 1st January 1999	(304,479)
	Net debt at 31st December 1999	<u>266,403</u>
	Increase in cash in the year	<u>570,882</u>

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1999

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 financial statements contain information about Prestige Nursing Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirement to produce consolidated financial statements as the group it heads qualifies as a small group.

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:

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 company's policy is to write off goodwill over its useful economic life of 10 years, on a straight line basis.

2 OPERATING PROFIT

	1999 £	1998 £
This is stated after charging:		
Auditors' remuneration	4,200	4,000
Depreciation	83,618	41,479
Depreciation of assets held under finance leases	-	4,030
Goodwill impairment	7,800	-
Goodwill written off	-	1,450
Loss on disposal of fixed assets	(3,541)	25,961
Operating lease rentals in respect of:		
Motor vehicles	9,100	9,642
Land and buildings	<u>76,678</u>	<u>71,429</u>

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1999 (continued)

3	EMPLOYEE INFORMATION	1999 £	1998 £
	Staff costs		
	Wages and salaries	601,719	376,505
	Social security	58,736	36,619
	Other pension costs	<u>28,000</u>	<u>95,000</u>
		<u>688,455</u>	<u>508,124</u>

	1999 No	1998 No
The average weekly number of employees during the year was	<u>27</u>	<u>26</u>

Directors' emoluments		
Emoluments in respect of qualifying service	170,804	124,505
Company contributions to money purchase pension schemes	<u>28,000</u>	<u>94,000</u>
	<u>198,804</u>	<u>218,505</u>

The number of directors to whom retirement benefits are accruing under defined contributions pension schemes is 2 (1998: 3).

Pension scheme arrangements

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents the contributions payable by the company to the funds and amounted to £28,480 (1998: £94,460).

4	INTEREST PAYABLE	1999 £	1998 £
	On bank overdraft repayable on demand	4,823	21,967
	On loans repayable within 5 years	-	1,751
	On hire purchase obligations	<u>1,365</u>	<u>950</u>
		<u>6,188</u>	<u>24,668</u>

5	TAXATION	1999 £	1998 £
	The tax charge based on the result for the year was as follows:		
	UK Corporation tax at 30.24% (1998: 30.6%)	153,363	174,784
	Under/(over)provision in previous year	<u>9,969</u>	<u>(5,488)</u>
		<u>163,332</u>	<u>169,296</u>

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1999
(continued)

6	DIVIDENDS	1999	1998		
		£	£		
	Interim dividend	<u>-</u>	<u>65,632</u>		
7	INTANGIBLE FIXED ASSETS		Goodwill		
			£		
	Cost				
	At 1st January 1999 and 31st December 1999		<u>21,000</u>		
	Amortisation				
	At 1st January 1999		13,200		
	Charge for year		<u>7,800</u>		
	At 31st December 1999		<u>21,000</u>		
	Net book value				
	At 31st December 1999		<u>-</u>		
	At 31st December 1998		<u>7,800</u>		
8	TANGIBLE FIXED ASSETS	Office equipment	Fixtures and fittings	Motor vehicles	Total
		£	£	£	£
	Cost				
	At 1st January 1999	114,603	30,033	84,906	229,542
	Additions	100,805	4,360	93,545	198,710
	Disposals	(10,499)	(3,760)	(42,773)	(57,032)
	At 31st December 1999	<u>204,909</u>	<u>30,633</u>	<u>135,678</u>	<u>371,220</u>
	Depreciation				
	At 1st January 1999	58,781	9,150	53,222	121,153
	Charge for the year	50,622	3,138	29,858	83,618
	On disposals	(9,011)	(1,200)	(42,773)	(52,984)
	At 31st December 1999	<u>100,392</u>	<u>11,088</u>	<u>40,307</u>	<u>151,787</u>
	Net book value				
	At 31st December 1999	<u>104,517</u>	<u>19,545</u>	<u>95,371</u>	<u>219,433</u>
	At 31st December 1998	<u>55,822</u>	<u>20,883</u>	<u>31,684</u>	<u>108,389</u>

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1999 (continued)

9 FIXED ASSET INVESTMENTS

Shares in
subsidiary
£

Cost

At 1st January 1999 and 31st December 1999

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 the subsidiary is that of running a franchising operation.

10 STOCKS

1999

1998

£

£

Goods for resale

765

-

11 DEBTORS

1999

1998

£

£

Trade debtors

1,383,127

1,410,959

Amount owed by subsidiary

7,260

52,354

Other debtors

118,014

90,502

Prepayments and accrued income

647,245

647,880

2,155,646

2,201,695

12 CREDITORS: Amounts falling due within one year

1999

1998

£

£

Bank overdraft

192,497

307,179

Obligations under lease and hire purchase contracts

-

6,732

Trade creditors

26,612

11,743

Corporation tax payable 1st October 2000

153,363

174,784

Other taxes and social security costs

435,139

476,559

Other creditors

673,022

355,759

Directors' current account

-

7,579

Accruals

32,900

33,919

1,513,533

1,374,254

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

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1999 (continued)

13	CREDITORS: Amounts falling due after more than one year	1999 £	1998 £
	Obligations under lease and hire purchase contracts	<u>-</u>	<u>2,805</u>
	The future minimum lease payments to which the company is committed under a hire purchase contract are as follows:		
		1999 £	1998 £
	Within one year	-	7,683
	Between one and two years	-	3,201
	Between two and five years	<u>-</u>	<u>-</u>
		-	10,884
	Less: Interest allocated to future periods	<u>-</u>	<u>(1,347)</u>
		<u>-</u>	<u>9,537</u>
	Obligations payable:		
	Within one year	-	6,732
	After more than one year	<u>-</u>	<u>2,805</u>
		<u>-</u>	<u>9,537</u>
14	SHARE CAPITAL	Allotted, issued and fully paid	
		1999	1998
		£	£
	20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
		<u>10,000</u>	<u>10,000</u>
15	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
		1999 £	1998 £
	Retained profit for the year	377,604	345,183
	Opening shareholders' funds	<u>943,527</u>	<u>598,344</u>
	Closing shareholders' funds	<u>1,321,131</u>	<u>943,527</u>

PRESTIGE NURSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1999
(continued)

16 FINANCIAL AND CAPITAL COMMITMENTS

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

	1999 £	1998 £
Motor vehicles		
Date of lease termination:		
Within one year	3,458	355
Between two and five years	<u>20,638</u>	<u>4,149</u>
Land and buildings		
Date of lease termination:		
Between two and five years	<u>76,678</u>	<u>71,429</u>

17 RELATED PARTY TRANSACTIONS

During the year the company charged Prestige Franchising Limited for sales of £27,245 (1998: £19,304), and £1,650 (1998: £Nil) for fixed assets. At 31st December 1999 the company was owed £7,260 by Prestige Franchising Limited (1998: £52,354). This amount is unsecured and interest-free and no provision has been made in respect of this debt.

	Maximum balance outstanding owed to company during the year £
Director	
P B Bruce	6,586
Mrs P Bruce	-
J Bruce	6,995
R G Bruce (son of P B & Mrs P Bruce)	<u>6,000</u>
	<u>19,581</u>

No balance exists on the directors' current accounts at 31st December 1999.