

PRESTIGE NURSING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

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

Company no. 1006953



PRESTIGE NURSING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

INDEX	PAGE
Report of the directors	1
Statement of directors' responsibilities	2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6 - 12

PRESTIGE NURSING LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31st December 1997.

ACTIVITIES

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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Despite a healthy increase in turnover, indicative of the continuing demand for temporary healthcare staff, profits for Prestige Nursing remained static in 1997. The principal reason for this was a significant increase in the staff establishment as the company strengthened its regional and central management teams due to the growing number of Prestige branches across the country. The company also made a significant investment in a new accounting software system in 1997 that will lead to significantly reduced processing and administration costs over the forthcoming years.

Prestige Nursing continued to perform strongly in its core markets in 1997 and will be looking to increase market penetration in all of these areas throughout 1998. The company will also be developing a number of new initiatives in 1998, designed primarily to increase both recruitment and retention levels of nursing staff, who remain in short supply. Prestige Nursing secured a significant volume of contracted business in 1997 and will be developing this and other areas in 1998. It is the view of the directors that 1998 will prove to be a strong trading year for the company. The company had a profit after taxation of £157,772 (1996 £163,831).

THE DIRECTORS AND THEIR INTERESTS

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

	1997	1996
P B Bruce	2,570	5,000
Mrs P Bruce	2,570	5,000
J Bruce	-	-

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.

The above report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board

P. Bruce

P Bruce (Mrs)
Secretary

14th May 1998

PRESTIGE AND SURREY NURSING GROUP 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 year. 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 to 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 6.

Respective responsibilities of directors and auditors

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

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 mis-statement, 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 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jacob Cavenagh & Skeet

Jacob Cavenagh & Skeet
Chartered Accountants
and Registered Auditor

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

14th May 1998

PRESTIGE NURSING LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31ST DECEMBER 1997

	Note	1997 £	1996 £
TURNOVER	1	8,073,496	5,825,535
COST OF SALES		7,038,364	4,954,179
GROSS PROFIT		1,035,132	871,356
Marketing costs	62,347		42,095
Administrative expenses	749,447		603,245
		811,794	645,340
OPERATING PROFIT	2	223,338	226,016
Interest receivable		11	175
Interest payable	4	(12,010)	(4,033)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		211,339	222,158
Tax on profit on ordinary activities	5	53,567	58,327
RETAINED PROFIT FOR THE YEAR		157,772	163,831
Retained profit brought forward		430,572	266,741
RETAINED PROFIT CARRIED FORWARD		588,344	430,572

The turnover is generated from continuing activities.
 The company has no recognised gains or losses other than those reported
 above.

PRESTIGE NURSING LIMITED

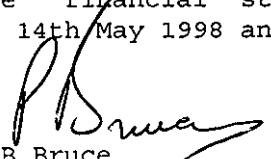
BALANCE SHEET

AS AT 31ST DECEMBER 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Intangible assets	6	9,250	10,700
Tangible assets	7	111,726	63,003
Investments	8	2	-
		<u>120,978</u>	<u>73,703</u>
CURRENT ASSETS			
Stocks	9	45	-
Debtors	10	1,240,084	784,540
Cash in hand		2,600	2,750
		<u>1,242,729</u>	<u>787,290</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(755,197)</u>	<u>(398,421)</u>
NET CURRENT ASSETS		<u>487,532</u>	<u>388,869</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>608,510</u>	<u>462,572</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	<u>(10,166)</u>	<u>(22,000)</u>
NET ASSETS		<u><u>598,344</u></u>	<u><u>440,572</u></u>
CAPITAL AND RESERVES			
Share capital	13	10,000	10,000
Profit and loss account		588,344	430,572
		<u>598,344</u>	<u>440,572</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board of directors on 14th May 1998 and signed on their behalf by:


P B Bruce
Director

PRESTIGE NURSING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

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 company has relied on the exemption set out in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

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:

Fixtures and fittings:	10 % per annum on cost
Office equipment	20 % per annum on reducing balance
Motor vehicles:	25 % per annum on reducing balance

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.5 Leasing and hire purchase commitments

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

1.6 Amortisation of goodwill

The company's policy is to write off goodwill over its useful economic life of 10 years.

PRESTIGE NURSING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

2.	OPERATING PROFIT	1997 £	1996 £
	This is stated after charging:		
	Staff costs (see note 3)	410,625	289,230
	Auditors' remuneration	3,750	3,650
	Depreciation	25,827	11,731
	Goodwill written off	1,450	1,450
	(Profit)/Loss on disposal of fixed assets	409	(1,215)
	Operating lease rentals in respect of:		
	Motor vehicles	5,171	4,248
	Land and buildings	73,829	50,040
		<u>410,625</u>	<u>289,230</u>
3.	EMPLOYEE INFORMATION	1997 £	1996 £
3.1	Staff costs:		
	Wages and salaries	300,275	209,271
	Social security costs	28,750	19,959
	Other pension costs	81,600	60,000
		<u>410,625</u>	<u>289,230</u>
3.2	The average monthly number of employees during the year was made up as follows:	1997 No.	1996 No.
	Office and management	20	13
3.3	Directors' emoluments:	1997 £	1996 £
	Salary for management services	120,846	105,374
	Pension contributions	81,600	60,000
	Benefits in kind	15,208	15,208
		<u>217,654</u>	<u>180,582</u>
3.4	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 £81,600 (1996 £60,000).

PRESTIGE NURSING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

4. INTEREST PAYABLE	1997 £	1996 £
On bank overdraft repayable on demand	8,824	1,512
On loans repayable within 5 years	1,967	1,719
On hire purchase obligations	1,219	-
On other loans	-	802
	<u>12,010</u>	<u>4,033</u>

5. TAXATION	1997 £	1996 £
The tax charge based on the result for the year was as follows:		
U.K corporation tax at 25.3% (1996 - 24.2%)	52,527	54,202
Under provision re previous year	1,040	4,125
	<u>53,567</u>	<u>58,327</u>

6. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost:	
At 1st January 1997 and	
At 31st December 1997	<u>21,000</u>
Amortisation:	
At 1st January 1997	10,300
Charge for year	<u>1,450</u>
At 31st December 1997	<u>11,750</u>
Net book value	
At 31st December 1997	<u>9,250</u>
At 1st January 1997	<u>10,700</u>

PRESTIGE NURSING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

7. TANGIBLE FIXED ASSETS

	Office Equipment £	Fixtures and fittings £	Motor Vehicles £	Total £
Cost				
At 1st January 1997	61,901	54,044	52,988	168,933
Additions	48,803	5,874	24,182	78,859
Disposals	-	-	(10,215)	(10,215)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st December 1997	110,704	59,918	66,955	237,577
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1st January 1997	35,058	31,253	39,619	105,930
Charge for the year	15,019	2,498	8,310	25,827
On disposals	-	-	(5,906)	(5,906)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st December 1997	50,077	33,751	42,023	125,851
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31st December 1997	60,627	26,167	24,932	111,726
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1st January 1997	26,843	22,791	13,369	63,003
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Included in motor vehicles above is an asset subject to a hire purchase contract with net book value of £18,137 and on which depreciation of £6,045 was charged during the year.

8. FIXED ASSET INVESTMENTS

	Shares in Subsidiary £
Cost:	
Additions	2
	<u> </u>
At 31st December 1997	2
	<u> </u>

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.

In its first accounting period to 31st December 1997 the subsidiary incurred a loss of £34,768.

PRESTIGE NURSING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

9.	STOCKS	1997 £	1996 £
	The amounts attributable to the different categories are as follows:		
	Nurses uniforms	45	-
		<u> </u>	<u> </u>
10.	DEBTORS	1997 £	1996 £
	Trade debtors	859,193	484,734
	Amount owed by subsidiary	35,381	-
	Other debtors	-	3,521
	Prepayments and accrued income	345,510	296,285
		<u> </u>	<u> </u>
		1,240,084	784,540
		<u> </u>	<u> </u>
11.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997 £	1996 £
	Bank overdraft	463,892	40,592
	Loan	22,000	-
	Obligations under lease and hire purchase contracts	6,105	-
	Payments received on account	5,680	3,783
	Trade creditors	5,689	5,605
	Corporation tax payable 1st October 1998	52,527	54,202
	Other taxes and social security costs	182,787	87,373
	Directors' current account	3,122	8,118
	Accruals	13,395	198,748
		<u> </u>	<u> </u>
		755,197	398,421
		<u> </u>	<u> </u>

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

PRESTIGE NURSING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1997 £	1996 £
Loan	-	22,000
Obligations under lease and hire purchase contracts	10,166	-
	<u>10,166</u>	<u>-</u>

The future minimum lease payments to which the company is committed under a hire purchase contract are as follows:

Within one year	7,683
Between one and two years	7,683
Between two and five years	3,201
Less: interest allocated to future periods	2,296
Obligations payable:	
Within one year	6,105
After more than one year	10,166
	<u>16,271</u>

13. SHARE CAPITAL

	Authorised	Allotted, issued, called up and and fully paid	
	£	1997 £	1996 £
20,000 Ordinary shares of 1 each	20,000	10,000	10,000
	<u>20,000</u>	<u>10,000</u>	<u>10,000</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	157,772	163,831
Opening Shareholders' funds	440,572	276,741
Closing Shareholders' funds	<u>598,344</u>	<u>440,572</u>

PRESTIGE NURSING LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

15. 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:

Motor vehicles	1997	1996
Date of lease termination:	£	£
Between two and five years	8,414	3,922
	<u> </u>	<u> </u>
 Land and buildings	 1997	 1996
Date of lease termination:	£	£
Between two and five years	73,829	50,040
	<u> </u>	<u> </u>

16. RELATED PARTY TRANSACTIONS

A loan of £22,000 existed throughout the year from Allied Dunbar. This loan was guaranteed by Peter Bruce a director of the company.

During the year the company made payments on behalf of its subsidiary, Prestige Nursing (Franchise) Limited totalling £35,383.

At 31st December 1997 the indebtedness to the company amounted to £35,381. No provision has been made and no interest is being charged in respect of this loan.