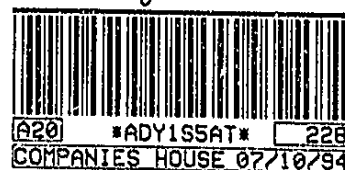


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Nestor Medical Services Limited  
Annual report and Financial Statements  
for the year ended 31 December 1993

Registration Number: 1355923

*del*



**Annual report  
for the year ended 31 December 1993**

	<b>Pages</b>
<b>Report of the Directors</b>	<b>1</b>
<b>Statement of Directors' responsibilities</b>	<b>3</b>
<b>Report of the Auditors</b>	<b>4</b>
<b>Consolidated Profit and Loss Account</b>	<b>5</b>
<b>Balance Sheets</b>	<b>6</b>
<b>Note of historical cost profits and losses</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8 - 19</b>

# Report of the Directors for the year ended 31 December 1993

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 1993.

## Principal activities and business review

The Company runs private acute hospitals and residential nursing homes. Both the level of business and the year end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

## Financial results

The Group's results are shown in the profit and loss account on page 5. The directors propose a final dividend of £1,289,452 (1992 - final dividend of £233,957 and an interim dividend of £180,000). The retained loss of £721,840 (1992 - £nil) has been transferred to reserves.

## Directors

The names of the directors who held office during the year are as follows:

M G Rogers  
J Priestley  
S K Beaumont  
D Torbett  
R Vaughan

## Directors interests

The interests of the directors who were not directors of the holding company, in the Ordinary Share Capital of the holding company, Nestor - BNA plc at 31 December 1993 were:

	Ordinary 10p shares		Class	Share Options	
	31 December 1993	31 December 1992		31 December 1993	31 December 1992
S K Beaumont	*41863	*50963	A	49274	44274
			B	11417	11417
D Torbett	-	-	A	69000	29000
			B	11000	11000

\*Includes shares held by virtue of the Nestor-BNA Profit Sharing Scheme.

The interests of M G Rogers and J Priestley in the shares of Nestor-BNA plc are disclosed in the Report and Accounts of that company.

**Fixed assets**

Details of movements in the fixed assets of the Company are disclosed in note 11 to the financial statements.

**Employees**

Various methods are used by the Company to ensure that all its employees are provided with information concerning them as employees, particularly the economic and financial factors affecting the Company's performance.

**Disabled employees**

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.


**Charitable and political donations**

No charitable or political donations were made during the year.

**Auditors**

The Company has dispensed with the obligation to appoint Auditors annually, hence Coopers & Lybrand will continue in office.

Approved by the board on 28 March 1994 and signed on its behalf by

  
J Wood  
Secretary

## Statement of Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit for the year to that date. In preparing the financial statements the directors are required:

- to maintain adequate accounting records, to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities;
- to apply suitable accounting policies in a consistent manner and make reasonable and prudent judgements and estimates where necessary;
- to comply with all applicable accounting standards

The directors confirm that these financial statements comply with these requirements.

## Report of the Auditors to the members of Nestor Medical Services Limited

We have audited the financial statements on pages 5 to 19.

### Respective responsibilities of Directors and Auditors

As described on page 3 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.

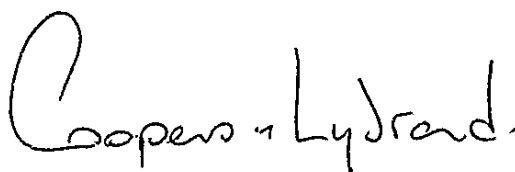
### Basis of opinion

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 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 and the Group at 31 December 1993 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**

Chartered Accountants & Registered Auditors  
London

28 March 1994.

# Consolidated Profit and Loss Account for the year ended 31 December 1993

	Notes	1993 £	1992 £
Turnover	2	11,485,881	10,363,976
Cost of sales		<u>(9,860,928)</u>	<u>(8,856,409)</u>
Gross profit		1,624,953	1,507,567
Administrative expenses		(696,469)	(666,986)
Exceptional administrative expenses	3	<u>-</u>	<u>(133,674)</u>
Operating profit		928,484	706,907
Profit on disposal of property		21,861	<u>-</u>
Profit on ordinary activities before interest and taxation		950,345	706,907
Interest payable	6	<u>(229,209)</u>	<u>-</u>
Profit before taxation	7	721,136	706,907
Taxation	8	<u>(153,524)</u>	<u>(292,950)</u>
Profit after taxation	9	567,612	413,957
Dividends	10	<u>(1,289,452)</u>	<u>(413,957)</u>
Retained for the year	20	<u>(721,840)</u>	<u>-</u>

A statement of total recognised gains and losses has not been prepared as there are no recognised gains or losses other than the result for the year.

# Balance Sheets at 31 December 1993

	Notes	Group		Company	
		1993 £	1992 £	1993 £	1992 £
<b>Fixed assets</b>					
Tangible assets	11	11,063,935	10,693,149	11,063,935	10,693,149
Investments in subsidiary undertakings	12	<u>-</u>	<u>-</u>	<u>2,626,052</u>	<u>2,626,052</u>
		<u>11,063,935</u>	<u>10,693,149</u>	<u>13,689,987</u>	<u>13,319,201</u>
<b>Current assets</b>					
Stocks	13	196,855	199,495	196,855	199,495
Debtors	14	1,724,567	1,450,411	1,724,567	1,450,411
Cash at bank and in hand		<u>4,459</u>	<u>1,996</u>	<u>4,459</u>	<u>1,996</u>
		1,925,881	1,651,902	1,925,881	1,651,902
<b>Creditors: amounts falling due within one year</b>	15	<u>(7,107,432)</u>	<u>(5,641,827)</u>	<u>(13,142,716)</u>	<u>(11,677,111)</u>
<b>Net current liabilities</b>		<u>(5,181,551)</u>	<u>(3,989,925)</u>	<u>(11,216,835)</u>	<u>(10,025,209)</u>
<b>Total assets less current liabilities</b>		5,882,384	6,703,224	2,473,152	3,293,992
<b>Provision</b>	16 & 17	<u>-</u>	<u>(99,000)</u>	<u>-</u>	<u>(99,000)</u>
<b>Net assets</b>		<u>5,882,384</u>	<u>6,604,224</u>	<u>2,473,152</u>	<u>3,194,992</u>
<b>Capital and reserves</b>					
Called-up share capital	19	200	200	200	200
Revaluation reserve	20	5,582,804	5,607,843	2,472,952	2,497,991
Profit and loss account	20	<u>299,380</u>	<u>996,181</u>	<u>-</u>	<u>696,801</u>
	21	<u>5,882,384</u>	<u>6,604,224</u>	<u>2,473,152</u>	<u>3,194,992</u>

The financial statements on pages 5 to 19 were approved by the Board of directors on 28 March 1994 and were signed on its behalf by:

Director

*Roman Vanyan*

*Julien Ritz*



## Note of historical cost profits and losses

	1993	1992
	£	£
Reported profit on ordinary activities before tax	721,136	706,907
Difference between historical cost depreciation charge and actual depreciation charge calculated on the revalued amount	(3,232)	(3,232)
Realisation of property revaluation gains of previous years	<u>25,039</u>	<u>-</u>
	<u>742,943</u>	<u>703,675</u>
Historical cost loss for the year retained after taxation and dividends	(700,033)	(3,232)

# Notes to the Financial Statements for the year ended 31 December 1993

## 1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention as modified by the revaluation of land and buildings. Accounts are made up to the nearest practicable Friday to 31 December each year.

### Basis of consolidation

The consolidated financial statements presented incorporate the financial statements of the Holding Company and its subsidiaries. All companies within the Group prepare their financial statements to 31 December.

### Financial Reporting Standard No3

The accounting standard, FRS3 requires the adoption of accounting policies which differ from those previously adopted by the Group. In previous years profits or losses on the sale of fixed assets carried at valuation have been included in the profit and loss account based on the difference between proceeds and depreciated historical cost. This policy has now been changed and such profits and losses are now included based on the difference between proceeds and net carrying amount, whether at valuation or depreciated historical cost.

### Depreciation

Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to its estimated residual value over the useful life of the asset to the Group. It is the group's policy to maintain its properties in a state of good repair and in the case of freehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold properties.

Other fixed assets are written off by equal annual instalments over their anticipated useful lives of between three and sixteen years.

### Stocks

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

### Deferred taxation

Deferred taxation is provided on the liability method in respect of all timing differences between profits as stated in the accounts and as computed for taxation purposes where, in the opinion of the directors, it is probable that the liability will crystallise in the foreseeable future.

### Contributions to Pension Funds

Contributions to pension funds are determined on the basis of recommendations made by independent qualified actuaries, and are charged to profit and loss account in such a way as to provide for the liabilities evenly over the remaining working lives of employees.

# **Notes to the Financial Statements for the year ended 31 December 1993 (continued)**

## **Turnover**

Turnover represents the aggregate of amounts receivable, net of any value added tax, for goods and services supplied.

## **Cash flow statement**

The company is a wholly owned subsidiary of Nestor-BNA plc and the cash flows of the company are included in the consolidated group cash flow statement of Nestor-BNA plc. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

## **Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

## **2 Turnover**

Turnover arises from nursing home and hospital management. All turnover arises in the United Kingdom.

## **3 Exceptional administrative costs**

These represent costs associated with the development of the business.

# Notes to the Financial Statements for the year ended 31 December 1993 (continued)

## 4 Directors' emoluments

The remuneration paid to the directors of Nestor Medical Services Limited was:

	1993 £	1992 £
Employee costs include the following emoluments in respect of the directors:		
Salaries and benefits	185,314	179,936
Fees	42,900	52,810
Bonuses	1,500	5,695
Pension contributions	<u>7,528</u>	<u>7,152</u>
	<u>237,242</u>	<u>245,593</u>

Bonus payments are based on individual objectives linked to the Group's performance and set by the Nestor-BNA plc Compensation Committee, which also sets basic salaries and benefits.

The directors' emoluments disclosed above include amounts paid to the highest paid director as follows:

	1993 £	1992 £
Salary and benefits	84,118	83,372
Pension contributions	<u>5,120</u>	<u>4,580</u>
	<u>89,238</u>	<u>87,952</u>

The Chairman did not receive any emoluments from the Company during the year (1992:Nil).

# Notes to the Financial Statements for the year ended 31 December 1993 (continued)

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1993 Number	1992 Number
£0 to £5,000	1	2
£40,001 to £45,000	2	-
£45,001 to £50,000	-	1
£50,001 to £55,000	-	1
£55,001 to £60,000	1	1
£65,001 to £70,000	-	-
£80,001 to £85,000	1	1
£90,001 to £95,000	-	-

## 5 Employee information

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

	1993 Number	1992 Number
--	----------------	----------------

	425	376
--	-----	-----

Staff costs (for the above persons):

	1993 £	1992 £
Wages and salaries	5,253,652	5,280,375
Social security costs	444,568	415,630
Other pension costs (see note 18)	<u>74,040</u>	<u>73,682</u>
	<u>5,772,260</u>	<u>5,769,687</u>

The figures for the number of employees is based on the full time equivalent number of staff.

## 6 Interest payable

Bank overdraft interest payable  
Other

	1993 £	1992 £
Bank overdraft interest payable	220,875	-
Other	<u>8,334</u>	<u>-</u>
	<u>229,209</u>	<u>-</u>

# Notes to the Financial Statements for the year ended 31 December 1993 (continued)

## 7 Profit on ordinary activities before taxation

	1993 £	1992 £
Profit on ordinary activities before taxation is stated after crediting:		
Rent receivable	<u>79,806</u>	<u>96,662</u>
And after charging:		
Depreciation of:		
Tangible owned fixed assets	417,699	350,051
Tangible fixed assets held under finance leases	-	6,575
Rent payable	233,315	219,857
Auditors' remuneration (Group and Company)		
Audit services	31,137	30,550
Non audit services	18,793	22,270
Hire of plant and machinery - operating leases	130,425	119,791
Loss on disposal of other fixed assets	6,814	-
Charges under finance lease obligations	<u>-</u>	<u>702</u>

## 8 Taxation

	1993 £	1992 £
United Kingdom corporation tax at 33%		
Current	250,024	276,280
Under provision in respect of prior years	2,500	16,670
Transfer from deferred taxation	<u>(99,000)</u>	<u>-</u>
	<u>153,524</u>	<u>292,950</u>

## 9 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	1993 £	1992 £
Dealt with in the accounts of the Holding Company	567,612	413,957
Retained by subsidiary companies	<u>-</u>	<u>-</u>
	<u>567,612</u>	<u>413,957</u>

## 10 Dividends

	1993 £	1992 £
Ordinary:		
Interim paid	-	180,000
Final proposed	1,289,452	233,957
	<u>1,289,452</u>	<u>413,957</u>

# Notes to the Financial Statements for the year ended 31 December 1993 (continued)

## 11 Tangible fixed assets

### Group and Company

	Land and buildings Freehold £	Leasehold £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 1993					
Additions	8,904,372	248,664	687,907	2,590,918	12,431,861
Disposals	288,561	-	139,400	403,133	831,094
Reclassification	(27,500)	-	-	(51,694)	(79,194)
Write off of fully depreciated assets	40,879	-	-	(40,879)	-
At 31 December 1993	<u>9,206,312</u>	<u>(5,760)</u> 242,904	<u>(48,018)</u> 779,289	<u>(347,559)</u> 2,553,919	<u>(401,337)</u> 12,782,424
Depreciation					
At 1 January 1993	-	46,334	284,769	1,407,609	1,738,712
Charge for year	-	13,889	41,217	362,593	417,699
Eliminated in respect of disposals	-	-	-	(36,585)	(36,585)
Eliminated in respect of write offs	-	(5,760)	(48,018)	(347,559)	(401,337)
At 31 December 1993	<u>-</u>	<u>54,463</u>	<u>277,968</u>	<u>1,386,058</u>	<u>1,718,489</u>
Net book value					
At 31 December 1993	<u>9,206,312</u>	<u>188,441</u>	<u>501,321</u>	<u>1,167,861</u>	<u>11,063,935</u>
Net book value					
At 31 December 1992	<u>8,904,372</u>	<u>202,330</u>	<u>403,138</u>	<u>1,183,309</u>	<u>10,693,149</u>

Land and buildings were valued at 28 November 1991 by John D Wood, Valuers and Surveyors, on the basis of existing use. The net book value of assets held at 31 December 1993 is represented by:

	Land and buildings £	Plant and machinery £	Fixtures and Fittings £	Total £
At 1991 valuation				
At cost	9,034,019	501,321	1,167,861	9,034,019
	<u>360,734</u>	<u>501,321</u>	<u>1,167,861</u>	<u>2,029,916</u>
	<u>9,394,753</u>			<u>11,063,935</u>

If land and buildings had not been valued they would have been included at cost of £3,866,412 (1992 - £3,545,193).

All freehold buildings owned by Nestor Medical Services Limited have been used as security for Group loans.

## Notes to the Financial Statements for the year ended 31 December 1993 (continued)

### 12 Fixed asset investments

#### Company

Interest in Group undertakings

£

Cost or valuation

At 1 January 1993

2,626,052

At 31 December 1993

2,626,052

#### Interests in Group undertakings

Nestor Medical Services Limited is the beneficial owner of the entire issued ordinary share capital of the following companies which are registered in England and Wales but do not trade:

Nestor Nursing Homes Limited

Salisbury Independent Hospital and Medical Services Limited

Ticehurst House Private Clinic Limited

All the above companies are now dormant.

### 13 Stocks

#### Group and Company

1993

1992

£

£

Consumables and stores

59,947

43,147

Goods purchased for resale

136,908

156,348

196,855

199,495



# Notes to the Financial Statements for the year ended 31 December 1993 (continued)

## 14 Debtors

	Group and Company	
	1993	1992
	£	£
Amounts falling due within one year		
Trade Debtors	1,572,793	1,296,676
Amounts owed by group undertakings	30,512	30,512
Other debtors	12,371	12,076
Prepayments and accrued income	<u>108,891</u>	<u>111,147</u>
	<u>1,724,567</u>	<u>1,450,411</u>

## 15 Creditors: amounts falling due within one year

	Group		Company	
	1993	1992	1993	1992
	£	£	£	£
Bank overdraft	2,636,128	1,960,516	2,636,128	1,960,516
Trade creditors	464,884	479,278	464,884	479,278
Amounts owed to subsidiary undertakings	-	-	6,035,284	6,035,284
Amounts owed to group undertakings	1,269,107	1,467,348	1,269,107	1,467,348
Corporation tax	404,186	293,522	404,186	293,522
Other taxation and social security payable	120,439	485,271	120,439	485,271
Other creditors	68,728	400,584	68,728	400,584
Accruals and deferred income	737,766	321,351	737,766	321,351
Dividends proposed	1,289,452	233,957	1,289,452	233,957
Payments received on account	<u>116,742</u>	<u>-</u>	<u>116,742</u>	<u>-</u>
	<u>7,107,432</u>	<u>5,641,827</u>	<u>13,142,716</u>	<u>11,672,111</u>

# Notes to the Financial Statements for the year ended 31 December 1993 (continued)

## 16 Provisions

	Group and Company	
	1993	1992
	£	£
As at 1 January	99,000	99,000
Transferred to profit and loss account	(99,000)	-
At 31 December	<u>-</u>	<u>99,000</u>
	<u>-</u>	<u>99,000</u>

## 17 Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, is as follows:

	Amount provided		Total potential liability	
	1993	1992	1993	1992
	£	£	£	£
Group and Company				
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	-	<u>99,000</u>	<u>160,000</u>	<u>152,000</u>

In addition to the potential liability shown above, a taxation charge of approximately £1m would arise on chargeable gains in the event of the Company's properties being realised at valuations at which they are included in the balance sheet at 31 December 1993.

## Notes to the Financial Statements for the year ended 31 December 1993 (continued)

### 18 Pension and similar obligations

Employees who are eligible for membership join the Nestor-BNA plc Retirement Benefits Scheme providing benefits based on final pensionable salary. The scheme is administered by Trustees separately from the affairs of the Group and is contracted out of the additional component of the State Pension Scheme.

R Watson & Sons, Consulting Actuaries, carried out an actuarial valuation of the scheme as at 30 April 1992. On the actuarial basis used, as at that date the assessed value of the assets was sufficient to cover the capitalised value of the accrued benefits, allowing for expected future increases in pensionable earnings to Normal Pension Age, treating the scheme as an on-going entity. Details of the actuarial assumptions are disclosed in the Financial statements of Nestor-BNA plc.

The employer's contribution rate, which was calculated using the projected unit method, remains at 6.2% of members' pensionable earnings. The members' contribution rate is 5% of pensionable earnings.

The pension charge for the year was £74,040 (1992 £73,683)

### 19 Called-up share capital

	1993 £	1992 £
Authorised		
200 ordinary shares of £1 each	<u>200</u>	<u>200</u>
	£	£
Allotted, called up and fully paid		
200 (1992: 200) ordinary shares of £1 each	<u>200</u>	<u>200</u>

# Notes to the Financial Statements for the year ended 31 December 1993 (continued)

## 20 Reserves

	Revaluation reserve £	Profit and loss account £
<b>Group</b>		
At 1 January 1993	5,607,843	996,181
Realised on sale of property	(25,039)	25,039
Retained loss	-	(721,840)
At 31 December 1993	<u>5,582,804</u>	<u>299,380</u>
	Revaluation reserve £	Profit and loss account £
<b>Company</b>		
At 1 January 1993	2,497,991	696,801
Realised on sale of property	(25,039)	25,039
Retained loss	-	(721,840)
As at 31 December 1993	<u>2,472,952</u>	<u>-</u>

## 21 Reconciliation of movement in Shareholders Funds

	1993 £	1992 £
Profit for the year	567,612	413,957
Dividends	(1,289,452)	(413,957)
Net reductions in shareholders funds	(721,840)	-
Opening shareholders funds	<u>6,604,224</u>	<u>6,604,224</u>
Closing shareholders funds	<u>5,882,384</u>	<u>6,604,224</u>

## 22 Capital Commitments

	1993 £	1992 £
Contracted but not provided for	<u>132,655</u>	<u>358,342</u>

## 23 Contingent liabilities

The Company has entered into cross-guarantees in respect of loans undertaken by the Nestor-BNA plc group of companies totalling £18,665,000.

## **Notes to the Financial Statements for the year ended 31 December 1993 (continued)**

### **24 Other Financial Commitments**

The Group has numerous operating leases whose terms and condition and expiry dates vary considerably. The aggregate annual sum of these leases amounted to £137,745 in 1993 (1992 £119,791).

### **25 Ultimate parent company**

The ultimate holding company at 31 December 1993 was Nestor-BNA plc, registered in England and Wales. Copies of the consolidated financial statements of Nestor-BNA plc can be obtained from The Secretary, 20A Church Road, Welwyn Garden City, Hertfordshire, AL8 6PS.