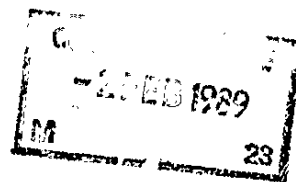


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B.P. NURSING HOMES LIMITED

DIRECTORS REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st AUGUST 1987



B.P. NURSING HOMES LIMITEDDIRECTORS' REPORT

The directors have pleasure in presenting their report and audited statement of accounts for the year ended 31st August 1987.

Principal activity

The principal activity is that of owners and managers of specialist medical centres.

Business review

The company has traded satisfactorily during the year. The extension to the Court House Nursing Home, Malvern, has been successfully completed during the year and is now fully occupied. The developments at Blackburn and Himley are expected to be available for occupants during January and May next year respectively.

The directors do not recommend the payment of a dividend. The retained profits for the year of £223,167 have been transferred to reserves.

The directors are planning to commence development of further nursing homes during the forthcoming year.

Acquisition by Takare PLC

The directors have been approached by the directors of Takare PLC in connection with their acquiring B.P. Nursing Homes Limited. Takare PLC have offered 5,265,308 ordinary shares for the whole of the issued share capital of B.P. Nursing Homes Limited. The directors are recommending that this offer be accepted.

Directors

The following are the names of the directors who served during the year together with their interests in the ordinary shares of the company.

	At 31st August 1987	At 1st September 1986
K.G. Bradshaw	8,955	8,955
D. Pritchard	10,099	10,099

Fixed assets

Movements of fixed assets are shown in note 10 to the accounts. Expenditure principally relates to the cost of extension at one nursing home, and costs incurred to date on the construction of two further medical centres.

The three nursing homes which are currently trading were valued by David & Co. on 27th October 1987, on a going concern valuation basis at £5,275,000 which includes goodwill amounting to £2,275,000.

B.P. NURSING HOMES LIMITEDDIRECTORS' REPORT

(continued)

Auditors

Messrs. Fraser Keen resigned during the year. Peat Marwick McLintock were appointed to fill the casual vacancy and consequently retire at the forthcoming annual general meeting. A resolution concerning their appointment as auditors will be proposed at the forthcoming annual general meeting.

By Order of the Board

Secretary

45, Church Street,
Birmingham.
B3 2DL.

4th December 1987

AUDITORS' REPORT TO THE MEMBERS OFB.P. NURSING HOMES LIMITED

We have audited the accounts on pages 4 to 14 in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st August 1987 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Birmingham
4th December 1987

Chartered Accountants

4th Dec 1987

B.P. NURSING HOMES LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st AUGUST 1987

	Note	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
TURNOVER	1	1,815,439	1,819,723
Cost of sales		(986,609)	(973,569)
GROSS PROFIT		828,830	846,154
Administration costs		(445,960)	(477,647)
Other operating income		42,500	12,500
Other interest receivable and similar income	5	18,351	37,544
Amounts written off investments		-	100
Interest payable and similar charges	6	(60,124)	(134,777)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	383,597	283,874
Taxation on profit on ordinary activities	7	(129,398)	(91,199)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		254,199	192,675
Extraordinary items	8	(31,032)	392,906
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>223,167</u>	<u>585,581</u>

STATEMENT OF RETAINED RESERVES

	<u>1987</u> <u>£</u>	<u>1986</u> <u>£</u>
Retained profit for the period	223,167	585,581
Retained profit brought forward		
As previously stated	988,085	417,754
Prior year adjustment (note 9)	(106,750)	(122,000)
As restated	<u>881,335</u>	<u>295,754</u>
RETAINED PROFIT CARRIED FORWARD	<u>1,104,502</u>	<u>881,335</u>

AT 31st AUGUST 1987

	Note	1987	1986
		£	£
FIXED ASSETS			
Tangible assets	10	2,439,622	1,110,041
Investments	11	285,100	150,100
		<u>2,724,722</u>	<u>1,260,141</u>
CURRENT ASSETS			
Debtors	12	126,840	120,277
Cash at bank and in hand		<u>1,055,650</u>	<u>671,662</u>
		1,182,490	791,939
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(1,382,510)</u>	<u>(465,823)</u>
NET CURRENT (LIABILITIES) /ASSETS		<u>(200,020)</u>	<u>326,116</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,524,702	1,586,257
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	<u>(1,400,000)</u>	<u>(684,722)</u>
NET ASSETS		<u>1,124,702</u>	<u>901,535</u>
CAPITAL AND RESERVES			
Called up share capital	16	20,200	20,200
Profit and loss account		<u>1,104,502</u>	<u>881,335</u>
		<u>1,124,702</u>	<u>901,535</u>

These accounts were approved by the board of directors on 4th December 1987.

D. Pritchard.)
) DIRECTORS
)

B.P. NURSING HOMES LIMITEDSOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31st AUGUST 1987

	<u>1987</u>		<u>1986</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		383,597		283,874
Adjustments for items not involving the movement of funds:				
Loss on sale of fixed assets	237		150	
Depreciation	83,702		84,383	
Amounts written off investments	-		(100)	
		<u>83,939</u>		<u>84,433</u>
TOTAL GENERATED FROM OPERATIONS		<u>467,536</u>		<u>368,307</u>
FUNDS FROM OTHER SOURCES				
Proceeds of sale of tangible fixed assets	318,811		1,078,290	
Loans	675,000		325,000	
		<u>993,811</u>		<u>1,403,290</u>
		<u>1,461,347</u>		<u>1,771,597</u>
APPLICATION OF FUNDS				
Purchase of tangible fixed assets	1,763,363		567,126	
Loan repayments	-		361,488	
Corporation tax paid	15,214		681	
Purchase of investment	135,000		150,000	
		<u>(1,913,577)</u>		<u>(1,079,295)</u>
		<u>(452,230)</u>		<u>692,302</u>
MOVEMENTS IN WORKING CAPITAL				
Debtors		6,563		40,114
Creditors		(119,439)		55,253
		<u>(112,876)</u>		<u>95,367</u>
Movement in net liquid funds:				
Cash at bank and in hand		<u>(339,354)</u>		<u>596,935</u>
		<u>(452,230)</u>		<u>692,302</u>

B.P. NURSING HOMES LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st AUGUST 19871. Statement of accounting policies(a) Accounting convention

The accounts have been prepared under the historical cost convention.

(b) Turnover

Turnover represents the amount receivable for services provided.

(c) Depreciation

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives, by applying the following methods and annual rates:

Long leasehold premises	- 2% straight line
Short leasehold premises	- over the lease period
Furniture, fixtures and fittings	- 5% or 10% straight line
Motor vehicles	- 25% reducing balance

Freehold buildings are maintained to such a standard that, in the opinion of the directors, their residual value is at least equal to their net book value at any given time and as a result, no depreciation is required.

(d) Deferred taxation

Deferred taxation is provided in the accounts when it is considered that a taxation liability in respect of the reversal of timing differences will arise in the foreseeable future.

(e) Finance costs

Finance costs incurred on borrowings to fund specific property developments are capitalised.

(f) Leased equipment

The costs of operating leases are charged to the profit and loss account in the year in which they are incurred.

(g) Goodwill

Purchased goodwill is written off directly to reserves during the year in which it was acquired.

B.P. NURSING HOMES LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st AUGUST 1987
(continued)

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is arrived at after charging:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Directors' emoluments (note 4)	98,437	117,817
Auditors' remuneration	10,626	4,796
Depreciation	83,702	84,383
Operating lease rentals - land and buildings	27,230	20,250
Hire of equipment	6,736	19,981
And after crediting:		
Management charges	<u>42,500</u>	<u>12,500</u>

3. Staff numbers and costs

The average number of persons employed by the company during the year ended 31st August 1987 were as follows:

	<u>1987</u>	<u>1986</u>
	<u>Number</u>	<u>Number</u>
Health care (includes part-time staff)	205	227
Directors	<u>2</u>	<u>2</u>
	<u>207</u>	<u>229</u>

The aggregate payroll costs of these persons were as follows:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Wages and salaries	831,180	723,409
Social security costs	69,557	64,371
Other pension costs	<u>25,100</u>	<u>66,580</u>
	<u>925,837</u>	<u>854,360</u>

4. Directors' emoluments

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Directors' remuneration	73,337	51,237
Directors' pension	<u>25,100</u>	<u>66,580</u>

B.P. NURSING HOMES LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st AUGUST 1987
(continued)

4. Directors' emoluments(continued)

The directors' emoluments excluding pension contributions include amounts paid to:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Chairman	32,564	22,109
Highest paid director	40,773	29,128

5. Other interest receivable and similar income

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Bank interest receivable	18,351	37,544

6. Interest payable and similar charges

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Interest on bank loans and overdrafts and other loans repayable within five years	60,124	42,532
Interest on other loans	-	92,245
	<u>60,124</u>	<u>134,777</u>

7. Taxation on profit on ordinary activities

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Corporation tax at 35% (1986: 37.9%)	125,000	91,135
Under provision in previous year	4,398	64
	<u>129,398</u>	<u>91,199</u>

8. Extraordinary items

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Loss on disposal of undeveloped property	(31,032)	-
Credit on disposal of nursing home	-	392,906
	<u>(31,032)</u>	<u>392,906</u>

B.P. NURSING HOMES LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st AUGUST 1987

(continued)

9. Prior year adjustments(a) Revaluation of fixed assets

Fixed assets which had previously been accounted for at a revalued amount are now included at historic cost. This has led to the fixed assets being written down to cost and the revaluation reserve being eliminated.

(b) Goodwill

Purchased goodwill is now written off in the period in which it is acquired directly to revenue reserves. This has led to a prior year adjustment to revenue reserves of £106,750 being the net book value of goodwill at 1st September 1986.

B.P. NURSING HOMES LIMITEDNOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st AUGUST 1987
(continued)

10. Tangible fixed assets

	<u>Land and buildings</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Assets in the course of construction</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost</u>					
As at 1st September 1986	652,979	578,564	83,292	-	1,314,835
Additions	558,146	159,160	98,289	947,768	1,763,363
Disposals	(308,443)	-	(57,901)	-	(366,344)
As at 31st August 1987	902,682	737,724	123,680	947,768	2,711,854
<u>Depreciation</u>					
As at 1st September 1986	20,380	165,819	18,595	-	204,794
Charge for year	4,867	58,570	20,265	-	83,702
Disposals	-	-	(16,264)	-	(16,264)
As at 31st August 1987	25,247	224,389	22,596	-	272,232
<u>Net book value</u>					
As at 31st August 1987	877,435	513,335	101,084	947,768	2,439,622
As at 31st August 1986	632,599	412,745	64,697	-	1,110,041

Land and buildings comprise:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Freehold land and buildings(not depreciated)	684,101	434,398
Long leasehold	182,563	186,606
Short leasehold	10,771	11,595
	<u>877,435</u>	<u>632,599</u>

Additions at cost include finance costs incurred on specific property development amounting to £52,418.

Capital commitments

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Contracted	2,017,000	-
Authorised but not contracted	558,000	2,500,000
	<u>2,575,000</u>	<u>2,500,000</u>

B.P. NURSING HOMES LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st AUGUST 1987

(continued)

11. Investments

	Shares in group companies	Other investments	Total
	£	£	£
<u>Cost</u>			
As at 1st September 1986	100	150,000	150,100
Additions	-	135,000	135,000
	<u>100</u>	<u>285,000</u>	<u>285,100</u>
As at 31st August 1987	100	285,000	285,100

The other investments represent the cost of 226,364 ordinary shares of £1 each (1986: 136,364) being 10.3% of the ordinary share capital of Takare PLC, an unlisted company registered in England whose shares are traded on the over the counter market. At 31st August 1987 the market value of these shares was £543,274 (1985: £163,637).

Subsidiaries

The company has the following subsidiaries which are wholly owned, are incorporated in England, and have share capital consisting solely of ordinary shares:

B.P. Nursing Homes (Developments) Limited - developers of nursing homes
P. & P. (Leisure) Limited - dormant

No group accounts have been prepared in accordance with S.F. 14, as in the opinion of the directors, they would be of no benefit to the members.

12. Debtors

	1987	1986
	£	£
Trade debtors	94,504	60,428
Amounts owed by group companies	20,358	37,000
Other debtors	7,097	6,884
Prepayments and accrued income	4,881	15,965
	<u>126,840</u>	<u>120,277</u>

B.P. NURSING HOMES LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st AUGUST 1987

(continued)

13. Creditors: amounts falling due within one year

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Bank loans and overdrafts	848,090	165,026
Trade creditors	17,586	6,158
Corporation tax	205,319	91,135
Other taxes and social security	40,259	36,302
Other creditors	200,907	92,509
Accruals and deferred income	70,349	74,693
	<u>1,382,510</u>	<u>465,823</u>

The bank loans and overdrafts are secured by a debenture over the assets and undertakings of the company.

14. Creditors: amounts falling due after more than one year

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Other loans	<u>1,400,000</u>	<u>684,722</u>

The other loan carries interest fixed at 2.5% above a floating rate determined by Investors in Industry plc and is secured by a fixed charge on certain of the group's properties.

15. Potential liability to deferred taxation

No provision for deferred taxation has been made in these accounts.

The full potential liability for deferred taxation calculated at 35% is as follows:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	119,175	119,551
Capital gains rolled over	173,335	173,909
Interest capitalised	12,248	-
	<u>304,758</u>	<u>293,460</u>

B.P. NURSING HOMES LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st AUGUST 1987

(continued)

16. Called up share capitalNumber

Authorised, issued and fully paid:
 20,200 ordinary shares of £1 each
 as at 1st September 1986 and
 31st August 1987

20,20017. Directors' material interest in contracts

Mr K.G. Bradshaw is a director of Listers of Coventry Limited. During the period the company acquired tangible fixed assets from Listers of Coventry Limited to the value of £28,710 and disposed of tangible fixed assets to Listers of Coventry Limited for £28,900.

The directors are also directors of Takare PLC. The company received a management fee from Takare PLC., of £42,500 during the year.

These transactions were on an arms length basis in the normal course of business.

18. Leasing commitments

Leasing commitments are summarised as follows:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Operating leases		
Payment due within the next 12 months		
<u>In respect of land and buildings</u>		
Terminating after five years	37,000	20,250
	<u>37,000</u>	<u>20,250</u>