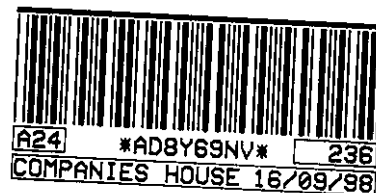


**GOLDSBOROUGH DEVELOPMENTS LIMITED**

**(Registered No. 1879848)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 1997**



# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **REPORT OF THE DIRECTORS**

**for the 15 month period ended 31 December 1997**

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

### **1. Principal activity**

The principal activities of the Company are the development and operation of care homes and private hospitals.

### **2. Review of the business**

The directors consider the development of the Company during the period to be satisfactory, and do not foresee any significant changes in the forthcoming year. The results for the financial period have been adversely affected by fixed asset valuations made at 31 December 1997.

### **3. Change in accounting reference date**

Following the acquisition of Goldsbrough Healthcare PLC by BUPA Finance PLC the accounting reference date of the Company was changed to 31 December.

### **4. Results and dividends**

The loss for the period, after taxation, amounted to £4,536,000 (1996 - loss £113,000)  
No dividend is proposed for 1997 (1996 - £1,050,000).

### **5. Directors and directors' interests**

The names of persons who were directors at any time during the period are as follows:

G Smith	
I Fozard	
D R Morris	
J P Davies	(appointed 29/10/97)
F A Kee	(appointed 29/10/97)
J G Wheaton	(appointed 29/10/97)
D Sabourn	(resigned 16/10/97)
G R Stevens	(resigned 31/10/97)

There were no directors' interests in the shares of the Company at 31 December 1997 or at any time during the period. Details of share options granted to G Smith and I Fozard in BUPA Care Services Limited (formerly Goldsbrough Healthcare PLC) are set out in the financial statements of that company. Details of share options granted to D R Morris in BUPA Care Services Limited are set out in the financial statements of Goldsbrough Limited.

### **6. Fixed assets**

The movements in fixed assets during the period are set out in note 9 to the financial statements.

# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **REPORT OF THE DIRECTORS**

**for the 15 month period ended 31 December 1997 - continued**

### **7. Employees and employees remuneration**

Details of the number of persons employed and gross remunerations are contained in Note 3 to the financial statements.

Every effort is made by the directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the Company's performance.

The Company continues to pursue its stated policy of giving every consideration to the employment of disabled persons. Employees who are registered disabled persons are, to the greatest possible extent, treated on the same basis as all other employees and given every opportunity to develop their full working potential within the Company, through training, career development and promotion. Where employees have become disabled whilst in the service of the Company, every effort is made to rehabilitate them in their former occupation or some suitable alternative.

### **8. Auditors**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office :

Bridge House  
Outwood Lane  
Horsforth  
Leeds  
LS18 4UP

12 March 1998

By Order of the Board



D R Morris  
Secretary

# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The following statement, which should be read in conjunction with the auditors' report set out on page 4, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements.

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 then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- 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.

# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **REPORT OF THE AUDITORS**

### **TO THE MEMBERS OF GOLDSBOROUGH DEVELOPMENTS LIMITED**

We have audited the financial statements set out on pages 5 to 18.

#### **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.

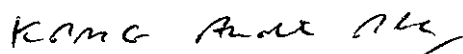
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 the Company's affairs at 31 December 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Leeds

12 March 1998



KPMG Audit Plc  
Chartered Accountants  
Registered Auditors

# GOLDSBOROUGH DEVELOPMENTS LIMITED

## PROFIT AND LOSS ACCOUNT

for the 15 month period ended 31 December 1997

	<i>Note</i>	15 months to 31 December 1997 £000	Year to 29 September 1996 £000
<b>Turnover</b>		21,928	11,049
Total operating expenses		(23,124)	(9,839)
Operating expenses		(19,075)	(9,839)
Exceptional items	4	(4,049)	-
<b>Operating (Loss)/profit</b>		(1,196)	1,210
Interest payable and similar charges	5	(2,610)	(1,443)
Loss on ordinary activities before taxation	6	(3,806)	(233)
Tax on loss on ordinary activities	7	(730)	120
<b>Loss for the financial period</b>		(4,536)	(113)
Dividends	8	-	(1,050)
<b>Retained loss for the financial period</b>		(4,536)	(1,163)

The operating loss is all derived from continuing operations.

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation.

# GOLDSBOROUGH DEVELOPMENTS LIMITED

## BALANCE SHEET

as at 31 December 1997

	<i>Note</i>	31 December 1997 £000	29 September 1996 £000
<b>Fixed assets</b>			
Tangible assets	9	30,420	30,814
<b>Current assets</b>			
Consumable stocks		1,301	3,115
Debtors		112,064	6,628
Debtors due within one year	10	1,649	2,168
Debtors due after more than one year	10	110,415	4,460
Cash at bank and in hand		262	1,484
		113,627	11,227
Creditors: amounts falling due within one year	11	(5,143)	(2,663)
<b>Net current assets</b>		108,484	8,564
Total assets less current liabilities		138,904	39,378
Creditors: amounts falling due after more than one year	12	(137,608)	(37,378)
Provisions for liabilities and charges	14	(364)	-
		932	2,000
<b>Capital and reserves</b>			
Called up share capital	15	2,000	2,000
Revaluation reserve	16	3,468	-
Profit and loss account	16	(4,536)	-
<b>Equity shareholders' funds</b>		932	2,000

These financial statements were approved by the Board of Directors on 12 March 1998 and were signed on its behalf by

  
G. Smith  
Director

The accounting policies and notes on pages 8 to 18 form part of these financial statements.

# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the 15 month period ended 31 December 1997**

	15 months to 31 December 1997 £000	Year to 29 September 1996 £000
Loss for the financial period	(4,536)	(113)
Unrealised surplus on revaluation of properties	3,468	-
Total recognised gains and losses relating to the financial period	<u>(1,068)</u>	<u>(113)</u>

## **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the 15 month period ended 31 December 1997**

	15 months to 31 December 1997 £000	Year to 29 September 1996 £000
Loss for the financial period	(4,536)	(113)
Dividends	-	(1,050)
Goodwill	-	(334)
	<u>(4,536)</u>	<u>(1,497)</u>
Other recognised gains and losses relating to the period	3,468	-
Net reduction in shareholders' funds	<u>(1,068)</u>	<u>(1,497)</u>
Opening shareholders' funds	2,000	3,497
Closing shareholders' funds	<u>932</u>	<u>2,000</u>



# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997**

### **1. STATEMENT OF ACCOUNTING POLICIES**

#### **(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention modified to include the revaluation of land and buildings and on a going concern basis.

As the Company is a wholly owned subsidiary undertaking it is exempt from the requirements of Financial Reporting Standard No.8 to disclose details of transactions with other members of the BUPA group of companies.

#### **(b) Cash flow statement**

The Company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited, and its cash flows are included within the consolidated cash flow statement of that company.

#### **(c) Turnover**

Turnover represents the amounts derived from the provision of private care services in the UK excluding value added tax.

#### **(d) Fixed assets and depreciation**

Freehold and leasehold properties including hospital properties are stated at valuation; other tangible assets are stated at cost. No depreciation is provided on freehold land or properties under construction. Other tangible assets are depreciated so as to write off the cost or valuation by equal instalments over their estimated economic lives, as follows:

Freehold buildings	- 50 years
Leasehold land and buildings	- term of the lease
Plant and machinery	- 3 - 10 years
Fixtures, fittings & equipment	- 3 - 10 years

#### **(e) Taxation**

The charge for taxation is based on the result for the period and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise. It is expected that trading losses surrendered will be made on a full payment basis.

# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997**

### **1. STATEMENT OF ACCOUNTING POLICIES - continued**

#### **(f) Stocks and work in progress**

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

Cost means purchase price, less trade discounts, calculated on a average basis. Net realisable value means estimated selling price, less trade discounts, and less all costs to be incurred in marketing, selling and distribution.

#### **(g) Operating leases**

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

Assets leased to other group undertakings under operating leases are included in tangible fixed assets and are stated at valuation. Revenue is recognised on an accruals basis.

#### **(h) Finance leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

#### **(i) Post-retirement benefits**

Contributions to defined contribution schemes are charged to the profit and loss in the accounting period in which they occur.

### **2. ULTIMATE HOLDING COMPANY**

The Company is a wholly owned subsidiary of Goldsbrough Limited which is registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited (BUPA), in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

# GOLDSBOROUGH DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997

### 3. STAFF COSTS AND DIRECTORS' REMUNERATION

#### a) Employees

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	15 months to 31 December 1997	Year to 29 September 1996
Private care activities	357	149
Administration	4	4
	<hr/> 361	<hr/> 153

The aggregate payroll costs of these persons were as follows:

	15 months to 31 December 1997 £000	Year to 29 September 1996 £000
Wages and salaries	5,226	1,751
Social security costs	368	135
Other pension costs	71	13
	<hr/> 5,665	<hr/> 1,899

Directors' emoluments for services to the Company during the period and the prior year were borne by Goldsbrough Limited.

### 4. EXCEPTIONAL ITEMS

	15 months to 31 December 1997 £000	Year to 29 September 1996 £000
Write down of equipment	(1,455)	-
Permanent diminution in value of land and buildings	(2,594)	-
	<hr/> (4,049)	<hr/> -

# GOLDSBOROUGH DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997

5. INTEREST PAYABLE AND SIMILAR CHARGES	15 months to 31 December 1997 £000	Year to 29 September 1996 £000
Bank overdrafts	-	27
Bank loan	-	1,416
Loan from group undertaking (repayable after five years)	2,601	-
Finance charges payable in respect of finance leases	9	-
	<hr/> 2,610 <hr/>	<hr/> 1,443 <hr/>

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	15 months to 31 December 1997 £000	Year to 29 September 1996 £000
<i>Loss on ordinary activities is stated after charging/(crediting) :</i>		
Depreciation and other amounts written off tangible fixed assets :		
Owned	1,651	616
Leased	23	52
Hire of plant and machinery - rentals payable	182	-
Hire of other assets - rentals payable under operating leases	79	30
Rentals receivable under operating leases	(551)	(441)
	<hr/>	<hr/>

The remuneration of the Company's auditors is borne by a fellow subsidiary undertaking.

# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **for the 15 month period ended 31 December 1997**

### **7. TAX ON LOSS ON ORDINARY ACTIVITIES**

	15 months to 31 December 1997 £000	Year to 29 September 1996 £000
The taxation charge/(credit) is based on the result for the period:		
UK corporation tax at 31.8% ( 1996 : 33% )	302	-
Deferred taxation	(366)	-
	<hr/> (64)	<hr/> -
Taxation under/(over) provided in previous years :		
Corporation tax	64	(120)
Deferred taxation	730	-
	<hr/> 730	<hr/> (120)

### **8. DIVIDENDS**

	15 months to 31 December 1997	Year to 29 September 1996
Final	-	1,050
	<hr/>	<hr/>

# GOLDSBOROUGH DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997

### 9. TANGIBLE FIXED ASSETS

<b>Cost or valuation</b>	<b>Freehold property £000</b>	<b>Long leasehold property £000</b>	<b>Fixtures, fittings &amp; vehicles £000</b>	<b>Total £000</b>
At 30 September 1996	16,748	10,883	5,568	33,199
Additions	1,128	-	756	1,884
Disposals	-	-	(2,947)	(2,947)
Revaluations	(1,021)	994	-	(27)
At 31 December 1997	16,855	11,877	3,377	32,109
<b>Depreciation</b>				
At 30 September 1996	296	195	1,894	2,385
Charge for the period	381	267	1,026	1,674
On disposals	-	-	(1,469)	(1,469)
On revaluations	(543)	(358)	-	(901)
At 31 December 1997	134	104	1,451	1,689
<b>Net Book Value</b>				
<b>At 31 December 1997</b>	16,721	11,773	1,926	30,420
At 29 September 1996	16,452	10,688	3,674	30,814
<b>Depreciable amount</b>				
<b>At 31 December 1997</b>	14,180	11,442	3,377	28,999
At 29 September 1996	13,723	9,918	5,568	29,209

# GOLDSBOROUGH DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997

### 9. TANGIBLE FIXED ASSETS - continued

Particulars relating to revalued assets are given below :

	Freehold property		Long Leasehold property	
	1997	1996	1997	1996
	£000	£000	£000	£000
<b>Land and buildings</b>				
At 1997 open market value	16,855	-	11,877	-
At cost	-	16,748	-	10,883
Aggregate depreciation thereon	(134)	(296)	(104)	(195)
	<u>16,721</u>	<u>16,452</u>	<u>11,773</u>	<u>10,688</u>
			1997	1996
			£000	£000
Historical cost of revalued assets			28,759	27,631
Aggregate depreciation based on historical cost			(1,117)	(491)
			<u>27,642</u>	<u>27,140</u>

Included in the total net book value of assets is £7,780,000 (1996 : £8,026,000) in respect of assets held for use in operating leases. Depreciation for the period on these assets was £179,000 (1996 : £139,000).

Included in the total net book value of assets is £103,000 (1996 : £nil ) in respect of assets held under finance leases. Depreciation for the period on these assets was £23,000 (1996 : £nil ).

The freehold and leasehold interests in hospital properties were valued at 5 August 1997 by the directors based on independent valuations performed as at 31 December 1997 by Knight Frank, Chartered Surveyors on the basis of open market value for existing use as fully operational concerns. The valuations were carried out in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

# GOLDSBOROUGH DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997

### 10. DEBTORS

	31 December 1997 £000	29 September 1996 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,427	1,648
Other debtors	48	520
Prepayments and accrued income	174	-
	<u>1,649</u>	<u>2,168</u>
<b>Amounts falling due after more than one year:</b>		
Prepayments and accrued income		
Amounts owed by parent undertaking	5,100	2,906
Amounts owed by group undertakings	105,315	1,554
	<u>110,415</u>	<u>4,460</u>

### 11. CREDITORS - amounts falling due within one year :

	31 December 1997 £000	29 September 1996 £000
Trade creditors	672	1,863
Obligations under finance lease	124	119
Corporation tax	146	175
Taxation and social security	51	-
Other creditors	25	108
Accruals and deferred income	3,269	398
VAT	856	-
	<u>5,143</u>	<u>2,663</u>

### 12. CREDITORS - amounts falling due after more than one year :

	31 December 1997 £000	29 September 1996 £000
Obligations under finance leases	191	70
Amounts owed to Group undertakings	137,417	37,039
Other creditors	-	269
	<u>137,608</u>	<u>37,378</u>



# GOLDSBOROUGH DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997

### 13. OBLIGATIONS UNDER FINANCE LEASES

31 December 1997 £000	29 September 1996 £000
-----------------------------	------------------------------

The net finance lease commitments are as follows :

Within one year	124	119
Between two and five years	191	70
Over five years	-	-
	<u>315</u>	<u>189</u>

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred  
taxation  
£000

At 30 September 1996	-
Charge for the period	364
At 31 December 1997	<u>364</u>

The amounts provided for deferred taxation and the amounts not provided are set out below :

	Provided		Not provided	
	1997	1996	1997	1996
	£000	£000	£000	£000
Accelerated capital allowances	364	-	-	-
	<u>364</u>		<u>-</u>	<u>-</u>

### 15. SHARE CAPITAL

31 December 1997 £000	29 September 1996 £000
-----------------------------	------------------------------

#### Authorised

2,000,000 ordinary shares of £1 each

<u>2,000</u>	<u>2,000</u>
--------------	--------------

#### Allotted, called-up and fully paid

2,000,000 ordinary shares of £1 each

<u>2,000</u>	<u>2,000</u>
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# **GOLDSBOROUGH DEVELOPMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997**

### **16. RESERVES**

	Revaluation reserve £000	Profit and loss account £000
At 30 September 1996	-	-
Retained loss	-	(4,536)
Revaluation surplus arising in the financial period	3,468	-
At 31 December 1997	<u>3,468</u>	<u>(4,536)</u>

### **17. PENSIONS AND SIMILAR OBLIGATIONS**

The Company contributes to a money purchase scheme for certain employees. Payment arrangements are variable with contributions made both by the Company and employees. In addition the Company contributes towards a number of personal pension schemes. The total pension cost to the Company in the period amounted to £71,000 (1996 : £13,000).

# GOLDSBOROUGH DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 15 month period ended 31 December 1997

### 18. COMMITMENTS

#### Operating leases

At 31 December 1997 the Company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings		Other	
	1997	1996	1997	1996
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	-	-	-
Between two and five years	-	-	64	-
Over five years	30	30	-	-
	<u>30</u>	<u>30</u>	<u>64</u>	<u>-</u>

#### Capital commitments

	31 December 1997 £000	29 September 1996 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	550	4,149
	<u>550</u>	<u>4,149</u>

### 19. CONTINGENT LIABILITIES

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the loans and overdrafts of certain other Group undertakings. Under a group registration the Company is jointly and severally liable for value added tax due by certain other group companies.