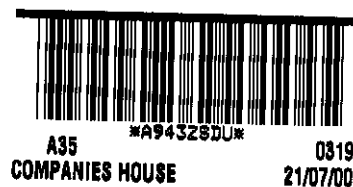


GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

(Registered No. 1903989)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999



GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 1999

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

1. Principal activity

The principal activity of the Company is the provision of nursing and homecare services.

2. Review of the business

The directors consider the performance during the year to be disappointing.

BUPA Finance PLC has confirmed its continuing support for Goldsbrough Homecare and Nursing Services Ltd.

3. Results and dividends

The loss for the year, after taxation, amounted to £2,358,000 (1998 - loss of £971,000).

No dividend is proposed for 1999 (1998 - nil).

4. Directors and directors' interests

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

G Smith

P Grubic

T Loughlin - resigned 11 March 1999

F A Kee - resigned 4 February 1999

J P Davies

M Ellerby

D P T Hayes - appointed 25 January 1999

N Taylor - appointed 4 February 1999

A D Walford - appointed 4 February 1999

There were no directors' interests in the shares of the Company at 31 December 1999 or at any time during the year.

REPORT OF THE DIRECTORS
for the year ended 31 December 1999

5. Employees and employees' remuneration

Details of the number of persons employed and gross remuneration 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.

6. Year 2000

The Company was part of BUPA's comprehensive Year 2000 programme to minimise the impact of the millenium bug on our customers, which was successfully concluded. As a result of the care taken in addressing the real risks associated with the millennium bug, our customers and service suffered no adverse effects over the critical period. We are continuing to monitor possible impact during 2000 and contingency plans are in place to assist with any future issue that may arise.

The Group incurred total expenditure of £9.2m in 1999 and £8.1m in 1998. The cost to the Company of ensuring millennium compliance has not been material.


7. 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

By Order of the Board



M Ellerby
Director

9 March 2000

GOLDSBOROUGH HOMECARE & NURSING SERVICES 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 period 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 HOMECARE & NURSING SERVICES LIMITED

REPORT OF THE AUDITOR

for the year ended 31 December 1999

TO THE MEMBERS OF GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Leeds

KPMG Audit Plc
Chartered Accountants
Registered Auditor

9 March 2000

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT **for the year ended 31 December 1999**

	<i>Note</i>	1999 £000	1998 £000
Turnover		33,884	33,053
Operating expenses		(35,148)	(34,224)
		<hr/>	<hr/>
Operating loss		(1,264)	(1,171)
Amounts written off investments	8	(1,113)	-
Loss on ordinary activities before taxation	4	(2,377)	(1,171)
Tax on loss on ordinary activities	5	19	200
		<hr/>	<hr/>
Retained loss for the financial year		(2,358)	(971)
		<hr/>	<hr/>

There were no recognised gains and losses other than the loss for the financial year.

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

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

BALANCE SHEET

as at 31 December 1999

	<i>Note</i>	1999 £000	1998 £000
Fixed assets			
Intangible assets	6	4,782	5,917
Tangible assets	7	3,003	930
Investments	8	3,552	4,665
		<hr/> 11,337	<hr/> 11,512
Current assets			
Consumable Stocks		106	127
Debtors		13,402	12,815
Debtors due within one year	9	7,685	8,029
Debtors due after one year	9	5,717	4,786
Cash at bank and in hand		2,826	2,257
		<hr/> 16,334	<hr/> 15,199
Creditors: amounts falling due within one year	10	(4,235)	(2,922)
Net current assets		<hr/> 12,099	<hr/> 12,277
Total assets less current liabilities		<hr/> 23,436	<hr/> 23,789
Creditors: amounts falling due after more than one year	11	(24,183)	(22,159)
Provisions for liabilities and charges	12	(19)	(38)
		<hr/> (766)	<hr/> 1,592
Capital and reserves			
Called up share capital	14	2,000	2,000
Profit and loss account	15	(2,766)	(408)
Equity shareholders' (deficit) / funds		<hr/> (766)	<hr/> 1,592

These financial statements were approved by the Board of Directors on 9 March 2000 and were signed on its behalf by:-

N Taylor
Director



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

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 1999**

	1999	1998
	£000	£000
Loss for the financial year and net reduction in shareholders' funds	(2,358)	(971)
Opening shareholders' funds	1,592	2,563
Closing (accumulated deficit) / shareholders' funds	<u>(766)</u>	<u>1,592</u>

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, applicable SORPs and under the historical cost accounting convention on a going concern basis, as BUPA Finance PLC has confirmed that it will continue to provide financial and other support for the foreseeable future.

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 nursing and homecare services in the UK, excluding value added tax.

(d) Goodwill

Goodwill, which represents the difference between the fair value of the consideration paid and the fair value of the separable net assets acquired, is capitalised in intangible fixed assets and amortised over its expected useful economic life of 10 years. The directors' consider that 10 years is an appropriate useful economic life of the goodwill based on the general home care market conditions.

(e) Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. These assets are depreciated so as to write off the cost or valuation by equal installments over their estimated economic lives, as follows:-

Leasehold improvements	- term of the lease
Fixtures, fittings & equipment	- 5 to 10 years

(f) Investments

Investments in subsidiary undertakings are stated at cost with provision made for any permanent diminution in value.

(g) Taxation

The charge for taxation is based on the result for the year 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. No payment is made for group relief claimed or surrendered.

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

1. STATEMENT OF ACCOUNTING POLICIES - continued

(h) Stocks

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.

(i) Operating leases

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

(j) 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.

(k) Pension

The company operates a money purchase scheme and the costs are charged to the profit and loss account as incurred. (Note 16).

2. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of BUPA Care Services Limited which is registered in England and Wales. The Company is exempt under section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies.

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 HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

3. STAFF COSTS AND DIRECTORS' REMUNERATION

a) Employees

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

	Number of employees	
	1999	1998
Nursing and auxiliary staff	180	229
Administration	66	79
Total staff employed	<u>246</u>	<u>308</u>

The aggregate payroll costs of these persons were as follows:

	1999	1998
	£000	£000
Wages and salaries	4,931	4,787
Social security costs	411	400
Other pension costs (see note 16)	34	33
	<u>5,376</u>	<u>5,220</u>

b) Directors' remuneration

	1999	1998
	£000	£000
Aggregate emoluments	78	99
Compensation for loss of office	19	-
Company contributions to money purchase pension schemes	7	9
	<u>104</u>	<u>108</u>

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £000	1998 £000
<i>Loss on ordinary activities is stated after charging :</i>		
Depreciation and other amounts written off owned tangible and intangible fixed assets :	1,425	992
Agency costs	25,279	24,129
Hire of plant and machinery - rentals payable	165	236
Hire of other assets - rentals payable under operating leases	544	359
	<hr/>	<hr/>

The remuneration of the company's auditors is borne by another company in the group.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	1999 £000	1998 £000
The taxation charge is based on the loss for the year		
UK corporation tax at 30.25% (1998: 31%)	-	85
Deferred taxation	1	16
	<hr/>	<hr/>
	1	101
Taxation (over)/under provided in previous years :		
Corporation tax	-	(285)
Deferred taxation	(20)	(16)
	<hr/>	<hr/>
	(19)	(200)
	<hr/>	<hr/>

The current year's UK corporation tax credit has been eliminated due to surrender of group relief to a related party, for which no payment has been received. The current year UK corporation tax credit would otherwise have amounted to £36,000.

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 1999**

6. INTANGIBLE FIXED ASSETS

Goodwill	1999
	£000
Cost	
At 31 December 1998 and 1999	8,379
Amortisation	
At 1 January 1999	2,462
Charge for the year	810
Impairment in value	325
At 31 December 1999	3,597
Net book value	
At 31 December 1999	4,782
At 31 December 1998	5,917

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

7. TANGIBLE FIXED ASSETS

	Leasehold Property	Leasehold Improvements	Fixtures, fittings & equipment	Total
Cost	£000	£000	£000	£000
At 1 January 1999	-	280	1,465	1,745
Additions	1,152	35	1,161	2,348
Transfers from group company	-	1	32	33
Disposals	-	-	(54)	(54)
At 31 December 1999	1,152	316	2,604	4,072
Depreciation				
At 1 January 1999	-	189	626	815
Charge for the year	12	24	254	290
On transfers from group company	-	-	17	17
Disposals	-	-	(53)	(53)
At 31 December 1999	12	213	844	1,069
Net Book Value				
At 31 December 1999	1,140	103	1,760	3,003
At 31 December 1998	-	91	839	930

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

8. INVESTMENTS

	Interests in subsidiary undertakings £000
Cost	
At 1 January 1999 and 31 December 1999	<u>4,665</u>
Amounts written off	
At 1 January 1999	-
Impairment in value	1,113
At 31 December 1999	<u>1,113</u>
Net book value	
At 31 December 1999	<u>3,552</u>
At 31 December 1998	<u>4,665</u>

Investments in Vellum Medical Ltd, Crown Nursing Ltd, Selectoption Ltd, Flexible Care Services Ltd and Helping Hands (UK) Ltd have been written down to net assets value as they are now dormant companies.

The principal subsidiary undertakings of the Company are listed below, all of which are wholly owned and are, unless otherwise stated, registered in England and Wales.

	Class of share	Nominal value £
Professional Healthcare Services Limited *	Ordinary	102
Vellum Medical Management Services Limited	Ordinary	4,000
Flexible Care Services Limited	Ordinary	5,000
Spareco (No.1) Limited (formerly Regency Nannies Limited)	Ordinary	100

* This is a subsidiary of Professional Locum Services Limited.

In the opinion of the directors the investments in the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

9. DEBTORS

	1999 £000	1998 £000
Amounts falling due within one year:		
Trade debtors	5,576	6,075
Corporation tax	31	362
Prepayments and accrued income	2,078	1,592
	<hr/> 7,685	<hr/> 8,029
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Amounts owed by parent undertaking	775	-
Amounts owed by group undertakings	4,942	4,786
	<hr/> 5,717	<hr/> 4,786
	<hr/>	<hr/>

10. CREDITORS - amounts falling due within one year :

	1999 £000	1998 £000
Trade creditors	169	288
Taxation and social security	1,375	1,048
Accruals and deferred income	2,691	1,586
	<hr/> 4,235	<hr/> 2,922
	<hr/>	<hr/>

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

	1999 £000	1998 £000
Amounts owed to parent undertaking	-	20,436
Amounts owed to group undertakings	24,183	1,723
	<hr/> 24,183	<hr/> 22,159
	<hr/>	<hr/>

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £000
At 1 January 1999	38
Charge for the year	(19)
At 31 December 1999	<u>19</u>

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

	Provided		Not provided	
	1999	1998	1999	1998
	£000	£000	£000	£000
Accelerated capital allowances	104	38	-	-
Other	(85)	-	-	-
	<u>19</u>	<u>38</u>	<u>-</u>	<u>-</u>

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

13. ACQUISITIONS

On 28 March 1999 the Company acquired the trade and net assets of Flexible Care Services Limited (a subsidiary undertaking) for a total consideration of £53,000 which was settled through intercompany accounts :

Details of the net assets acquired are as follows:-

	Total £000
Fixed Assets	
Tangible fixed assets	16
Sundry net assets	37
	<hr/> 53
Consideration	
Intercompany accounts	<hr/> 53 <hr/>

In the opinion of the directors the fair values of the assets and liabilities acquired are not materially different from the book values.

The value of business transferred is not material, so is not shown separately on the profit and loss account.

14. SHARE CAPITAL

	1999 £000	1998 £000
Authorised		
2,000,000 ordinary shares of £1 each	<hr/> 2,000	<hr/> 2,000
Allotted, called-up and fully paid		
2,000,000 ordinary shares of £1 each	<hr/> 2,000	<hr/> 2,000

GOLDSBOROUGH HOMECARE & NURSING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

15. RESERVES

	Profit and loss account £000
At 1 January 1999	(408)
Retained loss	(2,358)
At 31 December 1999	<u>(2,766)</u>

16. PENSIONS

The Company operates a money purchase scheme in which 22 employees are members. Payment arrangements are variable with contributions made by both 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 year amounted to £34,000 (1998: £33,000). There were no balances owed at the year end.

17. COMMITMENTS

Operating leases

At 31 December 1999 the Company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings		Other	
	1999	1998	1999	1998
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	50	75	38	24
Between two and five years	226	220	117	138
Over five years	74	64	-	-
	<u>350</u>	<u>359</u>	<u>155</u>	<u>162</u>

18. 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.