

**Goldsborough Homecare & Nursing Services
Limited**

Registered No: 1903989

**Director's Report and Financial Statements
For the Year Ended 31 December 2001**



Goldsborough Homecare & Nursing Services Limited

Annual Report

For the Year Ended 31 December 2001

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Goldsborough Homecare & Nursing Services Limited

Directors' Report

For the Year Ended 31 December 2001

The directors present their report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The principal activity of the Company is the provision of homecare services. With effect from 26th April 2001, the Company disposed of its assets and liabilities for a consideration of £1,548,000 to Nestor Healthcare Ltd.

Financial results

The results of the Company are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend for the year (2000: £nil).

Directors

The directors of the Company who served at any time during the year were:

J P Davies	(resigned on 26 April 2001)
M Ellerby	(resigned on 26 April 2001)
N R Taylor	(resigned on 26 April 2001)
A D Walford	(resigned on 26 April 2001)
N J Christodoulou	(resigned on 26 April 2001)
D O Lyon	(appointed on 26 April 2001)
K A Greene	(appointed on 26 April 2001)
J A S Jewitt	(appointed on 26 April 2001)

Directors' interests

The directors had no interests in the share capital of the Company.

The interests of J A S Jewitt & D O Lyon in the share capital of Nestor Healthcare Group plc, the ultimate holding company, are disclosed in the financial statements of that company.

The interests of the other director serving at the end of the year who was not a director of the ultimate holding company, Nestor Healthcare Group plc, in the share capital of Nestor Healthcare Group plc, were as follows:

	Ordinary Shares				SAYE Scheme			
	31 December				31 December			
	2001	2000			2001	2000		
K A Greene	-	-			13,167	13,167		

	Employee Share Option Scheme 1996				Company Share Option Plan 1996			
	31 December				31 December			
	2001	Granted	Exercised	2000	2001	Granted	Exercised	2000
K A Greene	29,769	8,555	(19,873)	41,087	7,058	-	-	7,058

Goldsborough Homecare & Nursing Services Limited

Directors' Report

For the Year Ended 31 December 2001 (Continued)

Employee involvement

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Company attaches considerable importance to ensuring that all its employees are provided with information concerning them as employees, particularly the economic and financial factors affecting the Company's performance and the market in which the Company operates. Involvement of employees in the Company's performance is also encouraged by the availability of performance-related bonuses as well as share option schemes.

Goldsborough Homecare & Nursing Services Limited

Directors' Report

For the Year Ended 31 December 2001 (Continued)

Creditor payment policy

It is the Company's policy to have appropriate terms and conditions for transactions with suppliers, ranging from standard terms and conditions to those which have been specifically negotiated, and that in the absence of a dispute, payment will be made in accordance with those terms and conditions and conforming to the CBI Code of Best Practice; copies available from CBA at Centrepont, 103 New Oxford Street, London.

Trade creditors at the end of the year represent 0 days (2000: 6 days) of purchases.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.
- 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 that disclose with reasonable accuracy at any time the financial position of the Company and 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.

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office, since the Company has dispensed with the obligation to appoint auditors annually, PricewaterhouseCoopers will continue in office.

Approved by the Board on *25th October* 2002, and signed on its behalf by



CER Thomas
Company Secretary

Goldsborough Homecare & Nursing Services Limited

Independent Auditors' report to the member of Nestor Healthcare Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 United Kingdom Companies Act 1985. 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 is not disclosed.

Basis of audit 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 as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

25 October

2002

Goldsborough Homecare & Nursing Services Limited

Profit and Loss Account

For the Year Ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Turnover	2		
Continuing operations		-	22,371
Discontinued operations		6,769	8,526
Operating expenses		(6,397)	(32,911)
Operating Profit/ (loss)	3	372	(2,014)
Continuing operations		-	(3,094)
Discontinued operations		372	1,080
Amounts written off investment		-	(21)
Profit/(loss) on sale of discontinued operations	3	-	6,066
Administrative expenses		(183)	-
Exceptional items	4	(1,908)	-
(Loss)/profit on ordinary activities before taxation		(1,719)	4,031
Tax on profit on ordinary activities	8	16	(14)
(Loss)/profit for the financial year		(1,703)	4,017
Retained (loss)/profit for the year	16, 17	(1,703)	4,017

All of the operations of the Company have been discontinued following the sale of its assets and liabilities to the Nestor Group on 26th April 2001.

The Company has no recognised gains and losses other than the above and therefore no Statement of Recognised Gains and Losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 7 to 14 form an integral part of these financial statements.

Goldsborough Homecare & Nursing Services Limited

Balance Sheet At 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Intangible assets	9	-	2,616
Tangible assets	10	-	4,074
		-	6,690
Current assets			
Consumable stock		-	108
Debtors due within one year	11	-	5,415
Cash at bank and in hand		-	217
Inter-company debtor – Nestor Healthcare Ltd	12	1,548	-
		1,548	5,740
Debtors: amounts falling due after more than one year	11	-	21,882
Creditors: amounts falling due within one year	13	-	(2,030)
Total assets less current liabilities		1,548	32,282
Creditors: amounts falling due after more than one year	13	-	(29,015)
Deferred taxation	14	-	(16)
Net assets		1,548	3,251
Capital and reserves			
Called up share capital	15	2,000	2,000
Profit and loss account	16	(452)	1,251
Total shareholders' funds	17	1,548	3,251

The financial statements on pages 5 to 14 were approved by the Board of Directors on 25th October 2002 and were signed on its behalf by:

Director



The notes on pages 7 to 14 form an integral part of these financial statements

Goldsborough Homecare & Nursing Services Limited

Notes to the Financial Statements For the Year Ended 31 December 2001

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom under the historical cost convention. Accounts are made up to the nearest practicable Friday to 31 December each year.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

b) 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 instalments over their useful economic lives, as follows:

Leasehold property	- 50 years
Leasehold improvements	- term of the lease
Fixtures, fittings and equipment	- 3 to 10 years

c) Goodwill

Goodwill arises on consolidation when the consideration paid for a business or company is not equal to the fair value of the net tangible assets acquired. Any goodwill is amortised over its 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 condition.

d) Deferred taxation

Deferred taxation is provided on the liability method where, in the opinion of the directors, it is probable that the liability will crystallise in the foreseeable future.

e) Pension costs

Pension costs are charged to the profit and loss account in such a way as to provide for the liabilities evenly over the remaining working lives of the employees.

Goldsborough Homecare & Nursing Services Limited

Notes to the Financial Statements For the Year Ended 31 December 2001

1 Accounting policies (Continued)

f) Leases

Where fixed assets are financed by leasing agreements that give rights approximately equivalent to ownership (finance lease) the assets are capitalised. The corresponding lease commitments are treated as obligations to the lessor. All other lease payments are charged to the profit and loss account in the year to which they relate.

g) Cash flow statement and related party transactions

The Company is a wholly owned subsidiary of Nestor Healthcare Group plc and is included in the consolidated financial statements of Nestor Healthcare Group plc, which are publicly available. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (revised 1996) from preparing its own cash flow statement. The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Nestor Healthcare Group plc group or investees of the Nestor Healthcare Group plc group.

2 Turnover

Turnover represents the amount invoiced net of value added tax in respect of the provision of services to customers during the year. All turnover is attributable to the UK market.

No indication can be given of the contribution to turnover and operating profit of acquisitions, which were made during the year. This is because the businesses were integrated into the Group's existing subsidiaries immediately after acquisition and it is not now possible to identify the separate results or turnover of the separate parts of the businesses. The results of these acquisitions have therefore been included under continuing operations.

Goldsborough Homecare & Nursing Services Limited

Notes to the Financial Statements For the Year Ended 31 December 2001

3 Operating profit

	2001 £000	2000 £000
Operating profit is stated after charging/(crediting):		
Depreciation and amortisation	188	396
Amortisation of goodwill	-	710
Rent of premises (operating lease charges)	156	541
Fixed assets written off	-	676
Intangible assets written off	-	1,455
Profit on disposal of discontinued operations/ loss on sale of fixed assets	-	(6,066)
Loss on sale of fixed assets	-	9

Auditors' remuneration is borne by Nestor Healthcare Ltd.

4 Exceptional items

	2001 £000	2000 £000
Exceptional items comprises:		
- Write off of intangible assets	2,616	-
- Write off of inter company balances	(2,786)	-
- Impairment of fixed assets	1,716	-
- Bad debt write off	362	-
Total	1,908	-

5 Employee information

	2001 £000	2000 £000
Wages and salaries	1,442	4,206
Social security costs	74	333
Other pension costs	7	28
Staff costs	1,523	4,567

	2001	2000
The average weekly number of persons employed during the year was:		
Nursing and auxiliary	44	178
Administration	17	69
Total	61	247

Goldsborough Homecare & Nursing Services Limited

Notes to the Financial Statements For the Year Ended 31 December 2001

6 Directors' emoluments

The directors received no emoluments during the year.

7 Interest payable and similar charges

	2001 £000	2000 £000
Bank charges	-	37

8 Tax on profit on ordinary activities

	2001 £000	2000 £000
The taxation (credit)/charge is based on the Profit/(loss) for the year:		
UK Corporation tax at 30% (2000: 30%)	-	-
Deferred tax (Note 14)	-	17
		17
Taxation (over)/under provided in previous years:		
Corporation tax	-	17
Deferred taxation (note 14)	(16)	(20)
Total	(16)	14

9 Intangible assets

No goodwill was written off during the year, see note 3.

Goldsborough Homecare & Nursing Services Limited

Notes to the Financial Statements For the Year Ended 31 December 2001

10 Tangible fixed assets

	Leasehold property £000	Leasehold improvement £000	Fixtures, fittings & equipme £000	Total £000
Cost				
At 1 January 2001	2,090	239	2,71	5,100
Additions	2	-	1	11
Transfers from/(to) inter company	(2,092)	-	-	(2,089)
Disposal to third party	-	(2)	((2
Revalue	-	(237)	(1,71	(2,002)
Assets disposals to Nestor Healthcare Ltd	-	-	(1,11	(1,102)
At 31 December 2001				
Accumulated depreciation				
At 1 January 2001	32	210	71	1,020
Charge for the year	12	3	1	18
Transfers from/(to) inter company	(42	-	-	(42
Disposal to third party	-	-	((1
Revalue	-	(213)	((286
Assets disposals to Nestor Healthcare Ltd	-	-	(81	(860
At 31 December 2001				
Net book value				
At 31 December 2001				
At 31 December 2000	2,052	29	1,91	4,072

11 Debtors

	2001 £000	2000 £000
Amounts falling due within one year:		
Trade debtors	-	4,236
Prepayment and accrued income	-	1,179
Total		5,415
Amounts falling due after one year:		
Amounts owed by parent undertaking	-	4,306
Amounts owed by Group undertakings	-	17,576
Total	-	21,882

Goldsborough Homecare & Nursing Services Limited

Notes to the Financial Statements For the Year Ended 31 December 2001

12 Inter company debtor – Nestor Healthcare Ltd

The balance represents the amount receivable for the sale of net assets to Nestor Healthcare Ltd.

13 Creditors: amounts due within one year

	2001 £000	2000 £000
Amounts due within one year:		
Trade creditors	-	123
Accruals and Deferred Income	-	1,341
Taxation and social security	-	566
Total	-	2,030
Amounts due after more than one year:		
Amounts owed to group companies	-	29,015

14 Deferred taxation

	2001 £000	2000 £000
At the beginning of year	16	19
Charge for the year	-	(3)
Transfer to profit and loss account	(16)	-
At the end of year	-	16
The amounts provided for deferred taxation are set out below:		
	2001 £000	2000 £000
Accelerated capital allowances	-	90
Other	-	(74)
Total	-	16

Goldsborough Homecare & Nursing Services Limited

Notes to the Financial Statements For the Year Ended 31 December 2001

15 Share capital

	2001 £000	2000 £000
Authorised:		
2,000,000 ordinary shares of £1	2,000	2,000
Allotted, called up and fully paid:		
2,000,000 ordinary shares of £1 each	4	4

16 Reserves

	Profit and loss account £000
At 1 January 2001	1,251
Retained for the year	(1,703)
At 31 December 2001	(452)

17 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
(Loss)/profit for the year	(1,703)	4,017
Dividends	-	-
Retained (loss)/profit for the year	(1,703)	4,017
Shareholders' funds (deficit) as at 1 January, 2001	3,251	(766)
Shareholders' funds as at 31 December 2001	1,548	3,251

18 Contingent liabilities

The company has entered into cross-guarantees in respect of loan facilities available to group undertakings. There was £4,398,000 outstanding in respect of these facilities at 31 December 2001 (2000: nil).

Goldsborough Homecare & Nursing Services Limited

Notes to the Financial Statements

For the Year Ended 31 December 2001

19 Pension commitments

The Company operates a money purchase scheme in which 7 employees are members. Payment arrangements are variable with contributions made by both Company and employees. In addition, the Company contributes towards a number of personal pension schemes. The total pension costs for the Company in the year amounted to £7,056 (2000: £28,000). There were no balances owed at the year end.

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

Contributions are paid in accordance with the advice of the actuary to the scheme and those borne by the company, which equate to the cost of providing the benefits, are disclosed in note 4 as "Other pension costs".

Actuarial information concerning the scheme is disclosed in the financial statements of the ultimate holding company, Nestor Healthcare Group plc.

20 Financial commitments

With effect from 26th August 2001, the Company disposal of assets and liabilities to Nestor Healthcare Ltd, accordingly all the operating leases commitments were borne by Nestor Healthcare Ltd (2000: £338k and £89k for land & buildings and others respectively.)

21 Related party transactions

The Company has taken advantage of the exemption under FRS 8 not to disclose transactions and balances with entities that are part of the group.

The directors, who are listed in the directors' report, are related parties as defined in FRS 8. No transactions involved in the Company during the year.

22 Ultimate parent undertaking

The Company's immediate parent undertaking is Nestor Healthcare Ltd.

The Company's ultimate parent undertaking is Nestor Healthcare Group plc which is registered in England and Wales and is the parent of the smallest and largest group that prepares consolidated financial statements incorporating this Company. Copies of the ultimate holding company's consolidated financial statements may be obtained from its registered offices, The Colonnades, Beaconsfield Close, Hatfield, Hertfordshire, AL10 8YD.