

# PHOTOGRAPH

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## FINANCIAL CALENDAR

Full year results announced .....	14 January 1997
Report and Financial Statements posted .....	10 February 1997
Annual General Meeting .....	6 March 1997
Final dividend payable .....	10 March 1997
Half year end .....	30 April 1997
Interim results announced .....	July 1997
Financial year end .....	31 October 1997
Full year results announced .....	January 1998



# QCH

## HIGHLIGHTS

	1996	1995	Increase
Turnover	£22.1m	£17.0m	30%
Operating profit	£ 6.6m	£5.4m	22%
Earnings per share	33.4p	27.4p	22%
Operational beds	2,046	1,587	29%

## FIVE YEAR RECORD

Turnover (£m)

Operating Profit (£'000)

Earnings Per Share (Pence)

Operational Beds

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## DIRECTORS

**DUNCAN BANNATYNE**. Executive Chairman

**JOANNE McCUE** RGN. Operations Director

**CHRISTOPHER RUTTER** ACMA. Finance Director & Company Secretary

**MICHAEL FALLON**. Non-executive Director since 1992, became Corporate Development Director on 1 December 1996

**SIR RONALD NORMAN OBE**. Non-executive Director, Chairman of remuneration committee and member of audit committee, Sir Ronald is aged 59 and is Chairman of Teesside Development Corporation

## ADVISERS

### REGISTERED OFFICE

18 St Cuthberts Way  
Darlington  
Co Durham DL1 1GB

### REGISTERED NUMBER

2003672

### REGISTRARS

Harford Registrars  
Harford House  
101-103 Great Portland Street  
London W1N 6BN

### PRINCIPAL BANKERS

Yorkshire Bank Plc  
7 Linthorpe Road  
Middlesbrough  
Cleveland TS1 1RF

Barclays Bank Plc  
Sabatier Close  
Teesdale Business Park  
Stockton on Tees  
Cleveland TS17 6EW

### SOLICITORS

Merritt and Company  
The Manor House  
83 High Street  
Yarm  
Cleveland TS15 9BG

Dickinson Dees  
Cross House  
Westgate Road  
Newcastle upon Tyne  
NE99 1SB

### AUDITORS

KPMG  
Chartered Accountants  
Quayside House  
110 Quayside  
Newcastle upon Tyne NE1 3DX

### STOCKBROKERS

Butterfield Securities  
24 Chiswell Street  
London  
EC1Y 4TY

## CHAIRMAN'S STATEMENT

**I am pleased to report that your company's operating profit and earnings per share have both increased by 22% from last year.**

**This excellent result, which comes in the company's tenth year of operation and fourth year as a public company, is a tribute to the professionalism and dedication of our managers and staff, all of whom I thank wholeheartedly. During the past 12 months our management team has successfully opened homes outside our original base in the North East and we now have homes performing well in Yorkshire, Cumbria and Scotland.**

### **Operational performance**

During the year a further 420 beds were developed and the company made its first acquisition by purchasing a 39 bed residential home. Turnover rose by 30% from £17m to £22.1m and operating profit increased by 22% to £6.6m. Our operating margin at 30% is one of the highest in the industry.

Earnings per share increased by 22% from 27.4p to 33.4p and as a result your Board feels it appropriate to increase the final dividend by 10% to 3.63p. We have previously offered shareholders the opportunity of a scrip dividend alternative, but the take up has been too small to justify the cost involved and we are now, therefore, withdrawing this alternative.

Capital expenditure on new-build homes in the year amounted to £9.8m and £956,000 was spent on the purchase of Bealey Lodge Residential Home. This acquisition was made at the end of August 1996 and is showing a yield of 20% which we consider to be excellent. Bank borrowings increased by £6.3m resulting in gearing at the year end of 67%. With interest covered 6 times by operating profit and borrowings protected against significant movements in interest rates, this is a level at which your Board feels comfortable.

Our homes offer a quality of service of which we are proud and which is now attracting an increasing proportion of privately funded residents at local authority rates. The range of care services which we offer has continued to expand and we now provide care for the young chronic sick, care for the elderly and elderly mentally infirm, and a limited number of residential places. Average occupancy in established homes for the full year was 88.2% compared with 89.6% last year.

### **Strategy and development programme**

As a result of the changing market situation we have improved and strengthened our final analysis of new sites all of which must pass a rigorous examination before they are developed. This has had the effect of slightly slowing our development programme, but we still believe that opportunities exist for new homes and we aim to continue our expansion through developing high quality, purpose-built homes with en-suite facilities, where our strict criteria have been met. Two examples are our homes in Maryport and Bishop Auckland, both of which reached occupancy levels in excess of 95% within nine months and have continued to operate at such levels, convincing us that other good opportunities still exist. We are increasingly developing sites throughout Great Britain; we are opening two new homes in the West Midlands and we are considering further sites in Yorkshire and Scotland, thus confirming Quality Care Homes Plc as a national provider with the ability to deliver high quality care in different communities across the UK. We shall also, where opportunities arise, consider further acquisitions.

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At our year end we had 2,046 registered beds, which was an increase of 29% on the previous year through the addition of 8 new homes and the purchase of Beauley Lodge. At that time we had a further 210 beds in the course of construction and have since commenced the development of a further home. We, therefore, currently have a total of just over 2,300 nursing beds either in operation or under construction

## **Accounting policies**

It has always been the policy of your Board of Directors to maintain accounting policies which are prudent. We do not capitalise start up costs which are not actually incurred or directly related to the building of our nursing homes. The application of such policies, coupled with efficient and effective purchasing procedures, has ensured that the historical cost of our portfolio of homes is lower than most of our competitors and significantly less than its market value. Additionally, we have a rigorous repair and maintenance programme, the costs of which are fully expensed as incurred, which helps secure the standard and longevity of the homes. In the light of all the above we do not consider it necessary to depreciate our homes. Our property portfolio is very distinctive: all homes are purpose built with 87% of beds in single en-suite accommodation and only 2% in double rooms. We do not believe any other major operator can boast such a portfolio.

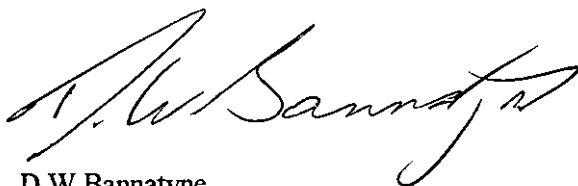
As accounting policies vary within the sector it is important once again to demonstrate what effect depreciation of freehold homes would have had on our reported results. Had we depreciated, it would have been appropriate to remove the revaluation reserve and to depreciate the historical cost of the buildings, excluding land, at 2% with no residual value. The cost of such a policy on the results for the year to 31 October 1996 would have been around £420,000 which equates to 3.0p per share.

## **Board and management**

David Stonehouse resigned as finance director during the year to take up a position at Sunderland Football Club. David, being an avid football supporter, described the opportunity as "too good to miss". We would like to express our gratitude for the contribution that he made. Following David's departure, Chris Rutter executive director, was appointed finance director.

Since the year end Michael Fallon, who served as a non-executive director throughout the year, was subsequently appointed executive director responsible for corporate development. The Board is in the process of appointing a successor.

Our excellent results have been achieved through careful planning combined with controlled and effective implementation of well thought out policies. Once again, my thanks go to all our managers and staff for their consistent and effective performance.



D W Bannatyne  
13 January 1997

## DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 October 1996 as approved by them on 13 January 1997.

### Principal activity

The principal activity of the group is that of development and operation of purpose built nursing homes for the elderly.

### Business review

A review of the business and future developments is outlined in the Chairman's Statement on pages 3 and 4.

The group will continue to build and operate purpose built nursing homes for the elderly.

### Dividend and transfer to reserves

The profit for the year attributable to shareholders was £4.7 million.

An interim dividend of 1.815p (net) per share was paid during the year. The directors recommend a final dividend of 3.63p (net) per share making a total of 5.445 (net) per share. This leaves a surplus of £3.9 million to be carried to reserves.

### Significant changes in fixed assets

The movements in fixed assets during the year are set out in note 12 to the financial statements.

### Revaluation

New homes registered during the year were revalued. Details are disclosed in note 12 to the financial statements.

### Directors and their interests

The directors who held office during the year were as follows:

Duncan W Bannatyne

Michael Fallon

Joanne McCue

Sir Ronald Norman OBE

Christopher Rutter

David C Stonehouse

(Resigned 31 July 1996)

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In accordance with the Articles of Association D W Bannatyne retires by rotation at the Annual General Meeting, and being eligible, offers himself for re-election.

D W Bannatyne, J McCue and C Rutter all have one year service contracts.

Details of the directors' interests in the company's shares are shown in Note 4 on page 20.

## **Significant interests**

In addition to the directors' shareholdings, as at 17 December 1996, the company had received notice of, or the directors were aware of, the following shareholdings of 3 per cent or more of the issued share capital:

	<b>No of shares</b>	<b>%</b>
J Govett & Co	900,000	6.5
Friends Provident	700,000	5.1

## **Employees**

The group encourages employee discussion and involvement in the operation of each home.

All employees are also encouraged to undertake additional training to fulfil their role more effectively and to develop their skills and future prospects. It is also group policy to consider fully applications for employment by disabled persons where it is practicable to employ such persons. Every effort would be made to continue to employ any employee disabled during employment.

The details of the Quality Care Homes Plc Share Option Schemes are shown in note 20 on page 28.

## **Political and charitable contributions**

The group made charitable contributions of £20,607 and no political contributions during the year. In addition, the company provided support and services to charities through the organisation of events which raised over £9,000.

## **Payment of creditors**

Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is group policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

## **Re purchase of own shares**

In November 1996 the company purchased and cancelled 278,300 of its own shares at 287p reducing the number of issued shares to 13,761,081.

## Statement of directors' responsibilities

Company law requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and the profit or loss 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 group 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## Auditors

Our auditors, KPMG, have indicated that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the Annual General Meeting for the appointment of KPMG Audit Plc as auditors of the company.

## Annual General Meeting

The notice convening the Annual General Meeting for 12:00 pm on 6 March 1997 at 18 St Cuthberts Way, Darlington DL1 1GB is set out on page 32.

It is usual practice for listed companies to have some flexibility in issuing new shares either pro rata to shareholders or by way of a placing up to a maximum of 5 per cent of the issued share capital. Accordingly, at the meeting a special resolution will be proposed to renew until the next Annual General Meeting the authority of the directors to issue equity securities (a) to ordinary shareholders in connection with a rights issue on a pro rata basis and (b) for cash, other than pro rata to shareholders of up to a maximum of 688,054 shares being 5 per cent of the issued capital at the date of this report.

By order of the Board.



Christopher Rutter  
Secretary  
13 January 1997

18 St Cuthberts Way  
Darlington  
Co Durham DL1 1GB



## **CORPORATE GOVERNANCE STATEMENT OF THE DIRECTORS ON COMPLIANCE WITH THE CODE OF BEST PRACTICE**

The directors are pleased to confirm that the company has complied throughout the financial year with all aspects of the Code of Best Practice recommended by the Cadbury Committee on the Financial Aspects of Corporate Governance.

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### **The Board**

Throughout the financial year the Board consisted of three or four executive directors and two non-executive directors. They meet regularly during the year in order to retain full and effective control of the company and monitor the executive management in the best interests of shareholders. The group complied with the Code's guidelines regarding the minimum number of non-executive directors, as amended by CISCO (The City Group for Smaller Companies). After the year end Michael Fallon became an executive director. The company are currently looking to recruit a further non-executive director. The Board, amongst other things, approves the annual profit and capital budget and periodic changes thereto, the monthly management accounts and the annual cash flow forecast and subsequent updates; ensures that the company fulfils the terms of its contracts with Social Services and satisfies itself that the company is pursuing policies required by such contracts and good practice.

The Board has established the following sub-committees:

### **Audit committee**

This committee comprises the non-executive directors and through the Board ensures that an objective and professional relationship is maintained with the auditors.

The committee's principal responsibilities include the review of the interim and preliminary statements, the annual report and other financial information for publication together with an assessment of the effectiveness of the financial planning and internal control systems to ensure that they are functioning properly. The finance director and auditors attend meetings of the audit committee as appropriate.

### **Remuneration committee**

This committee comprises the non-executive directors and determines the policy to be adopted for rewarding executive directors. It also specifically determines the remuneration, including bonus levels, of each executive director.

The Board has not set up a nominations committee as it considers that appointments to the Board and the procedure for the selection of directors are a matter for the Board as a whole.

## Internal financial controls

The directors are responsible for the group's system of internal financial control which is designed to provide reasonable assurance regarding the reliability of financial information. Although no system of financial control can provide absolute assurance against material misstatement or loss, the group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key procedures which the directors have established with a view to providing effective internal financial control are:

- Control environment - the Board has put in place an organisational structure with clearly defined lines of responsibility. Each executive director has responsibility for specific aspects of the group's affairs. The executive directors meet monthly to discuss day to day operational matters.
- Risk management - the Board has a clear responsibility for identifying risks facing the business and has put in place appropriate procedures to manage those risks. Business risks are assessed and discussed during the annual budgeting and planning process.
- Control procedures - detailed policies and procedures are maintained at group level and within individual homes.
- Investment appraisal - Board approval is required for acquisition and planned capital expenditure. Potential sites for development are subject to detailed surveys as well as demographic and commercial reviews. The group builds to proven design using a selection of experienced building contractors.
- Information and communication - the group has developed a focused and timely reporting system which allows the Board and management to monitor and evaluate the performance of each nursing home. The monthly management accounts measure performance against the Board approved budget and are issued on a timely basis to relevant personnel.

The auditors, KPMG, have confirmed that in their opinion: with respect to the directors' statements on internal financial control on page 9, and going concern on page 8, the directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the directors' statement above appropriately reflects the company's compliance with the other paragraphs of the Cadbury Code of Best Practice specified by the Listing Rules for their review. They have carried out their review in accordance with the relevant guidance issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of either the group's system of internal financial control or corporate governance procedures, or on the ability of the group to continue in operational existence.

## REPORT OF THE REMUNERATION COMMITTEE

### Introduction

The report of the Study Group chaired by Sir Richard Greenbury on Directors' Remuneration contains recommendations and a Code of Best Practice on the setting, monitoring and disclosure of the remuneration of directors of listed companies (the Greenbury Code). The listing requirements of the London Stock Exchange now require the Remuneration Committee to present a report to shareholders dealing with certain matters raised by the Greenbury Report. The Committee is pleased to present this report in accordance with these requirements.

### Composition of the Remuneration Committee

The members of the Committee during the year ended 31 October 1996 were Sir Ronald Norman (Chairman) and Mr M Fallon, both non-executive directors. After the year end Mr Fallon became an executive director and thus resigned from the Committee. The company are currently in the process of recruiting a further non-executive director, who will join the Committee.

### Policy on Remuneration of Executive Directors

The aim of the Committee is to ensure that the company has competitive remuneration packages in place, in order to best serve the interests of the company and its shareholders.

### Basic Salary

Salaries of the executive directors are determined by the Committee having considered comparative market data, job responsibilities and individual performance. In the case of directors other than the Chairman, the Committee is assisted by the Chairman in this review.

### Benefits in Kind

These are the use of company cars and private medical cover.

### Annual Bonus

The annual bonus in 1996 was linked to growth in profit before tax.

### Share Options

The company operates discretionary share option arrangements for executives, including executive directors. These are normally exercisable between three and ten years from the date of grant.

### Pensions

The company operates a Directors' Pension Fund of which Mr D W Bannatyne is the sole member. Other directors are given the option to have contributions paid into personal pension plans. The Committee determine an overall basic package for each executive director and allow the individual to decide on the element of pension contribution.

### Service Contracts

Duncan Bannatyne, Joanne McCue and Christopher Rutter all have one year service contracts.

Details of individual remuneration is set out in note 4.

Sir Ronald Norman O.B.E.  
13 January 1997

**AUDITOR'S REPORT TO THE MEMBERS OF  
QUALITY CARE HOMES PLC**

We have audited the financial statements on pages 12 to 31.

*Respective responsibilities of directors and auditors*

As described on page 7, the group'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 group'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 group as at 31 October 1996 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG**

*Chartered Accountants  
Registered Auditors*

Newcastle upon Tyne  
13 January 1997

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## Group profit and loss account for the year ended 31 October 1996

	Note	31 October 1996 £'000	31 October 1995 £'000
<b>Turnover</b>	1	<b>22,118</b>	16,954
Direct costs		(12,258)	(8,789)
<b>Gross profit</b>		<b>9,860</b>	8,165
Operating expenses		(3,235)	(2,727)
<b>Operating profit</b>	3	<b>6,625</b>	5,438
Interest receivable	6	252	105
Interest payable	7	(1,267)	(737)
<b>Profit on ordinary activities before taxation</b>	1 - 7	<b>5,610</b>	4,806
Tax on profit on ordinary activities	9	(927)	(954)
<b>Profit for the financial year</b>		<b>4,683</b>	3,852
Dividends	10	(754)	(695)
<b>Retained profit for the financial year</b>	21	<b>3,929</b>	3,157
<b>Earnings per ordinary share</b>	11	<b>33.36p</b>	27.45p
Dividend per ordinary share - paid		1.815p	1.65p
- proposed		3.63p	3.30p

The notes on pages 17 to 31 form an integral part of these financial statements.

Movements in reserves are shown in note 21.

The company made no material acquisitions and had no discontinued operations during the current or previous year.

There is no material difference between the profit for the financial year and the historical cost profit for the year.

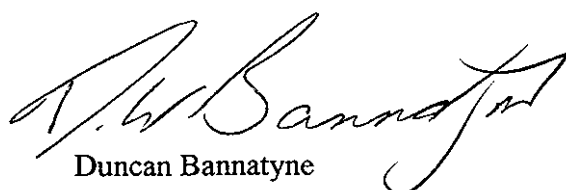
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## Group balance sheet at 31 October 1996

	Note	31 October 1996		31 October 1995	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		59,087		48,188
<b>Current assets</b>					
Stock	14	75		63	
Debtors	15	1,169		1,193	
Cash at bank and in hand		241		15	
		<u>1,485</u>		<u>1,271</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(9,494)</u>		<u>(6,949)</u>	
<b>Net current liabilities</b>			<u>(8,009)</u>		<u>(5,678)</u>
<b>Total assets less current liabilities</b>			<u>51,078</u>		<u>42,510</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(17,358)</u>		<u>(12,889)</u>
<b>Net assets</b>			<u>33,720</u>		<u>29,621</u>
<b>Capital and reserves</b>					
Called up share capital	19		1,404		1,404
Share premium account	21		5,953		5,944
Revaluation reserve	21		14,959		14,598
Goodwill	21		(398)		(198)
Profit and loss account	21		11,802		7,873
<b>Shareholders funds: equity</b>	22		<u>33,720</u>		<u>29,621</u>

The notes on pages 17 to 31 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 13 January 1997 and were signed on its behalf by:

  
Duncan Bannatyne  
Directors

  
Christopher Rutter


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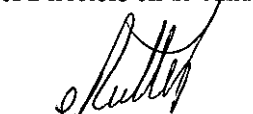
## Balance sheet at 31 October 1996

	Note	31 October 1996		31 October 1995	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		16,868		45,902
Investments	13		100		-
			<u>16,968</u>		<u>45,902</u>
<b>Current assets</b>					
Debtors	15	2,640		2,606	
Cash at bank and in hand		240		14	
		<u>2,880</u>		<u>2,620</u>	
<b>Creditors: amounts falling due within one year</b>	16	(8,196)		(6,041)	
<b>Net current liabilities</b>			<u>(5,316)</u>		<u>(3,421)</u>
<b>Total assets less current liabilities</b>			11,652		42,481
<b>Debtors: amounts falling due after more than one year</b>	15		39,845		-
<b>Creditors: amounts falling due after more than one year</b>	17		(17,358)		(12,889)
<b>Net assets</b>			<u>34,139</u>		<u>29,592</u>
<b>Capital and reserves</b>					
Called up share capital	19		1,404		1,404
Share premium account	21		5,953		5,944
Revaluation reserve	21		3,585		14,333
Goodwill	21		(200)		-
Profit and loss account	21		23,397		7,911
<b>Shareholders funds: equity</b>	22		<u>34,139</u>		<u>29,592</u>

The notes on pages 17 to 31 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 13 January 1997 and were signed on its behalf by:

  
Duncan Bannatyne  
Directors

  
Christopher Rutter

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## Group cash flow statement for the year ended 31 October 1996

	Note	31 October 1996		31 October 1995	
		£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	24		7,595		5,985
<b>Return on investments and servicing of finance</b>					
Interest received		269		82	
Interest paid		(1,780)		(1,002)	
Dividends paid		(717)		(653)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(2,228)		(1,573)
<b>Taxation</b>					
UK Corporation Tax paid			(930)		(738)
<b>Investing activities</b>					
Purchase of fixed assets		(9,818)		(10,652)	
Acquisition		(956)		-	
Sale of fixed assets		47		29	
<b>Net cash outflow from investing activities</b>			(10,727)		(10,623)
<b>Net cash outflow before financing</b>			(6,290)		(6,949)
<b>Financing</b>					
Share issue	26	9		14	
Commercial mortgages	26	5,000		7,000	
Repayment of commercial mortgages	26	(126)		-	
<b>Net cash inflow from financing</b>			4,883		7,014
<b>(Decrease)/increase in cash and cash equivalents</b>	25		(1,407)		65

The notes on pages 17 to 31 form an integral part of these financial statements.



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## Group statement of total recognised gains and losses for the year ended 31 October 1996

	31 October 1996 £'000	31 October 1995 £'000
Profit for the financial year	4,683	3,852
Unrealised surplus on revaluation of properties	361	1,010
Total gains and losses relating to the year	5,044	4,862

The notes on pages 17 to 31 form an integral part of these financial statements.

## NOTES

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

#### *Consolidation*

The group financial statements incorporate the financial statements of Quality Care Homes Plc and its subsidiary undertakings at 31 October 1996.

St Cuthberts Nursing Agency Limited and Quality Care Property Limited were incorporated on 31 July 1996 and 25 October 1996 respectively. The first financial statements for these companies will be prepared to 31 October 1997, therefore, their management accounts at 31 October 1996 have been used for the basis of consolidation.

A separate profit and loss account dealing with the results of the company only has not been presented in accordance with the exemption given by section 230 of the Companies Act 1985.

#### *Finance costs*

Finance costs incurred on borrowing to fund specific nursing home developments are capitalised only until the date of opening of the home concerned.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Freehold land and buildings	Nil
Leasehold land and buildings	over period of lease
Plant and machinery	15 per cent
Motor vehicles	25 per cent
Fixtures and fittings	10 per cent

Freehold properties are maintained to a high standard. As a result the directors consider that their residual values, based on prices prevailing at the time of construction, acquisition or subsequent valuation, are at least equal to their net book value and depreciation is not required. This treatment may be a departure from the requirements of the Companies Act. Any permanent diminution in the value of the properties is charged to the profit and loss account as appropriate.

Assets in the course of construction are not depreciated and are transferred on the date of opening.

#### *Revaluation*

New homes are valued at the date of registration and the whole portfolio is revalued on a triennial basis. The most recent results have been incorporated in these financial statements. Undeveloped land is held at the lower of cost and market value.

#### *Stock*

Consumable stocks held in the nursing homes are written off directly to the profit and loss account at the time of purchase. Goods for resale are stated at the lower of cost and net realisable value.

#### *Goodwill*

Goodwill relating to businesses purchased by the company is written off immediately against reserves.

# QCH

## *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

## *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of services during the year.

## *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

## *Hire Purchase*

Assets held under hire purchase contracts are included within fixed assets at their purchase price and depreciated over their useful life. The related obligations representing the capital element of future payments are included within creditors. The hire purchase interest is debited to the profit and loss account as it is incurred.

## *Operating lease*

The rental costs of properties and other assets acquired under operating leases are charged directly to the profit and loss account.

## **2. Segmental information**

In the opinion of the directors there is only one class of business, all of which was transacted in the United Kingdom.

## **3. Operating profit**

	<b>31 October 1996 £'000</b>	<b>Group 31 October 1995 £'000</b>
Operating profit is arrived at after charging/(crediting):		
Depreciation	474	327
Auditors' remuneration - audit	22	21
- other	-	10
Directors' emoluments	406	438
Profit on sale of fixed assets	(1)	(11)

The auditor's remuneration relating to the company amounts to £18,000 (1995: £17,000).

# QCH

## 4. Directors

### (a) Emoluments

	Basic Salary £'000	Fees £'000	Benefits £'000	Annual Bonus £'000	Total emoluments excluding pensions		Pensions 1996 £'000	Pensions 1995 £'000
					1996 £'000	1995 £'000		
<b>Executive</b>								
D W Bannatyne	143	-	26	40	209	209	37	87
J McCue	40	-	8	11	59	55	-	-
C Rutter	36	-	8	10	54	56	-	-
D C Stonehouse	45	-	8	12	65	27	8	3
<b>Non-Executive</b>								
M Fallon	12	-	-	-	12	12	-	-
Sir Ronald Norman	12	-	-	-	12	12	-	-
H M Grossart	-	-	-	-	-	7	-	-
<b>Total</b>	<b>288</b>	<b>-</b>	<b>50</b>	<b>73</b>	<b>411</b>	<b>378</b>	<b>45</b>	<b>90</b>
<b>Total 1995</b>	<b>174</b>	<b>7</b>	<b>29</b>	<b>168</b>	<b>378</b>			

The figures for pensions shown above are the contributions paid by the company.

The chairman, who was also the highest paid director, received emoluments, including benefits in kind but excluding pension contributions of £208,899 (1995: £209,063). The total pension contributions for directors was £37,368 (1995: £86,620) which was in respect of the highest paid director.

The number of directors, including the highest paid director, whose emoluments (excluding pension contributions) fell within the following ranges, were as follows:

			31 October 1996	31 October 1995
£ 5,001	-	£ 10,000	-	1
£ 10,001	-	£ 15,000	2	2
£ 20,001	-	£ 25,000	-	1
£ 50,001	-	£ 55,000	1	1
£ 55,001	-	£ 60,000	1	1
£ 60,001	-	£ 65,000	1	-
£205,001	-	£210,000	1	1

# QCH

## 4. Directors (continued)

### (b) Interests in the share capital of the company

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company (all of which were beneficial) as recorded in the register of directors' share and debenture interests:

	Interest at end of year Ordinary shares of 10p each	Interest at beginning of year Ordinary shares of 10p each
D W Bannatyne	6,917,208	7,117,000
M Fallon	6,644	6,500
J McCue	-	10,000
Sir Ronald Norman OBE	3,420	-
C Rutter	-	-

There was no change to the foregoing interests between 31 October 1996 and 13 January 1997. The interests of the directors in the Quality Care Homes Plc Employee Share Option Scheme and the Quality Care Homes Plc Executive Share Incentive Scheme are as follows:

Date Granted	Option Price	D W Bannatyne	J McCue	C Rutter
15 July 1992	£1.36	-	2,000	2,000
7 January 1993	£2.25	-	-	2,000
29 January 1993	£2.30	-	3,000	-
2 April 1993	£2.26	-	-	36,000
1 November 1993	£2.73	-	15,428	-
11 January 1995	£2.53	-	36,000	29,000
12 March 1996	£3.01	150,000	-	-
		<hr/>	<hr/>	<hr/>
<b>Total at 31 October 1996</b>		<b>150,000</b>	<b>56,428</b>	<b>69,000</b>

Options under the Quality Care Homes Plc Employee Share Option Scheme are exercisable between 3 and 10 years from date of grant. Those granted under the Quality Care Homes Plc Executive Share Incentive Scheme are exercisable between 3 and 7 years of grant. No options were exercised during the year.

There was no movement between 31 October 1996 and 13 January 1997.

The market price of the shares as at 31 October 1996 was 290p with a range during the year of 270p to 340p

# QCH

## 5. Employee information

The average number of persons employed by the group (including directors) during the year, is analysed below.

	Group Number of employees	
	31 October 1996	31 October 1995
Head office	38	32
Nursing home staff	2,149	1,947
Pharmacy	4	4
	<u>2,191</u>	<u>1,983</u>

The aggregate payroll costs of these persons including directors were as follows:

	Group	
	31 October 1996 £'000	31 October 1995 £'000
Wages and salaries	10,663	7,877
Social security costs	634	464
Pension costs	52	90
	<u>11,349</u>	<u>8,431</u>

## 6. Interest receivable

	Group	
	31 October 1996 £'000	31 October 1995 £'000
Interest receivable on bank deposits	252	105

## 7. Interest payable and similar charges

	Group	
	31 October 1996 £'000	31 October 1995 £'000
On bank loans, overdrafts and other loans wholly repayable within five years	618	307
On mortgages	1,133	731
	<u>1,751</u>	<u>1,038</u>
Less: Interest capitalised	(484)	(301)
	<u>1,267</u>	<u>737</u>

## 8. Profit on ordinary activities after tax

The profit attributable to the holding company which has been dealt within its own accounts is £4,738,000 (1995: £3,842,000).

## 9. Taxation

	31 October 1996 £'000	Group 31 October 1995 £'000
UK corporation tax at 33% (1995: 33% ) on the profit for the year on ordinary activities	1,111	1,105
Deferred taxation	-	-
Overprovision in an earlier year	(184)	(151)
	<u>927</u>	<u>954</u>

## 10. Dividends

	31 October 1996 £'000	31 October 1995 £'000
Ordinary shares:		
Paid	254	232
Proposed	500	463
	<u>754</u>	<u>695</u>

## 11. Earnings per share

The calculation of earnings per share is based upon the profit on ordinary activities after taxation of £4,683,000 (1995: £3,852,000) and the weighted average number of ordinary shares in issue 14,038,482 (1995: 14,035,445) shares of 10p. The dilution which would result from the exercise of options granted under the Employee Share Option Scheme has no material effect on earnings per share.

## 12. Tangible fixed assets

### Group

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Assets in the course of construction £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures fittings tools and equipment £'000	Total £'000
Cost or valuation							
At beginning of year	38,826	1,167	5,002	511	220	3,401	49,127
Transfers	6,792	1,906	(8,698)	-	-	-	-
Additions	775	-	8,667	111	114	1,391	11,058
Revaluations	361	-	-	-	-	-	361
Disposals	-	-	-	-	(88)	-	(88)
	46,754	3,073	4,971	622	246	4,792	60,458
	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Assets in the course of construction £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures fittings tools and equipment £'000	Total £'000
Depreciation							
At beginning of year	-	3	-	201	62	673	939
Charge for year	-	15	-	58	61	340	474
On disposals	-	-	-	-	(42)	-	(42)
At end of year	-	18	-	259	81	1,013	1,371
Net book value							
At 31 October 1996	46,754	3,055	4,971	363	165	3,779	59,087
At 31 October 1995	38,826	1,164	5,002	310	158	2,728	48,188



# QCH

## 12. Tangible fixed assets (continued)

### Company

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Assets in the course of construction £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures fittings tools and equipment £'000	Total £'000
Cost or valuation							
At beginning of year	38,723	1,015	3,023	511	189	3,350	46,811
Transfers	6,902	1,906	(8,808)	-	-	-	-
Additions	775	-	8,246	111	71	1,373	10,576
Revaluations	251	-	-	-	-	-	251
Disposals	-	-	-	-	(69)	-	(69)
Group transfers	(39,359)	-	-	-	-	-	(39,359)
At end of year	7,292	2,921	2,461	622	191	4,723	18,210
Depreciation							
At beginning of year	-	-	-	201	40	668	909
Charge for year	-	14	-	58	50	334	456
On disposals	-	-	-	-	(23)	-	(23)
At end of year	-	14	-	259	67	1,002	1,342
Net book value At 31 October 1996	7,292	2,907	2,461	363	124	3,721	16,868
At 31 October 1995	38,723	1,015	3,023	310	149	2,682	45,902

All of the group's registered nursing homes were revalued at 31 October 1995 on an existing use basis by an Associate of the Incorporated Society of Valuers and Auctioneers employed by Grimley, J.R. Eve, International Property Consultants, an independent and external company. Homes registered since that date have been valued by the same company on the same basis.

The historical cost of the group's freehold land and buildings included in the financial statements is £32,001,000 (1995: £24,434,000), which includes cumulative capitalised interest of £1,328,000 (1995: £844,000). The historical cost of the company's freehold land and buildings included in the financial statements is £3,852,000 (1995: £24,556,000).

The tax relief obtained relating to the capitalised interest is credited to the profit and loss account in the period to which it relates.

# QCH

## 13. Fixed asset investments

The company holds 100% of the ordinary share capital of the following subsidiary companies, all of which are registered in England and Wales and operate in the United Kingdom. The results and assets have been included in the consolidated financial statements.

### Activities

Quality Care Developments Limited	Development of nursing homes for the parent company
North East Pharmacies Limited	Retail pharmacy
St Cuthberts Nursing Agency Limited	Nursing agency
Quality Care Property Limited	Property holding company

## 14. Stock

	Group	
	31 October 1996 £'000	31 October 1995 £'000
Goods for resale	75	63

## 15. Debtors

	Group		Company	
	31 October 1996 Due within one year £'000	31 October 1995 Due within one year £'000	31 October 1996 Due within one year £'000	31 October 1995 Due within one year £'000
Fee income recoverable	733	699	733	699
Value added tax	114	190	15	-
Other debtors	103	117	2	18
Prepayments	94	71	94	71
ACT recoverable	125	116	125	116
Amounts owed by subsidiary undertakings	-	-	1,671	1,702
	1,169	1,193	2,640	2,606
	31 October 1996 Due after more than one year £'000	31 October 1995 Due after more than one year £'000	31 October 1996 Due after more than one year £'000	31 October 1995 Due after more than one year £'000
Amounts owed by subsidiary undertakings	-	-	39,845	-

# QCH

## 16. Creditors: amounts falling due within one year

	Group				Company			
	31 October 1996		31 October 1995		31 October 1996		31 October 1995	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bank loans and overdraft (secured) (see below)		4,556		2,923		4,092		2,795
Commercial mortgages (see note 17)		516		111		516		111
Trade creditors		1,008		903		263		184
Other creditors including taxation and social security:								
Corporation tax	933		943		872		900	
ACT payable	189		173		189		173	
Other taxes & social security	345		247		337		236	
		<u>1,467</u>		<u>1,363</u>		<u>1,398</u>		<u>1,309</u>
Dividend payable		500		463		500		463
Accruals and deferred income		1,447		1,186		1,427		1,179
		<u>9,494</u>		<u>6,949</u>		<u>8,196</u>		<u>6,041</u>

The bank loan and overdraft are secured by full group security comprising fixed and floating debentures by the group, cross guarantees for all sums due and incorporating letters of offset.

## 17. Creditors: amounts falling due after more than one year

	Group and Company	
	31 October 1996	31 October 1995
	£'000	£'000
Commercial mortgages	<u>17,358</u>	<u>12,889</u>

Commercial mortgages are all secured on the group's freehold properties.

A commercial mortgage with Barclays Bank Plc of £4,000,000 is repayable in 72 quarterly instalments commencing June 1996. Interest is charged at 1.5% above LIBOR. A rate collar is in place until February 1999 which fixes the LIBOR rate between 6.1% and 7%.

Commercial mortgages with Yorkshire Bank Plc comprise fourteen £1,000,000 mortgages each repayable in 28 quarterly payments at dates commencing between August 1996 and July 2000. Interest is charged on each at 1.25% or 1.5% over the bank's base rate subject to a minimum overall rate of 6%, except for £1,000,000 which is at a fixed rate of 8.5% until November 1998, £5,000,000 which is subject to a rate collar until May 2000 which fixes the rate to between 7.93% and 10.0% and £5,000,000 which is at a fixed rate of 7.61% until April 2001.

All the above mortgages have capital repayment holidays and interest only is payable until the above mentioned dates.

# QCH

## 17. Creditors: amounts falling due after more than one year (continued)

	Group and Company	
	31 October 1996 £'000	31 October 1995 £'000
Within one to two years	780	222
Within two to five years	4,390	1,524
After five years	12,188	11,143
	<u>17,358</u>	<u>12,889</u>

## 18. Provision for liabilities and charges

No provision has been made for deferred taxation.  
The amounts not provided are set out below:

	Group and Company	
	31 October 1996 £'000	31 October 1995 £'000
Difference between accumulated depreciation and amortisation and capital allowances	478	315
Short term timing differences	(1)	4
On revaluation of land and buildings	4,151	4,298
	<u>4,628</u>	<u>4,617</u>

## 19. Called up share capital

	Group and Company	
	31 October 1996 £'000	31 October 1995 £'000
Authorised	1,800	1,800
Allotted, called up and fully paid Ordinary shares of 10p each	1,404	1,404

At 31 October 1996 there were 14,039,381 (1995: 14,035,445) ordinary shares of 10p each in issue.  
A further 441,446 ordinary shares of 10p each were under option as detailed in notes 4 and 20.

During the year 2,000 shares were issued following the exercise of share options at 160p per share and 1936 shares were issued in respect of the scrip dividend.

## 20. Employee share option schemes

In July 1992 the company adopted an approved share option scheme, known as the Employee Share Option Scheme.

Options granted under the scheme are normally exercisable between three and ten years from the date of grant, and normally only if the company's growth in earnings per share as disclosed in the published annual report and financial statements over any period of three years between the financial year in which the option is granted and the financial year prior to that in which the option is exercised, is at least equal to the percentage increase in the Retail Price Index for the same period. At 31 October 1996, there were 289,346 options outstanding, exercisable at prices ranging from 136p to 324p.

In March 1996, following changes announced in respect of the taxation treatment of share options, the company adopted an unapproved share option scheme, known as the Quality Care Homes Plc Executive Share Incentive Scheme with rules very similar to the approved Employee Share Option Scheme. This scheme was established primarily to allow the company to continue to grant options to employees yet still safeguard the tax benefits under the existing approved scheme. During the year 152,100 options were issued under this scheme at 300p and 301p.

## 21. Reserves

	Share premium account £'000	Goodwill £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
					—
<b>Group</b>					
At beginning of year	5,944	(198)	14,598	7,873	28,217
Premium on issue of shares (nominal value £394)	9	-	-	-	9
Transfer from profit and loss account for the year	-	-	-	3,929	3,929
Goodwill written off	-	(200)	-	-	(200)
Surplus on property revaluations	-	-	361	-	361
<b>At end of year</b>	<b>5,953</b>	<b>(398)</b>	<b>14,959</b>	<b>11,802</b>	<b>32,316</b>
<b>Company</b>					
At beginning of year	5,944	-	14,333	7,911	28,188
Premium on issue of shares (nominal value £394)	9	-	-	-	9
Transfer from profit and loss account for the year	-	-	-	4,738	4,738
Goodwill written off	-	(200)	-	-	(200)
Surplus on property revaluations	-	-	(10,748)	10,748	-
<b>At end of year</b>	<b>5,953</b>	<b>(200)</b>	<b>3,585</b>	<b>23,397</b>	<b>32,735</b>

# QCH

## 22. Reconciliation of movements in shareholders' funds

	Group		Company	
	31 October 1996 £'000	31 October 1995 £'000	31 October 1996 £'000	31 October 1995 £'000
Profit for the financial year	4,683	3,852	5,131	3,842
Dividends	(754)	(695)	(754)	(695)
Retained profit for the year	3,929	3,157	4,377	3,147
Other recognised gains and losses relating to the year (revaluation)	361	1,010	361	1,010
Goodwill written off	(200)	-	(200)	-
New share capital subscribed	9	14	9	14
Net addition to shareholders' funds	4,099	4,181	4,547	4,171
Opening shareholders' funds	29,621	25,440	29,592	25,421
Closing shareholders' funds	33,720	29,621	34,139	29,592

## 23. Commitments

Capital commitments at the end of the financial year for which no provision has been made.

	Group		Company	
	31 October 1996 £'000	31 October 1995 £'000	31 October 1996 £'000	31 October 1995 £'000
Contracted	1,794	4,250	126	414
Authorised but not contracted	2,106	2,072	2,106	2,072

Annual commitments under non-cancellable operating leases are as follows:

	Company	
	31 October 1996 £'000	31 October 1995 £'000
Land and buildings:		
Operating leases which expire over five years	3,697	-

# QCH

## 24. Reconciliation of operating profit to net cash inflow from operating activities

	31 October 1996 £'000	31 October 1995 £'000
Operating profit	6,625	5,438
Depreciation charge	474	327
Profit on sale of fixed assets	(1)	(11)
Increase in stock	(12)	(3)
Decrease/(increase) in debtors	33	(256)
Increase in creditors	476	490
Net cash inflow from operating activities	7,595	5,985

## 25. Analysis of changes in cash and cash equivalents

	Cash £'000	Overdraft £'000	Net £'000
Balance at 31 October 1994	17	(2,990)	(2,973)
Net cash (outflow)/inflow	(2)	67	65
Balance at 31 October 1995	15	(2,923)	(2,908)
Net cash (outflow)/inflow	226	(1,633)	(1,407)
Balance at 31 October 1996	241	(4,556)	(4,315)

## 26. Analysis of changes in financing

	Share capital £'000	Commercial mortgages £'000
Balance at 31 October 1994	7,334	6,000
Share Issue	14	-
Cash inflow from commercial mortgages	-	7,000
Balance at 31 October 1995	7,348	13,000
Share Issue	9	-
Cash inflow from commercial mortgages	-	5,000
Repayment of commercial mortgages	-	(126)
Balance at 31 October 1996	7,357	17,874

## 27. Pension costs

The company operates a defined contribution pension scheme. The pension cost for the year represents contributions payable by the company to the scheme and amounted to £37,368 (1995: £86,620). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## 28. Acquisition of business

On 30 August 1996 the group acquired Beasley Lodge Residential Home; which has been accounted for using the acquisition method:

<b>Net assets acquired</b>	<b>£000</b>
Tangible fixed assets	756
Goodwill	200
	<hr/>
Satisfied by cash	956
	<hr/>



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninth Annual General Meeting of the shareholders of Quality Care Homes Plc will be held at 12:00 pm on 6 March 1997 at 18 St Cuthberts Way, Darlington, DL1 1GB to consider and, if thought fit, to pass the following resolutions of which resolutions 1, 2 and 3 will be proposed as ordinary resolutions and resolutions 4, 5 and 6 will be proposed as special resolutions.

1. To receive the report and financial statements of the Company for the year ended 31 October 1996.
2. To re-elect Duncan Bannatyne as a director.
3. To appoint KPMG Audit Plc as auditors of the Company and to authorise the directors to fix their remuneration.
4. To approve a final dividend in respect of the year ended 31 October 1996.
5. That the directors be and are hereby empowered to allot equity securities (within the meaning of section 94 of the Companies Act 1985) pursuant to the authority conferred under section 80 of the Companies Act 1985 by a resolution passed on 15 July 1992 as if sub-section (1) of section 89 of the Companies Act 1985 did not apply to any such allotment, provided that this power shall be limited to:-
  - (a) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or arrangements as the directors may deem necessary or expedient to deal requirements of any recognised regulatory body or any stock exchange in any overseas territory; and
  - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above or pursuant to the Quality Care Homes Employee Share Option Scheme) and Quality Care Homes Executive Share Incentive Scheme of equity securities to an aggregate nominal amount of £68,805 and shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.
6. That the Company be and is hereby generally and conditionally authorised in accordance with section 166 of the Companies Act 1985 to make market purchases (within the meaning of section 163 of the said Act) of ordinary shares of 10p each in the capital of the Company ("shares") provided that:-
  - (a) the maximum number of shares hereby authorised to be purchased shall be 1,376,108; and
  - (b) the minimum price which may be paid for a share shall be 10p; and
  - (c) the maximum price which may be paid for a share shall be not more than 5% above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the date of purchase of the shares; and
  - (d) unless renewed the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board



Christopher Rutter  
Secretary  
13 January 1997

Registered Office  
18 St Cuthberts Way  
Darlington  
Co Durham DL1 1GB

Notes:

- 1 Directors' service contracts will be made available for inspection at 18 St Cuthberts Way, Darlington, County Durham DL1 1GB during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of the above notice until the date of the Annual General Meeting, and at the place of the meeting for at least 15 minutes prior to the meeting and at the meeting itself.
- 2 A member entitled to attend and vote at the above mentioned general meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the office of the Company's Registrars, Harford Registrars, Harford House, 101-103 Great Portland Street, London W1N 6BH, not less than 48 hours before the time for holding the meeting. A reply paid proxy card is enclosed for this purpose.
- 3 The register of the interests of the directors and their families in the share capital of the Company will be available for inspection at the meeting.

# QCH

LIST OF HOMES	REGISTERED	SINGLE EN-SUITE	SINGLE	DOUBLE
NORTON GLADES	50	0	44	6
NORTON COURT	50	46	4	0
THE WILLOWS	52	52	0	0
EASTBOURNE	42	42	0	0
SPRINGFIELD	58	0	56	2
BURLAM ROAD	50	38	0	12
THE LAURELS	55	55	0	0
MARTON ROAD	41	0	31	10
PETERLEE	50	50	0	0
WARRIOR PARK	60	0	40	20
WESTCOTT	50	50	0	0
HERRINGTON GRANGE	50	50	0	0
ROSEWORTH	50	50	0	0
BYKER HALL	48	48	0	0
BANNATYNE LODGE	50	50	0	0
THE MEWS	50	50	0	0
ELSWICK HALL	48	48	0	0
SWAN LODGE	42	42	0	0
HUNTER HALL	50	50	0	0
CHASEDALE	60	60	0	0
RYDAL	60	60	0	0
BRANDON LODGE	38	37	1	0
LAWRENCE COURT	46	46	0	0
VICTORIA LODGE	50	50	0	0
MAPLE LODGE	54	54	0	0
BRAMPTON COURT	48	48	0	0
HARROGATE LODGE	50	50	0	0
BARRINGTON LODGE	60	60	0	0
ABIGAIL LODGE	60	60	0	0
CASTLETON	60	60	0	0
RIVERSIDE COURT	60	60	0	0
BEAULEY LODGE	39	0	39	0
LEA GREEN COURT	48	48	0	0
WALKER LODGE	45	45	0	0
REGENTS VIEW	50	50	0	0
BRYDAN COURT	52	52	0	0
ALLANDER COURT	60	60	0	0
BARTON LODGE	50	50	0	0
HOLLIE HILL	60	60	0	0
EARLS LODGE	50	50	0	0

<b>TOTAL</b>	2,046	1,781	215	50
<b>PERCENTAGE</b>	100%	87%	11%	2%

**4 HOMES ARE UNDER DEVELOPMENT, ON COMPLETION TOTALS WILL BE:**

<b>TOTALS</b>	2,306	2,041	215	50
<b>PERCENTAGE</b>	100%	89%	9%	2%

**PERCENTAGE OF ROOMS THAT WILL BE SINGLE**

**98%**

(INSIDE BACK COVER)