

DIRECTORS' REPORT

Directors:

J G Moore
E E Moore
A M Bailey (resigned 3 January 1991)

Secretary:

J Woolley

Registered office:

Byecross House, Georgeham, Braunton, Devon

The directors present their report for the year ended 31 March 1990.

RESULTS AND DIVIDENDS

The directors present the audited accounts of the group for the year ended 31 March 1990. The loss for the year attributable to shareholders amounts to £856,467 and is dealt with as shown in the profit and loss account.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The principal activity of the group consists of the ownership and management of nursing homes.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The construction at Truro of a third purpose-built nursing home was almost complete at the year end and this home was opened in July 1990. High interest rates have had a major impact on profitability during the year and the directors are negotiating with equity investors and bankers in order to re-organise the financial structure of the group.

FIXED ASSETS

Additions and disposals during the year are detailed in Note 9 to the accounts. In the directors' opinion the existing use open market value of the freehold property is in excess of cost shown in the balance sheet but in the absence of a formal valuation are unable to state by how much.

DIRECTORS

The directors of the company during the year ended 31 March 1990 were those listed above.

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act, the directors' interests in the ordinary share capital of the company were as follows:

J G Moore
E E Moore
A M Bailey



	£
J G Moore	7,500
E E Moore	2,000
A M Bailey	500
	<hr/>
	£10,000

MOORE NURSING HOMES LIMITED AND SUBSIDIARY

AUDITORS

The North Devon offices of Ernst & Young became the firm of Glover Pearce & Ross with effect from 3 September 1990. Ernst & Young have resigned as auditors and the directors have appointed the new firm and accordingly they have signed the audit report in their new name. Glover Pearce & Ross have expressed their willingness to act as auditors and a resolution confirming their appointment will be submitted at the annual general meeting.

By order of the board

J. Woolley

J WOOLLEY

Secretary

25 January 1991

GLOVER PEARCE & ROSS
CHARTERED ACCOUNTANTS

REPORT OF THE AUDITORS TO THE MEMBERS OF
MOORE NURSING HOMES LIMITED AND SUBSIDIARY

We have audited the accounts set out on pages 4 to 13 in accordance with Auditing Standards.

The accounts have been prepared on a going concern basis. This basis may not be appropriate because the group made a loss after taxation of £856,487 during the year ended 31 March 1990 and at that date its current liabilities exceeded its current assets by £5,659,859. Further, the group's borrowings have continued to increase after the year end and its ability to continue trading is dependent on a re-financing agreement being reached with its bankers.

Should the group be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Subject to the group being able to continue trading, in our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 March 1990 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Glover Pearce & Ross

Chartered Accountants

Barnstaple

25 January 1991

GLOVER PEARCE & ROSS
CHARTERED ACCOUNTANTS

MOORE NURSING HOMES LIMITED AND SUBSIDIARY

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1990

	Note	1990 £	1989 £
TURNOVER	3	1,511,927	758,370
OPERATING COSTS	4	<u>1,619,810</u>	<u>767,914</u>
OPERATING LOSS	5	(107,883)	(9,544)
Interest payable and similar charges	6	<u>(748,584)</u>	<u>(271,092)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(856,467)	(280,636)
Taxation	7	-	66,000
RETAINED LOSS FOR THE YEAR		<u>£(856,467)</u>	<u>£(214,636)</u>
MOVEMENT ON RESERVES			
Balance as previously stated		(397,761)	-
Prior year adjustment	22	<u>169,980</u>	-
At 31 March 1989 - deficit		(227,781)	(13,145)
Retained loss for the year		<u>(856,467)</u>	<u>(214,636)</u>
At 31 March 1990 - deficit		<u>£(1,084,248)</u>	<u>£(227,781)</u>

The loss dealt with in the profit and loss account of the parent company was £837,660 (1989 - £214,636).

MOORE NURSING HOMES LIMITED AND SUBSIDIARY
GROUP BALANCE SHEET - 31 MARCH 1990

ROSS
GLOVER PEARCE
CHARTERED ACCOUNTANTS

	Note	1990 £	1989 £
FIXED ASSETS			
Tangible assets	9	6,732,919	3,519,178
Investments	12	1,959,148	2,709,506
		<u>8,692,067</u>	<u>6,228,684</u>
CURRENT ASSETS			
Investments	8	126,448	239,425
Stocks	10	22,934	26,521
Debtors	11	162,171	60,007
Bank and cash		1,732	672
		<u>313,285</u>	<u>326,625</u>
CREDITORS - amounts falling due within one year			
Trade and other creditors	13	278,878	198,369
Bank loans and overdraft	14	5,694,266	2,464,641
		<u>5,973,144</u>	<u>2,663,010</u>
NET CURRENT LIABILITIES		<u>(5,659,859)</u>	<u>(2,336,385)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,032,208</u>	<u>3,892,299</u>
CREDITORS - amounts falling due after more than one year	15	3,000,000	3,003,624
TOTAL ASSETS LESS LIABILITIES		<u>£32,208</u>	<u>£888,675</u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Capital reserve	18	1,106,456	1,106,456
Profit and loss account - deficit		(1,084,248)	(227,781)
		<u>£32,208</u>	<u>£888,675</u>

J G MOORE - DIRECTOR

J G Moore
25 January 1991

MOORE NURSING HOMES LIMITED - COMPANY

BALANCE SHEET - 31 MARCH 1990

	Note	1990 £	1989 £
FIXED ASSETS			
Tangible assets	9	6,480,551	3,519,178
Investments	12	1,959,148	2,709,506
Investment in subsidiary	23	1,000	1,000
		<u>8,440,699</u>	<u>6,229,684</u>
CURRENT ASSETS			
Investments	8	126,448	239,425
Stocks	10	22,934	26,521
Debtors	11	148,313	60,007
Bank and cash		900	672
		<u>298,595</u>	<u>326,625</u>
CREDITORS - amounts falling due within one year			
Trade and other creditors	13	219,013	199,369
Bank loans and overdraft	14	5,469,266	2,464,641
		<u>5,688,279</u>	<u>2,664,010</u>
NET CURRENT LIABILITIES		<u>(5,389,684)</u>	<u>(2,337,385)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,051,015</u>	<u>3,892,299</u>
CREDITORS - amounts falling due after more than one year			
	15	3,000,000	3,003,624
TOTAL ASSETS LESS LIABILITIES		<u>£51,015</u>	<u>£888,675</u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Capital reserve	18	1,106,456	1,106,456
Profit and loss account - deficit		(1,065,441)	(227,781)
		<u>£51,015</u>	<u>£888,675</u>

J G MOORE - DIRECTOR

J G Moore
25 January 1991

ROSS

GLOVER PEARCE
CHARTERED ACCOUNTANTS

MOORE NURSING HOMES LIMITED AND SUBSIDIARY

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 MARCH 1990

	1990 £	1989 £
SOURCES OF FUNDS		
FROM OPERATIONS		
Loss before taxation	(856,467)	(280,636)
Items not involving the movement of funds:		
Depreciation	255,295	168,147
Surplus on disposal of fixed assets	(3,479)	(5,296)
Total absorbed by operations	(604,651)	(117,785)
FUNDS FROM OTHER SOURCES		
Issue of share capital	-	9,900
Proceeds on disposal of fixed assets	7,860	48,106
	(596,791)	(59,779)
FUNDS APPLIED		
Hire purchase	3,624	-
Investment in fixed assets	2,723,059	3,360,969
	£(3,323,474)	£(3,420,748)
DECREASE IN WORKING CAPITAL		
Arising from movements in:		
Short term investments	(112,977)	239,425
Stocks	(3,587)	13,345
Debtors	102,164	1,981
Trade and other creditors	(80,509)	(141,367)
Liquid funds	(3,228,565)	(3,534,132)
	£(3,323,474)	£(3,420,748)

NOTES ON THE ACCOUNTS - 31 MARCH 1990

1 FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on a going concern basis. In the directors opinion adequate finance will be made available by bankers and equity investors such that the group companies will be able to meet their liabilities as they fall due.

2 ACCOUNTING POLICIES

(a) Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation

Investment properties are not depreciated. The cost of other fixed assets are depreciated over the expected useful lives of the assets as follows:-

Freehold property	- 2% of cost in equal annual amounts
Motor vehicles	- 25% of net book value
Fixtures, fittings plant and equipment	- 10% of net book value

(c) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete items.

(d) Deferred taxation

Provision is made for deferred taxation, using the liability method, on short term timing differences and all other material timing differences which are not expected to continue in the future.

(e) Capitalisation of interest

The cost of financing property developments prior to the date of their opening is included in the cost of the project and capitalised. For this purpose the interest rate applied to funds provided for property development is arrived at by reference to the actual rate payable on borrowings for development purposes.

A property ceases to be treated as being in the course of development as the first resident is accommodated.

(f) Basis of consolidation

The group accounts consolidate the accounts of Moore Nursing Homes Limited and its wholly owned subsidiary Brookdot Limited which is a property investment company using the acquisition method of consolidation. Moore Nursing Homes Limited acquired 1000 ordinary £1 shares in Brookdot Limited at par on formation.

MOORE NURSING HOMES LIMITED AND SUBSIDIARY

NOTES ON THE ACCOUNTS - 31 MARCH 1990 (Continued)

2 ACCOUNTING POLICIES (Continued)

(g) Valuation of properties

It is intended that investment properties be professionally valued on an open market basis by independent firms of valuers at the end of each financial year subsequent to that of acquisition. The valuations being adopted in the accounts and surpluses or deficiencies arising reflected in the property revaluation reserve.

3 TURNOVER

Turnover relates to the income received from residents of the group's nursing homes and rental income from an investment property, as follows:-

	Nursing Homes	Rental	
	1990	1989	
	1990	1989	
	<u>£1,502,472</u>	<u>£758,370</u>	<u>£9,455</u>
			<u>£ -</u>

4 OPERATING COSTS

	1990	1989
	£	£
(Decrease)/Increase in stocks	(3,587)	13,345
Consumables	120,415	63,108
Staff costs - wages and salaries	938,824	553,039
- social security costs	70,323	46,065
Depreciation	255,295	148,147
Other operating charges	273,978	119,028
Exceptional item (Note 8)	(35,438)	(174,818)
	<u>£1,619,810</u>	<u>£767,914</u>

Staff costs include remuneration to the directors of £75,000, excluding employer's national insurance contributions. Remuneration of £46,500 was paid to the chairman who is the highest paid director. The two other directors each received remuneration in the ranges £20,001 - £25,000 and £5,001 - £10,000, respectively.

5 OPERATING LOSS

is stated after charging/(crediting)

	1990	1989
	£	£
Depreciation of tangible fixed assets	255,295	148,147
Auditors' remuneration	3,950	3,000
Directors' remuneration and N.I.	82,573	114,604
Surplus on disposal of fixed assets	(3,479)	(5,296)

6 INTEREST PAYABLE AND SIMILAR CHARGES

	1990	1989
	£	£
Bank loans and overdraft		
- repayable within five years	745,890	270,704
Hire purchases	2,694	388
	<u>£748,584</u>	<u>£271,092</u>

MOORE NURSING HOMES LIMITED AND SUBSIDIARY

NOTES ON THE ACCOUNTS - 31 MARCH 1990 (Continued)

7	TAXATION	1990 £	1989 £
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The credit based on the results for the year comprises:

UK Corporation tax	£ -	£66,000
Deferred		

8 CURRENT ASSET INVESTMENTS

Residential dwellings were constructed for Moore Nursing Homes Limited by Georgeham Building Company Limited, a company controlled by J G and E E Moore on excess land at the nursing home site in Taunton. The one remaining house is shown at cost as a current asset investment on the balance sheet and is held pending disposal.

9 TANGIBLE FIXED ASSETS GROUP

	Freehold Property £	Motor Vehicles £	Fixtures Fittings, Plant and Equipment £	Total £
Cost				
At 31 March 1989	2,437,009	110,217	1,247,739	3,794,965
Additions during the year	3,019,814	26,672	426,931	3,473,417
Disposals	-	(9,646)	-	(9,646)
At 31 March 1990	5,456,823	127,243	1,674,670	7,258,736
Depreciation				
At 31 March 1989	16,238	34,477	225,072	275,787
Charge for year	89,384	24,510	141,401	255,295
Disposals	-	(5,265)	-	(5,265)
At 31 March 1990	105,622	53,722	366,473	525,817
Net book amounts at 31 March 1989	£2,420,771	£75,740	£1,022,667	£3,519,178
Net book amounts at 31 March 1990	£5,351,201	£73,521	£1,308,197	£6,732,919

Included within the above figures is an amount of £297,124 which relates to assets under construction. Interest capitalised within the above figures amounts to £153,747. No interest has been capitalised during the current year. Freehold property includes an amount of £252,368 representing an investment property held within the group, by Brookdot Limited.

MOORE NURSING HOMES LIMITED AND SUBSIDIARY

NOTES ON THE ACCOUNTS - 31 MARCH 1990 (Continued)

9 TANGIBLE FIXED ASSETS
COMPANY

	Freehold Property £	Motor Vehicles £	Fixtures Fittings, Plant and Equipment £	Total £
Cost				
At 31 March 1989	2,437,009	110,217	1,247,739	3,794,965
Additions during the year	2,767,446	26,672	426,931	3,221,049
Disposals	-	(9,646)	-	(9,646)
At 31 March 1990	<u>5,204,455</u>	<u>127,243</u>	<u>1,674,670</u>	<u>7,006,368</u>
Depreciation				
At 31 March 1989	16,238	34,477	225,072	275,787
Charge for year	89,384	24,510	141,401	255,295
Disposals	-	(5,265)	-	(5,265)
At 31 March 1990	<u>105,622</u>	<u>53,722</u>	<u>366,473</u>	<u>525,817</u>
Net book amounts at 31 March 1989	<u>£2,420,771</u>	<u>£75,740</u>	<u>£1,022,667</u>	<u>£3,519,178</u>
Net book amounts at 31 March 1990	<u>£5,098,833</u>	<u>£73,521</u>	<u>£1,308,197</u>	<u>£6,480,551</u>

Included within the above figures is an amount of £297,124 which relates to assets under construction. Interest capitalised within the above figures amounts to £153,747. No interest has been capitalised during the current year.

10 STOCKS

In the opinion of the directors the replacement cost of stocks is approximately equal to the balance sheet value.

11 DEBTORS
GROUP

	1990 £	1989 £
Due within one year:		
Trade debtors	96,603	52,008
Prepayments and accrued income	12,892	7,999
Other debtors	52,676	-
	<u>£162,171</u>	<u>£60,007</u>

MOORE NURSING HOMES LIMITED AND SUBSIDIARY

NOTES ON THE ACCOUNTS - 31 MARCH 1990 (Continued)

11	DEBTORS COMPANY	1990 £	1989 £
	Due within one year:		
	Trade debtors	95,421	52,008
	Other debtors	40,000	-
	Prepayments and accrued income	12,892	7,999
		<u>£148,313</u>	<u>£60,007</u>
12	FIXED ASSET INVESTMENTS	1990 £	1989 £
	Georgeham Building Company Limited	<u>£1,959,148</u>	<u>£2,709,506</u>
<p>Funds have been advanced to the above company in respect of stage payments on the construction of a nursing home, in Truro, on land owned by Moore Nursing Homes Limited. J G and E E Moore are the controlling shareholders of Georgeham Building Company Limited. The investment includes a proportion of interest which reflects the financing of the project amounting to £174,311 in respect of the year to 31 March 1990. During the year £2,919,123 has been transferred to tangible fixed assets.</p>			
13	TRADE AND OTHER CREDITORS GROUP	1990 £	1989 £
	Due within one year:		
	Trade creditors	73,169	46,280
	Other taxation and Social Security	26,311	54,477
	Accruals and deferred income	141,071	97,612
	Other creditors	38,327	-
		<u>£278,878</u>	<u>£198,369</u>
	COMPANY	1990 £	1989 £
	Due within one year:		
	Trade creditors	52,169	46,280
	Other taxation and Social Security	47,500	54,477
	Accruals and deferred income	117,851	97,612
	Other creditors	1,493	1,000
		<u>£219,013</u>	<u>£199,369</u>
14	BANK LOANS AND OVERDRAFT		
<p>The bank loans and overdraft are secured by a debenture over the company's assets and by mortgages over the freehold property.</p>			
15	CREDITORS - amounts falling due after more than one year	1990 £	1989 £
	Bank loan repayable 1 June 1992	3,000,000	3,000,000
	Hire purchase	-	3,624
		<u>£3,000,000</u>	<u>£3,003,624</u>

ROSS

GLOVER PEARCE
CHARTERED ACCOUNTANTS

MOORE NURSING HOMES LIMITED AND SUBSIDIARY

NOTES ON THE ACCOUNTS - 31 MARCH 1990 (Continued)

16	CALLED UP SHARE CAPITAL	1990 £	1989 £
	Authorised Ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
	Issued and fully paid Ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>

17 PROVISIONS FOR LIABILITIES AND CHARGES
Deferred taxation

Timing differences in respect of accelerated capital allowances are covered by taxation losses, no provision is therefore necessary.

18 CAPITAL RESERVE

The capital reserve represents the excess of the net book value of net assets transferred, excluding any goodwill over the nominal value of shares issued to J G and E E Moore at 1 January 1989.

19 EMPLOYEES

The average number of employees including the full time working directors in each week in the year was 136. (1989 - 101)

20 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities at the balance sheet date.

21 CAPITAL COMMITMENTS

The directors have authorised and committed capital expenditure in respect of the continued construction of a nursing home in Truro.

22 PRIOR YEAR ADJUSTMENT

An adjustment of £169,980 is required due to a change in accounting policy in order to capitalise the interest costs of funds advanced to Georgeham Building Company Limited as given in note 2 (e).

23 SUBSIDIARY COMPANY

On 23 February 1989 a wholly owned subsidiary company, Brookdot Limited, was formed. Brookdot Limited is a property investment company and is in receipt of modest amounts of rental income.

Cost of investment:
1,000 Ordinary £1 shares £1,000

GLOVER PEARCE
CHARTERED ACCOUNTANTS