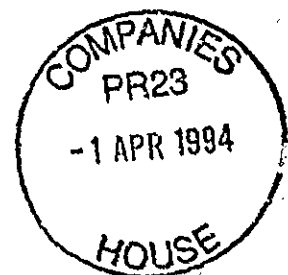


# **Eskgrove Healthcare Limited**

**Directors' report and financial statements**

**for the eight months ended 31 December 1993**

**Registered number 2006031**



# Eskgrove Healthcare Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 15

# Eskgrove Healthcare Limited

## Directors' report

The directors present their report and the audited financial statements for the eight months ended 31 December 1993.

### Principal activities

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

### Business review

On 8 October 1993 the entire share capital of the company was acquired by Statusterm Enterprises Limited and part of the debt outstanding to the Royal Bank of Scotland plc was acquired by that company. A new capital structure was introduced and arrangements were put in hand to purchase land in Edinburgh to build a new nursing home and investigate the purchase of additional nursing homes.

As a result of the change in ownership, the accounting reference date was changed to 31 December and the loss for the period to 31 December 1993 of £279,383 which was mainly due to the bank interest on the fixed rate borrowing which existed prior to the change of ownership, is dealt with as shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

Occupancy in the existing nursing homes has dropped as a result of the effect of the Care in the Community Act. Although the effect of this was foreseen, it is taking longer than anticipated to achieve occupancy rates which existed prior to April 1993.

### Post balance sheet events

On 14 March 1994 the company acquired the entire share capital of Pullbit Limited which runs nursing homes in Hull.

### Fixed assets

Details of changes in fixed assets are given in note 8 to the financial statements.

### Directors and directors' interests

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

JG Moore	(resigned 8 October 1993)
J McLeod	
K Lomas	(appointed 8 October 1993)
O McGartoll	(appointed 8 October 1993)
D Brosnan	(appointed 8 October 1993)

# Eskgrove Healthcare Limited

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

The directors' interests in the shares of the parent company are detailed in the Directors' Report of that company.

### Employees

The directors recognise the importance of human resources. Practices to provide good communications and relations with employees include the use of briefing groups and systematically providing employees with information on matters of concern to them as employees.

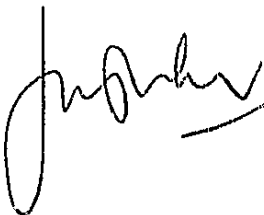
The company continues to give full and fair consideration to applications from disabled persons. If an employee becomes disabled the company endeavours to continue his employment if this is practical and in appropriate cases training is given.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

J McLeod  
Director



20 Litchdon Street  
BARNSTAPLE  
Devon  
EX32 8ND

14 March 1994

# Eskgrove Healthcare Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs and of 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 company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Report of the auditors to the members of Eskgrove Healthcare Limited

We have audited the financial statements on pages 5 to 15.

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1993 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*

KPMG Peat Marwick  
Chartered Accountants  
Registered Auditors

14 March 1994

# Eskgrove Healthcare Limited

## Profit and loss account for the period ended 31 December 1993

	Note	Eight months ended 31 December 1993 £	Year ended 30 April 1993 £
Turnover	2	2,767,630	4,145,449
Operating costs		(2,272,298)	(6,370,320)
Operating profit/(loss)	3-6	495,332	(2,224,871)
Interest payable and similar charges	7	(774,715)	(1,582,556)
Loss on ordinary activities before and after taxation		(279,383)	(3,807,427)
Retained loss for the financial period		(279,383)	(3,807,427)

A statement of movement on reserves is given in note 15.

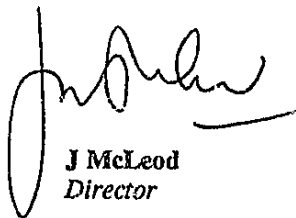
There were no recognised gains or losses other than the loss for the period.

# Eskgrove Healthcare Limited

Balance sheet  
at 31 December 1993

	Note	31 December 1993	30 April 1993
		£	£
<b>Fixed assets</b>			
Tangible assets	8	7,422,012	7,463,272
<b>Current assets</b>			
Stocks	9	16,404	16,460
Debtors	10	202,621	205,965
Cash at bank and in hand		157,932	464
		<u>376,957</u>	<u>222,889</u>
Creditors: amounts falling due within one year	11	(780,434)	(2,686,278)
<b>Net current liabilities</b>		<u>(403,477)</u>	<u>(2,463,389)</u>
<b>Total assets less current liabilities</b>		<u>7,018,535</u>	<u>4,999,883</u>
Creditors: amounts falling due after more than one year	12	(13,830,886)	(11,532,851)
<b>Net liabilities</b>		<u>(6,812,351)</u>	<u>(6,532,968)</u>
<b>Capital and reserves</b>			
Called up share capital	13	10,000	10,000
Capital reserve	15	-	664,855
Profit and loss account	15	(6,822,351)	(7,207,823)
		<u>(6,812,351)</u>	<u>(6,532,968)</u>

These financial statements were approved by the board of directors on 14 March 1994 and were signed on its behalf by:

  
J McLeod  
Director



# Eskgrove Healthcare Limited

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company'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 except for the revaluation of freehold land and buildings.

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Statusterm Enterprises Limited and its cash flows are included within the consolidated cash flow statement of that company.

#### *Fixed assets and depreciation*

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

Fixtures and fittings	-	10% of net book value
Motor vehicles	-	25% of net book value

No depreciation is provided on freehold buildings. It is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time, and accordingly the directors think that the lives of these assets are so long and the residual values based on prices prevailing at the time of acquisition or subsequent valuation are such that their depreciation is insignificant. Any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Capitalisation of interest*

The cost of financing property developments prior to the date of their opening is included in the cost of the project 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. All other costs of operating and commissioning are written off as incurred.

# Eskgrove Healthcare Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Stocks

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

#### Taxation

The charge for taxation is based on the result for the period 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.

### 2 Turnover

Turnover relates to the income received from residents of the company's nursing homes.

### 3 Operating profit/(loss)

	Eight months ended 31 December 1993 £	Year ended 30 April 1993 £
<i>Operating profit/(loss) is stated after charging:</i>		
Auditors' remuneration:		
Audit	12,000	12,000
Other services	10,000	56,875
Depreciation of tangible fixed assets:		
Owned	48,603	138,923
Leased	16,399	24,833
Hire of plant and machinery - rentals payable under operating leases	-	2,477

### 4 Remuneration of directors

	Eight months ended 31 December 1993 £	Year ended 30 April 1993 £
Directors' emoluments:		
As directors	48,427	65,830

The emoluments, excluding pension contributions, of the chairman were £nil (30 April 1993:£39,570) and the highest paid director were £28,078 (30 April 1993:£39,570).

# Eskgrove Healthcare Limited

## Notes (continued)

### 4 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

			Number of directors	
			Eight months ended 31 December 1993	Year ended 30 April 1993
£ 0	-	£ 5,000	2	-
£ 5,001	-	£10,000	1	-
£10,001	-	£15,000	1	-
£25,001	-	£30,000	1	1
£30,001	-	£35,000	-	-
£35,001	-	£40,000	-	1

### 5 Staff numbers and costs

		Number of employees	
		Eight months ended 31 December 1993	Year ended 30 April 1993
Average number of persons employed by the company (including directors) during the period.		397	390

The aggregate payroll costs of these persons were as follows:

		Eight months ended 31 December 1993 £	Year ended 30 April 1993 £
Wages and salaries		1,441,765	2,076,427
Social security costs		102,605	154,611
		<u>1,544,370</u>	<u>2,231,038</u>

# Eskgrove Healthcare Limited

## Notes (continued)

### 6 Exceptional items

The financial statements have been prepared in accordance with Financial Reporting Standard No. 3, which prescribes a new format for the profit and loss account and prior year comparatives have been restated accordingly. Exceptional items which were shown on the face of the profit and loss account last year have now been included in the following category:

	Eight months ended 31 December 1993 £	Year ended 30 April 1993 £
Operating costs	-	3,207,325
These items represent:		
Amounts written off fixed assets	-	3,102,190
Provision for Lanescene debt	-	9,530
Restructuring costs	-	95,605
	-	3,207,325

### 7 Interest payable and similar charges

	Eight months ended 31 December 1993 £	Year ended 30 April 1993 £
On bank loans, overdrafts and other loans wholly repayable within five years	769,769	204,353
On all other loans	-	1,367,594
Finance charges payable in respect of finance leases and hire purchase contracts	4,946	10,609
	774,715	1,582,556

# Eskgrove Healthcare Limited

## Notes (continued)

### 8 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures, fittings, plant and equipment £	Total £
<i>Cost or valuation</i>				
At 1 May 1993	6,610,005	149,016	2,384,906	9,143,927
Additions	-	15,005	31,779	46,784
Disposals	-	(59,431)	-	(59,431)
At 31 December 1993	6,610,005	104,590	2,416,685	9,131,280
<i>Depreciation</i>				
At 1 May 1993	-	72,985	1,607,670	1,680,655
Charge for period	-	12,234	52,768	65,002
Disposals	-	(36,389)	-	(36,389)
At 31 December 1993	-	48,830	1,660,438	1,709,268
<i>Net book value</i>				
At 31 December 1993	6,610,005	55,760	756,247	7,422,012
At 30 April 1993	6,610,005	76,031	777,236	7,463,272

Interest capitalised, included in cost, amounts to £467,747 (30 April 1993:£467,747).

Included in the total net book value of motor vehicles is £31,677 (30 April 1993:£64,045) and of fixtures, fittings, plant and equipment £62,068 (30 April 1993:£68,963) in respect of assets held under finance leases and similar hire purchase contracts.

# Eskgrove Healthcare Limited

## Notes (continued)

### 9 Stocks

	31 December 1993 £	30 April 1993 £
Raw materials and consumables	<u>16,404</u>	<u>16,460</u>

### 10 Debtors

	31 December 1993 £	30 April 1993 £
Trade debtors	189,726	195,171
Prepayments and accrued income	12,415	10,794
Other debtors	480	-
	<u>202,621</u>	<u>205,965</u>

### 11 Creditors: amounts falling due within one year

	31 December 1993 £	£	30 April 1993 £	£
Bank loans (see note 12)	300,000		607,816	
Obligations under finance leases and hire purchase contracts	16,496		32,197	
Trade creditors	143,485		95,669	
Other creditors including taxation and social security:				
Taxation and social security	39,527		43,724	
Other creditors	<u>1,044</u>		<u>64,402</u>	
	40,571		108,126	
Accruals and deferred income	<u>279,882</u>		<u>1,842,470</u>	
	<u>780,434</u>		<u>2,686,278</u>	

# Eskgrove Healthcare Limited

## Notes (continued)

### 12 Creditors: amounts falling due after more than one year

	31 December 1993 £	30 April 1993 £
<b>Instalments payable in second to fifth year:</b>		
Bank loans	5,700,000	1,000,000
Obligations under finance leases and hire purchase contracts	3,804	32,851
	<u>5,703,804</u>	<u>1,032,851</u>
<b>Instalments payable after five years:</b>		
Bank loans	-	10,500,000
Amounts owned to parent company	8,127,082	-
	<u>13,830,886</u>	<u>11,532,851</u>

The bank loans and overdraft are secured by way of a fixed and floating charge over the assets of the company.

Creditors payable by instalment:

	Instalments payable within five years
	31 December 1993 £
7 October 1995	300,000
7 October 1996	300,000
7 October 1997	300,000
7 October 1998	4,800,000

Interest is payable on the bank loan at 0.75% over LIBOR. The loan from the parent undertaking is non-interest bearing and has no fixed repayment date.

# Eskgrove Healthcare Limited

## Notes (continued)

### 13 Called up share capital

	31 December 1993 £	30 April 1993 £
<i>Authorised</i>		
Ordinary shares of £1 each	10,000	10,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	10,000	10,000

### 14 Reconciliation of movement in shareholders' funds

	31 December 1993 £	30 April 1993 £
Shareholders' funds at 1 May 1993	(6,532,968)	(2,725,541)
Retained loss for the financial period	(279,383)	(3,807,427)
Shareholders' funds at 31 December 1993	(6,812,351)	(6,532,968)

### 15 Reserves

	Capital reserve £	Profit and loss £
At 1 May 1993	664,855	(7,207,823)
Transfer to profit and loss account	(664,855)	664,855
Retained loss for the financial period	-	(279,383)
At 31 December 1993	-	(6,822,351)

### 16 Contingent liabilities

The company has entered into a section 52 bond with Taunton Deane Borough Council in respect of repairs to be made to property comprising part of the Nursing Home premises in Taunton. The bond reflects a potential liability of £175,000. The company is currently in negotiations with Taunton Deane Borough Council to determine a suitable timescale for the completion of the work.



# Eskgrove Healthcare Limited

## Notes (continued)

### 17 Commitments

- i) Capital commitments at the end of the financial period for which no provision has been made:

	31 December 1993 £	30 April 1992 £
Authorised but not contracted	900,000	-

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

	31 December 1993 £	30 April 1992 £
Operating leases which expire: In the second to fifth years inclusive	-	2,477

### 18 Post balance sheet event

Following the period end the company has acquired the entire share capital of Pullbit Limited which operates nursing homes in Hull.

### 19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Planvigil PLC, a company incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Planvigil PLC. The smallest group in which they are consolidated is that headed by Statusterm Enterprises Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated accounts of Planvigil PLC are available to the public and may be obtained from:

Audrey House  
15 - 20 Ely Place  
London  
EC1N 6SN