

# **Eskgrove Healthcare Limited**

## **Directors' report and financial statements**

**for the year ended 31 December 1994**

Registered number 2006031



# Eskgrove Healthcare Limited

## Directors' report and financial statements

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# Eskgrove Healthcare Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 1994.

### Principal activities

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

### Business review

The year to December 1994 reflected the impact of Care in the Community on occupancy levels. During the first half of the year we saw extremely difficult market conditions but managed a full recovery to see average occupancy returning to 90% overall during the last quarter.

Head Office costs showed a modest increase to take account of strengthening the management in preparation for company growth through its new developments in Edinburgh and Chalfont St Peter (an additional 221 beds) and the acquisition of Pullbit Limited, on 14 March 1994, which operates 4 nursing homes in Humberside (an additional 152 + 32 new build beds).

The appointment of a Group Manager (Personnel & Training) has allowed us to commence a programme of reviewing/reducing operating costs, whilst at the same time introducing Total Quality Management with a view to obtaining Investors in People (IIP).

The company has ended the year in a particularly strong position from which to launch itself into 1995 and beyond with every confidence.

### Dividends and transfer to reserves

The profit for the year retained in the company is £458,673 (1993: loss £279,383). The directors do not recommend the payment of a dividend.

### Fixed assets

The company hived-up the assets and liabilities of Pullbit Limited, its wholly owned subsidiary undertaking, on 30 September 1994. The value of the fixed assets acquired on this hive-up was £4,394,617.

Full details of changes in fixed assets are given in notes 8 and 9 to the financial statements.

# Eskgrove Healthcare Limited

## Directors' report *(continued)*

### Directors and directors' interests

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

J McLeod  
K Lomas  
O McGartoll  
D Brosnan

None of the directors who held office at the end of the financial year 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

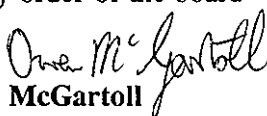
The directors recognise the importance of human resources. Practices to provide good communications and relations with employees include the use of briefing groups and systematically providing employees with information on matters of concern to them as employees.

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

On 6 February 1995 our auditors changed the name under which they practise to KPMG and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
O McGartoll  
Secretary

Audrey House  
15-20 Ely Place  
London  
EC1N 6SN

12 May 1995

# Eskgrove Healthcare Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company 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 which 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.



Linacre House  
Southernhay East  
Exeter  
EX1 1UG

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

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

### *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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

12 May 1995

# Eskgrove Healthcare Limited

## Profit and loss account for the year ended 31 December 1994

	<i>Note</i>	<b>Year ended 31 December 1994 £</b>	<b>Eight months ended 31 December 1993 £</b>
<b>Turnover</b>	<b>2</b>	<b>4,627,878</b>	<b>2,767,630</b>
Cost of services		<u>(3,086,620)</u>	<u>(1,802,357)</u>
<b>Gross profit</b>		<b>1,541,258</b>	<b>965,273</b>
Administrative expenses		<u>(724,568)</u>	<u>(469,941)</u>
<b>Operating profit</b>	<b>3</b>	<b>816,690</b>	<b>495,332</b>
Interest payable and similar charges	<b>6</b>	<u>(358,017)</u>	<u>(774,715)</u>
<b>Profit/(loss) on ordinary activities before and after taxation</b>		<b>458,673</b>	<b>(279,383)</b>
<b>Retained profit/(loss) for the financial year</b>		<u><b>458,673</b></u>	<u><b>(279,383)</b></u>

A statement of movement on reserves is given in note 16.

There were no recognised gains or losses other than the profit for the year.

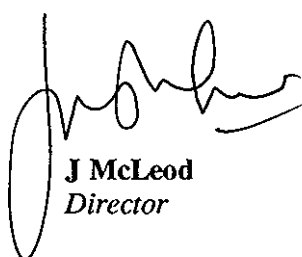
# Eskgrove Healthcare Limited

## Balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8	12,916,837		7,422,012	
Investments	9	2,842,048		-	
		<u>15,758,885</u>		<u>7,422,012</u>	
<b>Current assets</b>					
Stocks	10	24,797		16,404	
Debtors	11	382,983		202,621	
Cash at bank and in hand		195,104		157,932	
		<u>602,884</u>		<u>376,957</u>	
<b>Creditors: amounts falling due within one year</b>	12	(7,642,997)		(780,434)	
<b>Net current liabilities</b>		<u>(7,040,113)</u>		<u>(403,477)</u>	
<b>Total assets less current liabilities</b>		<u>8,718,772</u>		<u>7,018,535</u>	
<b>Creditors: amounts falling due after more than one year</b>	13	(15,072,450)		(13,830,886)	
<b>Net liabilities</b>		<u>(6,353,678)</u>		<u>(6,812,351)</u>	
<b>Capital and reserves</b>					
Called up share capital	14	10,000		10,000	
Profit and loss account	16	(6,363,678)		(6,822,351)	
		<u>(6,353,678)</u>		<u>(6,812,351)</u>	

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

12<sup>th</sup> May 1995

  
**J McLeod**  
Director



# Eskgrove Healthcare Limited

## Cash flow statement

for the year ended 31 December 1994

	Note	Year ended 31 December 1994	Eight months ended 31 December 1993
		£	£
<b>Net cash inflow from operating activities</b>	18	9,028,976	8,698,436
<b>Return on investments and servicing of finance</b>			
Interest paid		(274,142)	(2,348,774)
Interest element of finance lease rental payments		(2,599)	(4,946)
<b>Net cash outflow from returns on investment and servicing of finance</b>		(276,741)	(2,353,720)
<b>Investing activities</b>			
Purchase of tangible fixed assets		(5,607,670)	(46,784)
Purchase of subsidiary undertakings	9	(2,842,048)	-
Receipts from sales of tangible fixed assets		9,794	12,100
<b>Net cash outflow from investing activities</b>		(8,439,924)	(34,684)
<b>Net cash inflow before financing</b>		312,311	6,310,032
<b>Financing</b>			
Repayment of amounts borrowed	19	(300,000)	(6,000,000)
Capital element of finance lease rental payments	19	24,861	(44,748)
<b>Net cash outflow from financing</b>		(275,139)	(6,044,748)
<b>Increase in cash and cash equivalents</b>	20	37,172	265,284

# 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 certain fixed assets.

For the purposes of these financial statements, it has been assumed that the ultimate parent company will continue to provide financial support.

The company is exempt by virtue of section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies. The results of the company are included in the consolidated accounts of Planvigil PLC, a company registered in England and Wales.

#### *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 instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	10 years
Motor vehicles	-	4 years

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 consider 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.

# 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 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.

### 2 Turnover

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

### 3 Operating profit

	1994 £	1993 £
Operating profit is stated after charging:		
Auditors' remuneration:		
Audit	16,665	12,000
Other services	22,002	10,000
Depreciation of tangible fixed assets:		
Owned	91,418	48,603
Leased	10,539	16,399
Hire of plant and machinery - rentals payable under operating leases	5,474	-
Banking arrangement fee	35,000	-

Included in the figures for turnover and operating profit are £478,960 and £86,140 respectively, in relation to the amounts derived from the transfer of trade from the subsidiary undertaking during the year.

# Eskgrove Healthcare Limited

## Notes (continued)

### 4 Remuneration of directors

	Year ended 31 December 1994 £	Eight months ended 31 December 1993 £
Directors' emoluments:		
As directors	<u>102,701</u>	<u>48,427</u>

The emoluments, excluding pension contributions, of the chairman were £nil (1993:£nil) and the highest paid director were £60,920 (1993:£28,078).

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

	Year ended 31 December 1994	Eight months ended 31 December 1993
£ 0 - £ 5,000	2	2
£ 5,001 - £10,000	-	1
£10,001 - £15,000	-	1
£25,001 - £30,000	-	1
£40,001 - £45,000	1	-
£60,001 - £65,000	1	-

### 5 Staff numbers and costs

	Year ended 31 December 1994	Number of employees Eight months ended 31 December 1993
Average number of persons employed by the company (including directors) during the year.	<u>520</u>	<u>397</u>

# Eskgrove Healthcare Limited

## Notes (continued)

### 5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 1994 £	Eight months ended 31 December 1993 £
Wages and salaries	2,489,331	1,441,765
Social security costs	161,198	102,605
	<u>2,650,529</u>	<u>1,544,370</u>

### 6 Interest payable and similar charges

	Year ended 31 December 1994 £	Eight months ended 31 December 1993 £
On bank loans, overdrafts and other loans wholly repayable within five years	-	769,769
On all other loans	355,418	-
Finance charges payable in respect of finance leases and hire purchase contracts	2,599	4,946
	<u>358,017</u>	<u>774,715</u>

### 7 Taxation

There is no charge for corporation tax due to the availability of unutilised trading losses from previous years.

# Eskgrove Healthcare Limited

## Notes (continued)

### 8 Tangible fixed assets

	Freehold land and buildings £	Assets in course of construction £	Motor vehicles £	Fixtures, fittings, plant and equipment £	Total £
<i>Cost or valuation</i>					
31 December 1993	6,610,005	-	104,590	2,416,685	9,131,280
Additions	4,250,231	1,099,017	69,113	189,309	5,607,670
Disposals	-	-	(28,170)	(1,380)	(29,550)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	10,860,236	1,099,017	145,533	2,604,614	14,709,400
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
31 December 1993	-	-	48,830	1,660,438	1,709,268
Charge for year	-	-	18,564	83,393	101,957
Disposals	-	-	(18,580)	(82)	(18,662)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	-	-	48,814	1,743,749	1,792,563
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 1994	10,860,236	1,099,017	96,719	860,865	12,916,837
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	6,610,005	-	55,760	756,247	7,422,012
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Interest capitalised and included in the cost of freehold land and buildings, amounts to £467,747 (1993:£467,747).

Included in the total net book value of motor vehicles is £60,953 (1993:£31,677) and of fixtures, fittings, plant and equipment £nil (1993:£62,068) in respect of assets held under finance leases and similar hire purchase contracts.

The freehold land and buildings and certain fixtures and fittings were valued in January 1993, on an open market basis. The historical cost of the freehold land and buildings and fixtures and fittings is £13,235,572 and £3,331,468 respectively.

Included within additions is £4,394,617 in relation to assets transferred from Pullbit Limited on 30 September 1994.

# Eskgrove Healthcare Limited

## Notes (continued)

### 9 Fixed asset investments

	Shares in subsidiary undertaking £
<i>Cost</i>	
At 1 January 1994	-
Additions	2,842,048
	<hr/>
At 31 December 1994	2,842,048
	<hr/>

On 14 March 1994 the company acquired the entire share capital of Pullbit Limited, a company incorporated in England, which is engaged in the ownership and management of nursing and care homes. During the year the trade and net assets of Pullbit Limited were transferred to Eskgrove Healthcare Limited at their net book value.

The net assets at the end of the year and the loss after taxation of Pullbit Limited were £2,827,239 and £228,660 respectively.

Group accounts have not been prepared as the company is exempt by virtue of section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies.

The investment is stated at cost. In the directors' opinion a provision is not required since the investment has not suffered a permanent diminution in value.

### 10 Stocks

	1994 £	1993 £
Raw materials and consumables	24,797	16,404
	<hr/>	<hr/>

### 11 Debtors

	1994 £	1993 £
Trade debtors	244,911	189,726
Amounts owed by subsidiary undertaking	29,500	-
Prepayments and accrued income	65,318	12,415
Other debtors	43,254	480
	<hr/>	<hr/>
	382,983	202,621
	<hr/>	<hr/>

# Eskgrove Healthcare Limited

## Notes (continued)

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

	1994		1993	
	£	£	£	£
Bank loans (see note 13)		300,000		300,000
Obligations under finance leases and hire purchase contracts		17,559		16,496
Trade creditors		149,341		143,485
Amounts owed to parent and fellow subsidiary undertakings		3,727,234		-
Amounts owed to subsidiary undertaking		2,905,284		-
Other creditors including taxation and social security:				
Taxation and social security	72,451		39,527	
Other creditors	112,403		1,044	
		<u>184,854</u>		<u>40,571</u>
Accruals and deferred income		358,725		279,882
		<u>7,642,997</u>		<u>780,434</u>

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

	1994	1993
	£	£
<i>Instalments payable in second to fifth year:</i>		
Bank loans	1,800,000	5,700,000
Obligations under finance leases and hire purchase contracts	27,602	3,804
	<u>1,827,602</u>	<u>5,703,804</u>
<i>Instalments payable after five years:</i>		
Bank loans	3,600,000	-
Amounts owed to parent and fellow subsidiary undertakings	9,644,848	8,127,082
	<u>15,072,450</u>	<u>13,830,886</u>



# Eskgrove Healthcare Limited

## Notes (continued)

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

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

Bank loan payable by instalment:

	Annual instalments payable
	31 December 1994
	£
31 October 1995 - 31 October 1998	300,000
31 October 1999 - 31 October 2003	900,000

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.

### 14 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

### 15 Reconciliation of movement in shareholders' funds

	1994 £	1993 £
Shareholders' funds at beginning of period	(6,812,351)	(6,532,968)
Retained profit/(loss) for the financial year	<u>458,673</u>	<u>(279,383)</u>
Shareholders' funds at end of period	<u>(6,353,678)</u>	<u>(6,812,351)</u>

# Eskgrove Healthcare Limited

## Notes (continued)

### 16 Reserves

	Profit and loss account £
At 31 December 1993	(6,822,351)
Retained profit for the financial year	458,673
	<hr/>
At 31 December 1994	<u>(6,363,678)</u>

### 17 Commitments

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

	1994 £	1993 £
Contracted but not provided for	2,871,128	-
Authorised but not contracted	650,000	900,000
	<hr/>	<hr/>

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

	Fixtures, fittings, plant and equipment	
	1994	1993
	£	£
Operating leases which expire:		
In the second to fifth years inclusive	13,682	-

# Eskgrove Healthcare Limited

## Notes (continued)

### 18 Reconciliation of operating profit to net cash inflow

	Year ended 31 December 1994	Eight months ended 31 December 1993
	£	£
Operating profit	816,690	495,332
Depreciation charge	101,957	65,002
Loss on sale of tangible fixed assets	1,094	10,942
(Increase)/decrease in stocks	(8,393)	56
(Increase)/decrease in debtors	(180,362)	3,344
Increase in creditors	8,297,990	8,123,760
	<hr/>	<hr/>
Net cash inflow from operating activities	9,028,976	8,698,436
	<hr/>	<hr/>

### 19 Analysis of changes in financing during the year

	Share capital	Finance lease obligations	Bank loans
	£	£	£
Balance at beginning of year	10,000	20,300	6,000,000
Cash inflow/(outflow) financing	-	24,861	(300,000)
	<hr/>	<hr/>	<hr/>
Balance at end of year	10,000	45,161	5,700,000
	<hr/>	<hr/>	<hr/>

### 20 Analysis of changes in cash and cash equivalents

	1994	1993
	£	£
Balance at beginning of period	157,932	(107,352)
Net cash inflow	37,172	265,284
	<hr/>	<hr/>
Balance at end of period	195,104	157,932
	<hr/>	<hr/>

# Eskgrove Healthcare Limited

## Notes (continued)

### 21 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	Change £	1994 £	1993 £
Cash at bank and in hand	<u>37,172</u>	<u>195,104</u>	<u>157,932</u>

### 22 Contingent liabilities

The company has entered into a section 106 bond with Taunton Deane Borough Council in respect of repairs to the 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.

### 23 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 consolidated accounts of Planvigil PLC are available to the public and may be obtained from:

Audrey House  
15 - 20 Ely Place  
London  
EC1N 6SN