

Healthcall Medical (Holdings) Limited

Directors' report and financial statements

Year ended 31 December 1999

Registered number 2058177



Directors' report and financial statements

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Directors' report

The directors have pleasure in submitting the annual report and the audited financial statements for the year ended 31 December 1999.

Principal activity

The company continued to act as an intermediate parent undertaking for Healthcall Group Limited's investment in its medical and other domiciliary businesses.

Results for the year

The company has not traded during the year, except for the receipt and payment of dividends, shown in the profit and loss account on page 4.

Dividends

The directors recommend the payment of dividends of £1,823,101 (1998: £1,750,000).

Directors and directors interests

The directors who served during the year and subsequently were as follows:

MD Henchey

D Spink

RI Burns (appointed 2 February 2000)

GR Stevens (appointed 1 March 2000)

No director had any interest in the share capital of the company at any time during the year.

MD Henchey is a director of HCMS Limited, and his interests in the shares of that and other group undertakings are disclosed in the accounts of that undertaking. The interests of D Spink in the shares of group undertakings are disclosed in the financial statements of Healthcall Group Limited. Neither RI Burns or GR Stevens had any interest in the share capital of HCMS Limited at 31 December 1999.

Year 2000

The HCMS Group has reviewed the impact of Year 2000 and neither its operations or service to customers have been disrupted up to, during or after the turn of the millennium, as a result of the Group's systems not being Year 2000 compliant.

Total Year 2000 costs for the Group incurred for the year ended 31 December 1999 amounted to £410,000 (1998: £40,000).

Directors' report *(continued)*

Statement of director's responsibilities

Company law requires the director 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 director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming annual general meeting.

Approved by the director and signed by:



D Spink
Secretary

25 AUGUST 2000

401 South Row
Central Milton Keynes
MK9 2PH

Auditor's report to the members of Healthcall Medical (Holdings) Limited

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

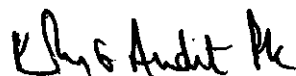
Basis of opinion

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 as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham
B3 2DL

30 August 2000

Profit and loss account
for the year ended 31 December 1999

	<i>Note</i>	1999 £	1998 £
Income from shares in group undertakings		<u>1,823,101</u>	<u>1,750,000</u>
Profit on ordinary activities before and after taxation for the financial year		1,823,101	1,750,000
Dividends	5	<u>(1,823,101)</u>	<u>(1,750,000)</u>
Retained profit for the financial year		<u><u>-</u></u>	<u><u>-</u></u>

All of the above results are derived from continuing operations.

There is no difference between the results as disclosed in the profit and loss account and those on an unmodified historical cost basis.

Statement of total recognised gains and losses

There were no recognised gains or losses or movements in shareholders' funds in either the current or preceding years other than those shown in the profit and loss account.

Balance sheet
at 31 December 1999

	<i>Note</i>	1999		1998	
		£	£	£	£
Fixed assets					
Investments	6		2,129,834		2,129,834
Current assets					
Debtors: Amounts falling due within one year	7	1,925,101		103,804	
Debtors: Amounts falling due after more than one year	7	-		11,044,270	
		<u>1,925,101</u>		<u>11,148,074</u>	
Creditors: Amounts falling due within one year	8	(2,339,874)		(11,028,985)	
		<u></u>		<u></u>	
Net current (liabilities)/assets			(414,773)		119,089
			<u></u>		<u></u>
Total assets less current liabilities			1,715,061		2,248,923
			<u></u>		<u></u>
Creditors: Amounts falling due after more than one year	9		-		(533,862)
			<u></u>		<u></u>
Net assets			1,715,061		1,715,061
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account			-		-
Capital reserve			1,715,059		1,715,059
			<u></u>		<u></u>
Equity shareholders' funds			1,715,061		1,715,061
			<u></u>		<u></u>

These financial statements were approved by the director on 25 AUGUST 2000 and were signed by:


R I Burns
Director

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.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards.

Consolidated financial statements

In accordance with Section 228 of the Companies Act 1985, group financial statements have not been prepared as the company's result is consolidated in HCMS Limited, a company registered in England and Wales.

Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the disclosure of transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of HCMS Limited and its results are included in HCMS Limited's consolidated financial statements.

2 Staff numbers and costs

The company has no employees.

3 Amounts paid for the services of directors

The director received no emoluments during the year (1998: £Nil).

4 Tax on profit on ordinary activities

The company has no tax charge as a group income election is in place in respect of dividend payments.

5 Dividends

	1999 £	1998 £
Dividends proposed	<u>1,823,101</u>	<u>1,750,000</u>

Notes (continued)

6 Investments held as fixed assets

	Shares in group undertakings £
<i>Cost and net book value</i>	
At beginning and end of year	2,129,834

In the opinion of the directors, the market value of the above investments is not less than their net book value.

The principal investments in subsidiary undertakings held at 31 December 1999 are as follows:

Subsidiary	Principal activity	Percentage of issued ordinary share capital held %
Healthcall Services Limited (registered in England and Wales)	Healthcare services	100
Cleveland Healthcall Services Limited (registered in England and Wales)	Healthcare services	51

The above undertakings are incorporated in Great Britain and are registered and operate principally in England and Wales.

7 Debtors

	1999 £	1998 £
Amount owed by group undertaking (including dividends receivable)	1,925,101	11,148,074

The amount owed by group undertakings falling due after more than one year at 31 December 1999 was £nil (1998: £11,044,270).

8 Creditors: Amounts falling due within one year

	1999 £	1998 £
Amounts owed to group undertakings (including dividends payable)	2,339,874	11,028,985

9 Creditors: Amounts falling due after more than one year

	1999 £	1998 £
Amount owed to group undertaking	-	533,862

Notes (continued)

10 Share capital

	1999 £	1998 £
<i>Authorised:</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

11 Contingent liabilities

The company has guaranteed bank loans of certain other group companies. At 31 December 1999 the liability under these guarantees amounted to £33,239,000 (1998: £35,000,000).

12 Ultimate parent undertaking

The immediate parent undertaking is Healthcall Limited which is incorporated in Great Britain and registered in England and Wales.

The parent undertaking of the smallest and largest group for which group accounts are prepared and in which the results of the company are consolidated, is HCMS Limited, which is incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of HCMS Limited can be obtained from its registered office at 401 South Row, Milton Keynes, MK9 2PH.

The directors understand that the shares of HCMS Limited are held by nominees and therefore cannot say whether there is an ultimate controlling party.