

Healthcall Medical (Holdings) Limited

Directors' report and financial statements

Year ended 31 December 2004

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 2004.

Principal activity and review of business

On 10th December 2004 the company sold its investment in Nestor Primecare Services Limited to another company within the Nestor Healthcare group, following which the company is not expected to trade in the foreseeable future.

Results and dividends

The profit for the financial year was £13,379,325 (2003: loss of £15,408,828).

The directors do not recommend the payment of a dividend (2003: £nil).

Directors and directors' interests

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

JAS Jewitt	(resigned 27 May 2004)
S Page	(resigned 2 August 2004)
CER Thomas	(resigned 11 March 2005)
MA Ellis	
S M Booty	(appointed 27 May 2004)

The directors had no interests in the share capital of the company.

The interests of JAS Jewitt, MA Ellis, SM Booty and SR Page in the share capital of Nestor Healthcare Group plc, the ultimate holding company, are disclosed in the financial statements of that company.

The interests of CER Thomas, who was not also a director of the ultimate holding company, Nestor Healthcare Group plc, in the share capital of Nestor Healthcare Group plc, are as follows:

	Ordinary shares			SAYE Scheme		
	2004	2003	2004	Granted	Exercised	2003
CER Thomas	5,865	5,865	2,088	-	-	2,088

	Employee Share Option Scheme 1996				Share Option Plan 2002			
	31 December				31 December			
	2004	Granted	Exercised	2003	2004	Granted	Exercised	2003
CER Thomas	29,760	-	-	29,760	53,121	-	-	53,121

Directors' report (*continued*)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 keeping proper accounting records that 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors to the company will be proposed at the next board meeting.



D Collison
Company Secretary

4th August 2005

Beaconsfield Court
Beaconsfield Road
Hatfield
AL10 8HU

Independent auditors' report to the members of Healthcall Medical (Holdings) Limited

We have audited the financial statements on pages 4 to 9 which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on page 6.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 at 31 December 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

4 August 2005

*Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH*

Profit and loss account
for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
Administrative expenses:			
Reversal of provision against amount due from group undertaking	6	13,278,994	-
Profit on sale of investment	5	100,000	-
Provision against cost of investments		-	(2,129,834)
Provision against amount due from group undertaking		-	(13,278,994)
		<hr/>	<hr/>
Operating profit/(loss) for the year		13,378,994	(15,408,828)
Interest receivable	4	331	-
		<hr/>	<hr/>
Profit/(loss) before taxation for the year		13,379,325	(15,408,828)
Taxation	5	-	-
		<hr/>	<hr/>
Profit/(loss) after taxation for the year		13,379,325	(15,408,828)
Dividends		-	-
		<hr/>	<hr/>
Retained profit/(loss) for the year		13,379,325	(15,408,828)
		<hr/>	<hr/>

All of the above results relate to continuing operations.

A reconciliation of the movement in equity shareholders' funds is disclosed in note 11 to the financial statements.

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

There were no recognised gains or losses during the year or the preceding year other than those disclosed in the profit and loss account.

The notes on pages 6 to 9 form an integral part of these financial statements.

Balance sheet
at 31 December 2004

	<i>Note</i>	2004 £	2003 £
Fixed assets			
Investments	6	-	-
Current assets			
Debtors: Amounts falling due within one year	7	13,379,325	-
Current liabilities: Amount falling due within one year	8	(13,586,887)	(13,586,887)
Net current liabilities		(207,562)	(13,586,887)
Net liabilities		(207,562)	(13,586,887)
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	(1,922,623)	(15,301,948)
Capital reserve		1,715,059	1,715,059
Equity shareholders' funds	11	(207,562)	(13,586,887)

The notes on pages 6 to 9 form an integral part of these financial statements.

The financial statements on pages 4 to 9 were approved by the board of directors on 4th August 2005 and were signed on its behalf by:

MA Ellis
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.

Basis of preparation

The financial statements have been prepared under in accordance with applicable Accounting Standards and the Companies Act 1985 under the historical cost accounting rules.

Cashflow statement

In accordance with the provisions of Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking.

Consolidated financial statements

In accordance with Section 228 of the Companies Act 1985, group financial statements have not been prepared as the company is a wholly owned subsidiary undertaking of Nestor Healthcare Group plc, a company registered in England and Wales.

Related party transactions

The company is exempt from the disclosure of transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Nestor Healthcare Group plc and its results are included in that company's consolidated financial statements.

Auditors' remuneration

Auditors' remuneration is borne by another group company.

2 Staff numbers and costs

The company had no employees (2003: nil).

3 Directors' emoluments

All of the directors also served as directors of the ultimate parent company, Nestor Healthcare Group plc and were also directors of other group companies. The emoluments of the directors have been borne by another group company and are disclosed in the accounts of Nestor Healthcare Group plc. The directors do not believe that it is possible to meaningfully allocate the emoluments of these directors between their respective duties and accordingly no emoluments are borne by this company.

4 Interest receivable

Interest receivable of £331 (2003: £nil) arose on the interest-bearing intercompany debtor of £100,000 created following the disposal of the company's investment in Nestor Primecare Services Limited to another group company on 10th December 2004.

Notes (continued)

5 Tax on profit/(loss) on ordinary activities

The current tax charge assessed for the year differs from the UK nominal rate of 30%. A summary reconciliation is shown below.

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
UK corporation tax charge/(credit) at 30.0% of profit/(loss) before tax (2003: 30.0%)	4,013,797	(4,622,648)
Effect of:		
(Reversal of provision)/provision against amounts due from group undertaking – not (chargeable)/allowable	(3,983,698)	3,983,698
Profit on sale of investments – not chargeable	(30,000)	-
Provision against cost of investments not allowable	-	638,950
Other items not chargeable	(99)	-
	<u>(4,013,797)</u>	<u>4,622,648</u>
Current tax charge/(credit) for the year	-	-

6 Investments held as fixed assets

	Shares in group undertakings £
At beginning of year:	
Net book value	=
At end of year:	
Net book value	-

During the year the company disposed of its investment in Nestor Primecare Services Limited to another wholly owned subsidiary of Nestor Healthcare Group plc for a consideration of £100,000. The resultant gain on sale of £100,000, as compared with the carrying value of £nil, has been recognised in the profit and loss account for the year.

Following this disposal the remaining investment in subsidiary undertakings held at 31 December 2004 was as follows:

Subsidiary	Principal activity	Percentage of issued ordinary share capital held %
Nestor Home Care Services Limited (formerly Cleveland Healthcall Services Limited)	Dormant	51

The above undertaking is incorporated in Great Britain, and is registered in England and Wales.

Notes (continued)

7 Debtors

	2004 £	2003 £
Amounts owed by group undertakings, net of provisions	13,379,325	-
	<u>13,379,325</u>	<u>-</u>

The provision of £13,278,994 that had been made against the amounts owed by group undertakings in 2003 was reversed in the year, following an increase of net assets in those undertakings..

8 Creditors: Amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	13,586,887	13,586,887
	<u>13,586,887</u>	<u>13,586,887</u>

9 Share capital

	2004 £	2003 £
<i>Authorised:</i>		
Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	2	2

10 Profit and loss account

	2004 £	2003 £
At 1 January	(15,301,948)	106,880
Profit/(loss) for the year	13,379,325	(15,408,828)
	<u>(1,922,623)</u>	<u>(15,301,948)</u>
At 31 December	(1,922,623)	(15,301,948)

Notes (continued)

11 Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Profit/(loss) for the year	13,379,325	(15,408,828)
	<hr/>	<hr/>
Equity shareholders' funds at 1 January	13,379,325 (13,586,887)	(15,408,828) 1,821,941
	<hr/>	<hr/>
Equity shareholders' funds at 31 December	(207,562)	(13,586,887)
	<hr/>	<hr/>

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 Nestor Healthcare Group plc, which is incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of Nestor Healthcare Group plc can be obtained from its registered office at Beaconsfield Court, Beaconsfield Road, Hatfield, AL10 8HU.