

WARRENS HALL PLC
REPORT AND ACCOUNTS
PERIOD ENDED 30 MARCH 1996



CLARK WHITEHILL
Chartered Accountants

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WARRENS HALL PLC
DIRECTORS REPORT
FOR THE PERIOD ENDED 30 MARCH 1996

DIRECTORS: T G Clark (Resigned 1 October 1995)
R P Cooper
F J Sinclair-Brown

The directors have pleasure in submitting their report and the audited financial statements of the company for the 52 week period ended 30 March 1996.

PRINCIPAL ACTIVITY

The principal activity of the company is that of ownership, development and operation of a nursing and residential home for elderly people in Dudley, West Midlands.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 4. The directors do not recommend the payment of a dividend.

DIRECTORS INTERESTS

No directors held any beneficial interests in the share capital of the company during the year. F J Sinclair-Brown and R P Cooper have beneficial holdings in the ultimate parent company. F J Sinclair-Brown is a director of the ultimate parent company and his interests are disclosed in the accounts of that company.

R P Cooper had the following interest in the share capital of the ultimate parent company during the period.

	30 March 1996	1 April 1995
Ordinary shares of 10p each	<u>nil</u>	<u>5,300</u>
Share options	<u>32,186</u>	<u>25,186</u>

The options are exercisable at prices ranging between 184p and 214p in the years 1996 to 2005.

FIXED ASSETS

Details of changes in tangible fixed assets during the period are set out in note 6 to the financial statements.

CREDITORS PAYMENT POLICY

Our strategy is to have mutually beneficial long term relationships with our suppliers. The company's policy is to settle the terms of payment with suppliers and abide by those terms.

AUDITORS

The auditors, will retire at the forthcoming annual general meeting and offer themselves for re-appointment.

By Order of the Board

Robert Um

Secretary

WARRENS HALL PLC
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 company's state of affairs at the end of the period and of its 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 assume that the company will continue in business.

The directors are responsible for keeping 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.



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AUDITORS' REPORT TO THE SHAREHOLDERS OF WARRENS HALL PLC

A member of Horwath International



We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2 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 financial 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 the information in the financial statements.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30 March 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Clark Whitehill
Chartered Accountants
and Registered Auditor
1 July 1996

WARRENS HALL PLC
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 MARCH 1996

	Notes	30 March 1996 £	1 April 1995 £
TURNOVER	1	879,724	894,477
Cost of services		<u>(489,208)</u>	<u>(459,265)</u>
GROSS PROFIT		390,516	435,212
Administrative expenses		<u>(112,768)</u>	<u>(206,396)</u>
OPERATING PROFIT	2	277,748	228,816
Interest receivable		1,113	3,499
Interest payable	3	<u>(88,444)</u>	<u>(94,321)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		190,417	137,994
Taxation		<u>(8,393)</u>	<u>(46,707)</u>
RETAINED PROFIT FOR THE PERIOD	12	<u>182,024</u>	<u>91,287</u>

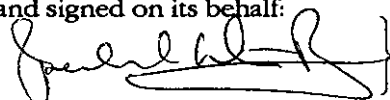
The profit and loss account contains all the gains and losses recognised in the current and preceding period and is the only movement in shareholders' funds.

The notes on pages 6 to 11 form part of these financial statements.

WARRENS HALL PLC
BALANCE SHEET
PERIOD ENDED 30 MARCH 1996

	Notes	£	30 March 1996 £	1 April 1995 £
FIXED ASSETS				
Tangible assets	6		1,697,438	1,697,794
CURRENT ASSETS				
Stocks	7	55,116		55,116
Debtors	8	210,421		121,713
Cash at bank and in hand		156,019		152,391
		<u>421,556</u>		<u>329,220</u>
CREDITORS: amounts falling due within one year				
Bank loan		70,350		70,350
Trade creditors		21,331		21,289
Corporation tax		8,376		34,000
Other taxes and social security costs		11,591		12,463
Hire purchase liabilities		-		4,492
Other creditors		49,514		36,382
Accruals and deferred income		29,074		30,172
		<u>190,236</u>		<u>209,148</u>
NET CURRENT ASSETS			<u>231,320</u>	<u>120,072</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,928,758	1,817,866
CREDITORS: amounts falling due after one year				
Bank loan	9		(791,438)	(861,788)
Provisions for liabilities and charges	10		(15,218)	(16,000)
NET ASSETS			<u>1,122,102</u>	<u>940,078</u>
CAPITAL AND RESERVES				
Non-equity share capital	11		<u>10,000</u>	<u>10,000</u>
Equity share capital	11		769,688	769,688
Revaluation reserve			304,307	304,307
Profit and loss account	12		<u>38,107</u>	<u>(143,917)</u>
EQUITY SHAREHOLDERS' FUNDS			<u>1,112,102</u>	<u>930,078</u>
TOTAL SHAREHOLDERS FUNDS			<u>1,122,102</u>	<u>940,078</u>

Approved by the Board on 1 July 1996
and signed on its behalf:

 Director

The notes on pages 6 to 11 form part of these financial statements.

WARRENS HALL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 MARCH 1996

1. ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention modified to include the revaluation of freehold property.

b) Turnover

This represents the fees receivable from the residents of the company's nursing home all of which arises within the U.K.

c) Depreciation

Depreciation is provided on all tangible fixed assets in use except freehold and buildings at rates calculated to write off the cost of each asset in equal annual instalments over its expected life as follows:

Furniture	- 10% reducing balance
Fixtures and equipments	- 10% and 20% straight line
Motor vehicles	- 25% straight line

No depreciation is provided on the freehold land and buildings as it is the company's policy to maintain the property by a programme of repair and refurbishment such that the residual value of this property is at least equal to the book value. The company's appraisal of residual values is based on prices prevailing at the time of acquisition or subsequent valuation of the property. Having regard to this, in the opinion of the directors, any depreciation required by the Companies Act 1985 and Statement of Standard Accounting Practice No. 12 would not be material.

d) Stocks

Base stock comprises numerous capital items of a low individual cost. Expenditure on such assets in excess of the base value is written off in the profit and loss account in the year it is incurred. The previous years, such items were included in tangible fixed assets. They have now been reclassified as components of stocks within current assets and comparative figures reclassified accordingly.

WARRENS HALL PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 1996

1. ACCOUNTING POLICIES (CONTINUED)

e) Deferred Taxation

Deferred taxation is calculated using the liability method and is provided to the extent that it is probable that a liability will arise within the foreseeable future.

	30 March	1 April
	1996	1995
	£	£
2. OPERATING PROFIT		
This is stated after charging:		
Directors' remuneration	599	17,789
Auditors' remuneration - As auditors	2,350	3,296
- Other fees	-	524
Depreciation	18,417	22,416
Hire of equipment	<u>4,041</u>	<u>4,091</u>
3. INTEREST PAYABLE		
Interest on bank loan	88,399	94,388
Interest on hire purchase agreements	<u>45</u>	<u>(67)</u>
	<u>88,444</u>	<u>94,321</u>
4. DIRECTORS AND EMPLOYEES		
Employee Costs:		
Wages and salaries	417,207	395,802
Social security costs	23,262	24,480
Pensions costs	<u>2,597</u>	<u>2,219</u>
	<u>443,066</u>	<u>422,501</u>

The average number of persons employed during the period, including part time staff, was 69 (1995 : 73)

WARRENS HALL PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 1996

4. DIRECTORS AND EMPLOYEES (CONTINUED)

Employee costs include the following remuneration in respect of directors:

	30 March 1996 £	1 April 1995 £
Fees	599	3,183
Amount paid to a third party for the services of a director	<u>-</u>	<u>14,606</u>
Chairman	599	3,183
Highest paid director	<u>-</u>	<u>14,606</u>
The number of all directors whose remuneration fell in the following ranges was:	No.	No.
£ Nil - £ 5,000	<u>1</u>	<u>2</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	£
Based on the profit for the period		
Corporation tax at 33% (1995 : 33%)	9,375	34,000
Deferred tax	(782)	12,707
Over provision in respect of prior period	<u>(200)</u>	<u>-</u>
	<u>8,393</u>	<u>46,707</u>

The company's charge to taxation has been reduced by the receipt of taxable losses from other group companies for which no payment will be made.

WARRENS HALL PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 1996

6. TANGIBLE FIXED ASSETS

	Freehold property £	Fittings fixtures and fittings £	Pooled assets £	Motor vehicles £	Total £
Cost or valuation					
At 2 April 1995	1,620,359	149,695	68,160	10,515	1,848,729
Reclassification to current assets	-	-	(68,160)	-	(68,160)
As restated	1,620,359	149,695	-	10,515	1,780,569
Additions	-	18,840	-	-	18,840
Disposals	-	(986)	-	-	(986)
At 30 March 1996	1,620,359	167,549	-	10,515	1,798,423
Depreciation					
At 2 April 1995	-	81,157	13,044	1,618	95,819
Reclassification to current assets	-	-	(13,044)	-	(13,044)
As restated	-	81,157	-	1,618	82,775
Charge for the year	-	16,126	-	2,289	18,415
Disposals	-	(205)	-	-	(205)
At 30 March 1996	-	97,078	-	3,907	100,985
Net Book Value					
At 30 March 1996	1,620,359	70,471	-	6,608	1,697,438
<i>At 2 April 1995 (as restated)</i>	<i>1,620,359</i>	<i>68,538</i>	<i>-</i>	<i>8,897</i>	<i>1,697,794</i>

The freehold nursing home property was valued at 30 March 1996 on the basis of an open market value on a going concern basis with existing planning and registration are consent as at that date by Chesterton International, Manchester. This valuation confirmed the carrying value of the property. The historical cost of this asset was £1,295,842 (1995: £1,295,842).

Assets held under hire purchase contracts included within the heading fixtures and fittings were as follows:

	1996 £	1995 £
Cost	-	44,835
Accumulated depreciation	-	22,419
Net Book Value	-	22,416

WARRENS HALL PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 1996

7. STOCKS

These comprise base stocks

8. DEBTORS	1996	1995
	£	£
Trade debtors	45,339	92,304
Amounts due from group undertakings	151,860	6,738
Other debtors	1,041	7,530
Prepayments and accrued income	12,181	15,141
	<u>210,421</u>	<u>121,713</u>

9. BANK LOAN

Repayable

Between one and two years	70,350	70,350
Between two and five years	211,050	211,050
Over five years	510,038	580,388
	<u>791,438</u>	<u>861,788</u>

The bank loan is repayable in quarterly instalments of £17,587. Interest is fixed at 9.925% until March 1998, when interest becomes payable at a variable rate at 2½% above the lender's base rate subject to a minimum of 8½%.

10. DEFERRED TAXATION

	1996		1995
	Provided	Unprovided	Provided
	£	£	£
Timing differences due to accelerated taxation depreciation allowances	19,335	-	18,800
Other timing differences	(4,117)	-	(2,800)
Capital gains on unrealised revaluation surpluses	-	100,420	-
	<u>15,218</u>	<u>100,420</u>	<u>16,000</u>
			<u>100,420</u>

WARRENS HALL PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 MARCH 1996

11. SHARE CAPITAL

	Ordinary shares of £1 each		'A' Ordinary shares of £1 each	
	1996	1995	1996	1995
	£	£	£	£
Authorised	<u>1,990,000</u>	<u>1,990,000</u>	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid	<u>769,688</u>	<u>769,688</u>	<u>10,000</u>	<u>10,000</u>

12. PROFIT AND LOSS ACCOUNT

	1996	1995
	£	£
Balance at 2 April 1995	(143,917)	(235,204)
Retained profit for the period	<u>182,024</u>	<u>91,287</u>
Balance at 30 March 1996	<u>38,107</u>	<u>(143,917)</u>

13. ULTIMATE PARENT COMPANY

The ultimate parent company is Associated Nursing Services plc, the accounts of which are available from The Company Secretary, Associated Nursing Services plc, No.1 Battersea Square, London SW11 3PZ.