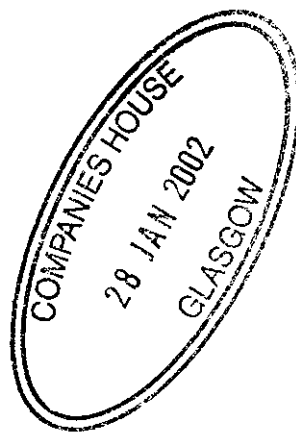


Noblerevel Limited
Registered number: 2743181

Accounts

For the 15 month period to 31 March 2001



Noblerevel Limited

Directors' report

For the 15 month period to 31 March 2001

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the 15 month period to 31 March 2001.

Principal activity

The company's principal trading activity during the period was the management and operation of a nursing home for highly dependent elderly residents.

Review of the business

The results for the period are as set out on page 4. There have been no significant changes in the activities of the company during the period.

Results and dividends

The profit for the period after taxation amounted to £3,070,000 (1999 – £2,482,000). The directors do not recommend the payment of a dividend in respect of the period (1999 - £ Nil). Accordingly, the profit for the period has been transferred to reserves.

Directors and directors' interests

The directors of the company who served during the period or from date of appointment if later are listed below:

J Ablett

S Lawrence

W H McInteer (resigned 13 April 2000, appointed 18 January 2001)

W C Schelling (resigned 13 April 2000)

K Phippen (appointed 19 February 2001)

None of the directors have any interest in the share capital of the company. The interests of the directors in the share capital of the company's ultimate parent company will appear in the Directors' Report of that company.

Employee involvement

During the year, the directors have maintained a policy of involving employees in the affairs of the company. This is mainly done by regular, informal meetings with staff at the company's nursing homes as well as through established channels of communication. One director has particular responsibility for this aspect of the company's affairs.

Disabled employees

The company will employ disabled employees when they appear suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. Employees of the company who become disabled during the period of employment by the company will be given every opportunity to remain in the company's employment. The company arranges training for disabled employees as necessary.

Noblerevel Limited

Directors' report (continued)

For the 15 month period to 31 March 2001

Directors' responsibilities

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Auditors

Arthur Andersen resigned as the company's auditors on 1 May 2001. Hardie Caldwell were appointed as auditors on the same date.

As permitted by Section 386 of the Companies Act 1985 the company has dispensed with the requirement to re-appoint auditors annually.

By order of the Board



C Ford

Company Secretary

14 January 2002

79 High Street
Eton
Windsor
Berkshire
SL4 6AF

Noblerevel Limited

Report of the Independent Auditors

To the Shareholders of Noblerevel Limited

We have audited the accounts of Noblerevel Limited for the 15 month period ended 31 March 2001 on pages 4 to 11. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 Report of the Directors is not consistent with the accounts, 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 and other members of the Group is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

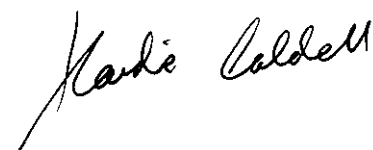
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.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

Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures set out in note 1a) "Basis of accounting" relating to the restructuring and refinancing of Ashbourne Limited and its subsidiaries, including this company. In view of the significance of these matters and their potential impact on the going concern basis adopted in these accounts, we believe that they should be brought to your attention. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Hardie Caldwell
Registered Auditors
Chartered Accountants
Savoy Tower
77 Renfrew Street
Glasgow G2 3BY

14 January 2002

Noblerevel Limited

Profit and loss account

For the 15 month period to 31 March 2001

	Notes	Period to 31 March 2001 £000	1999 £000
Turnover		1,991	4,022
Cost of sales		<u>(1,540)</u>	<u>(3,190)</u>
Gross profit		451	832
Administrative expenses - non exceptional		(314)	(436)
Administrative expenses - exceptional	2	<u>2,274</u>	<u>802</u>
Profit on ordinary activities before taxation	3	2,411	1,198
Taxation on profit on ordinary activities	5	<u>659</u>	<u>1,284</u>
Profit on ordinary activities after taxation	11	<u>3,070</u>	<u>2,482</u>

The results derive wholly from continuing operations.

As permitted by Financial Reporting Standard 3 'Reporting Financial Performance' the company has not prepared a Statement of Total Recognised Gains and Losses or a Reconciliation of Movements in Shareholders' Funds as it has no recognised gains or losses other than the profit in either period.

The profit in either year equates to the historical cost profit in either period.

The accompanying notes are an integral part of this profit and loss account.

Noblerevel Limited

Balance sheet

As at 31 March 2001

	Notes	2001 £000	1999 £000
Fixed assets			
Tangible assets	6	<u>4,032</u>	<u>1,904</u>
Current assets			
Debtors	7	<u>91</u>	<u>93</u>
		91	93
Creditors: amounts falling due within one year	8	<u>(5,797)</u>	<u>(6,082)</u>
Net current liabilities		<u>(5,706)</u>	<u>(5,989)</u>
Total assets less current liabilities		<u>(1,674)</u>	<u>(4,085)</u>
Provisions for liabilities and charges	9	<u>-</u>	<u>(659)</u>
Net liabilities		<u>(1,674)</u>	<u>(4,744)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>(1,674)</u>	<u>(4,744)</u>
Shareholders' funds		<u>(1,674)</u>	<u>(4,744)</u>

Signed on behalf of the Board on 14 January 2002



W H McInteer
Director

The accompanying notes are an integral part of this balance sheet.

Noblerevel Limited

Notes to the accounts

For the 15 month period to 31 March 2001

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding year are set out below.

a) *Basis of accounting*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. As described in note 12 the company is part of the Ashbourne Limited group. In the event that an Ashbourne Limited group company has a deficiency of assets the accounts are prepared on the basis that the company will continue to receive financial support from other Ashbourne Limited group companies. The following paragraphs are reproduced from the group accounts of Ashbourne Limited for the 15 month period ended 31 March 2001.

- i) The group completed a Management Buyout (MBO) of all its UK operations on 9 February 2001. The MBO put management in control of the Group and separated the Group, financially and legally, from its prior American parent, Sun Healthcare Group, Inc. Immediately following this MBO, management agreed external bank financing which provided the Group with necessary working capital resources to implement its business plan.
- ii) The directors have prepared projected cash flow information for the period extending 12 months from the date of approval of these accounts. On the basis of this cash flow information, the directors consider that the Group will continue to be able to trade. However, the margin of cash resources over requirements is not large and, inherently there can be no certainty in relation to these matters.
- iii) Ashbourne Limited group companies have operating leases relating to nursing homes they manage and operate, which have financial covenants pertaining to rental coverage. Ashbourne Limited group companies are currently in breach of these financial covenants, although they have not defaulted on any of its lease rental payments that have fallen due for payment to date. Such breach allows the lessor to invoke the default terms of the lease agreement, which allow the lessor to repossess the property and potentially make Ashbourne Limited group companies liable for the difference between the agreed income cover and the actual income of the property for a specified number of years. The directors are in discussions with the lessors to develop a strategy to resolve the current covenant breach position. To date no lessor has communicated their intention to invoke the default terms of their agreement that ultimately could result in them selling the property currently operated by Ashbourne Limited group companies.

There can be no assurance over the ability of Ashbourne Limited group companies to meet the covenants contained in its lease agreements or the lessor's willingness to extend waivers or amend terms to avoid any actual or anticipated breaches of such covenants.

Noblerevel Limited

Notes to the Accounts (continued)

For the 15 month period to 31 March 2001

1 Accounting policies (continued)

a) Basis of accounting (continued)

- iv) Red Mountain Funding LLC ('the lessor') contacted the directors during 1999 regarding its calculation of the mandatory debt service coverage ratio prepayment ('DSCR') that was due under the terms of the agreement, as their leases were in breach of the financial covenants. The amount that the lessor considered to be due under the terms of the agreement was approximately \$7.5 million. On 26 May 2000, the directors re-financed these lease arrangements which has resulted in the Group securing a loan facility in order to re-purchase the properties detailed in the previous lease agreement and resolving the contingent liability detailed above. Since this re-financing all principal and interest payments have been made on a timely basis. This re-financing was for a two year term which ends on 1 July 2002. On that day the outstanding balance of the loan (estimated to be \$25.3 million) will be due to be repaid in full. Management is currently in discussions with the current lender and other potential lenders regarding re-structuring of that loan. No assurances can be given, however, regarding this re-structuring.

On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis. The accounts do not include any adjustments that would result from the failure of Ashbourne Limited group companies to meet their financial obligations.

b) Turnover

Turnover is the total amount receivable in the ordinary course of business for services provided. The Directors consider that the only class of business which the company engages in is the provision of nursing care in the United Kingdom.

c) Cash flow statement

Financial Reporting Standard Number 1 (Revised) "Cash Flow Statements" exempts undertakings from the requirement to produce such a statement where they are wholly owned subsidiaries of undertakings which prepare a consolidated cash flow statement and which includes the cash flows of the company. The company's ultimate parent undertaking prepares such a statement in its account, which are publicly available and the company has therefore taken advantage of the exemption.

d) Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write down the carrying value of the tangible fixed assets to their residual values evenly over their estimated useful lives as follows:

Freehold and long leasehold buildings	over 20 - 50 years
Short leasehold properties	over lease term
Fittings, equipment and vehicles	over 5 -10 years

Residual value is calculated on prices prevailing at the date of acquisition.

Noblerevel Limited

Notes to the Accounts (continued)

For the 15 month period to 31 March 2001

e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Provision is made for deferred taxation using the liability method on all timing differences between the recognition of income and expenditure for tax and accounting purposes to the extent that, in the opinion of the Directors, it is probable that a liability or asset will crystallise in the foreseeable future.

f) Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease periods.

g) Interest

Interest charges incurred in the acquisition, construction or re-development of a nursing home are capitalised during the building period, until the date of registration. Any other interest is charged to the profit and loss account.

2 Exceptional items

	Period to 31 March 2001 £000	1999 £000
Included within administrative expenses are the following exceptional items:		
Impairment loss on fixed assets (note 6)	(2,274)	-
Provision for onerous contracts	-	802
	<u>(2,274)</u>	<u>802</u>

3 Operating profit

The operating profit is stated after charging:

	Period to 31 March 2001 £000	1999 £000
Depreciation	192	266
Staff costs (note 4)	<u>960</u>	<u>2,007</u>

The auditors' remuneration (for audit and non-audit services) is borne by the company's immediate parent company, Ashbourne Limited and is shown as part of the charge in the accounts of that company.

Noblerevel Limited

Notes to the accounts (continued)

For the 15 month period to 31 March 2001

4 Directors and employees

Staff costs during the period were as follows:

	2001 £000	1999 £000
Wages and salaries	909	1,925
Social security costs	51	82
	<u>960</u>	<u>2,007</u>

The average monthly number of employees during the period was as follows:

	2001 Number	1999 Number
Nursing and ancillary staff	<u>210</u>	<u>411</u>

The directors received no remuneration in respect of their services to the company (1999 - £Nil).

5 Tax on profit on ordinary activities

The taxation charge for the period is made up as follows:

	Period to 31 March 2001 £000	1999 £000
Deferred tax movements		
- transfer from deferred tax provision for the period	659	1,284
	<u>659</u>	<u>1,284</u>

6 Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
At beginning of period	4,433	384	4,817
Additions	1	45	46
At end of period	<u>4,434</u>	<u>429</u>	<u>4,863</u>
Depreciation			
At beginning of period	2,818	95	2,913
Charge for the period	138	54	192
Impairment loss	(2,274)	-	(2,274)
At end of period	<u>682</u>	<u>149</u>	<u>831</u>
Net book value			
At end of period	<u>3,752</u>	<u>280</u>	<u>4,03</u>
At beginning of period	<u>1,615</u>	<u>289</u>	<u>1,90</u>

Noblerevel Limited

Notes to the accounts (continued)

For the 15 month period to 31 March 2001

6 Tangible fixed assets (continued)

Interest capitalised included in fixed assets amounts to £381,000 (1999 - £381,000).

The directors have reviewed the carrying value of the Group's assets and the impairment losses/(releases) on the tangible and intangible fixed assets have been calculated by reference to the value in use of the fixed assets to the Group over a period of 19 years. A discount rate of 6% (1999 - 8%) has been applied to the cash flows. A long-term growth rate of approximately 4% (1999 - 5%) has been used in the calculation of value in use, this rate exceeds the long-term average growth rate for the UK. The directors of the company are of the opinion that the rate applied reflects the growth rates experienced in the industry in which the Group operates.

7 Debtors

	2001 £000	1999 £000
Trade debtors	<u>91</u>	<u>93</u>

8 Creditors: amounts falling due within one year

	2001 £000	1999 £000
Amounts owed to immediate parent undertaking	<u>5,797</u>	<u>6,082</u>

The amount owed to the immediate parent undertaking is interest free with no fixed dates for repayment.

The company has given security by fixed and floating charge over its assets in respect of certain liabilities of its immediate parent undertaking.

9 Provisions for liabilities and charges

	2001 £000	1999 £000
Deferred taxation	<u>-</u>	<u>659</u>
Deferred taxation		2001 £000
Movements in deferred taxation in the period were:		
At beginning of period		659
Released in the period		<u>(659)</u>
At end of period		<u>-</u>

In the opinion of the directors there is no deferred tax unprovided for.

Noblerevel Limited

Notes to the accounts (continued)

For the 15 month period to 31 March 2001

10 Called-up share capital

	2001 £	1999 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Profit and loss account

	2001 £000
At beginning of period	(4,744)
Profit for the period	<u>3,070</u>
At end of period	<u>(1,674)</u>

12 Parent undertakings

The ultimate parent undertaking of Noblerevel Limited is Ashbourne Consolidated Group Limited. The accounts of that company are the accounts of the largest group which are prepared including the results of the company. The accounts of Ashbourne Limited are the accounts of the smallest group which are prepared including the results of the company.

The immediate parent undertaking is Exceler Health Care Group Limited.

Group accounts may be obtained from:

Ashbourne Consolidated Group Limited
79 High Street
Eton
Windsor
Berkshire, SL4 6AF

13 Related party information

The company has taken advantage of the exemption available to wholly owned subsidiaries under Financial Reporting Standard Number 8, Related Parties, not to provide details of transactions with other group undertakings of Ashbourne Consolidated Group Limited.