

EBBGATE NURSING HOMES (LONDON) LIMITED
REPORT AND FINANCIAL STATEMENTS
PERIOD ENDED 4 MARCH 2000



EBBGATE NURSING HOMES (LONDON) LIMITED
REPORT AND FINANCIAL STATEMENTS
PERIOD ENDED 4 MARCH 2000

CONTENTS	Page
Officers and Professional Advisers	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Auditors' Report	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes to the Financial Statements	9 - 17

EBBGATE NURSING HOMES (LONDON) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

Frederick Sinclair-Brown
Nicholas Salisbury
Terence Tindall
Geoffrey Daly

SECRETARY:

Robert Frederick King

REGISTERED OFFICE:

No. 1 Battersea Square
London
SW11 3PZ

BANKERS:

Barclays Bank plc
54 Lombard Street
London
EC3V 9EX

SOLICITORS:

Robert King
No. 1 Battersea Square
London
SW11 3PZ

AUDITORS:

Horwath Clark Whitehill
Chartered Accountants
25 New Street Square
London
EC4A 3LN

EBBGATE NURSING HOMES (LONDON) LIMITED
DIRECTORS' REPORT
PERIOD ENDED 4 MARCH 2000

The directors present their report and the audited financial statements for the period ending 4 March 2000.

ACTIVITIES

During the period the Group's principal activity was the operation of nursing homes at Harefield in Middlesex and at Stockwell, London. The group also managed four close care units at Alderley Edge in Cheshire. Two of the four units were sold during the period for £160,000.

REVIEW OF DEVELOPMENTS

The group profit and loss account for the period is set out on page 5.

During the period the group has made a loss before taxation of £131,583 (1999: £34,026).

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the period ended 4 March 2000 were:

Narinder Dhandra (resigned 23 March 2000)
Terence Tindall
Nicholas Salisbury
Frederick Sinclair Brown

The interests of directors holding office at 4 March 2000 in the shares of Barclays Bank plc and ANS 2000 plc will be shown in the financial statements of these companies. None of the directors had any interest in the shares of Ebbgate Nursing Homes (London) Limited. Geoffrey Daly was appointed as a director on 23 March 2000.

AUDITORS

Horwath Clark Whitehill have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Secretary

EBBGATE NURSING HOMES (LONDON) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
PERIOD ENDED 4 MARCH 2000

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company and group's state of affairs at the end of the year and of its profit or loss for the year. 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.

**AUDITORS REPORT
TO THE MEMBERS OF
EBBGATE NURSING HOMES (LONDON) LIMITED**

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on pages 9 and 10.

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 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.

Fundamental Uncertainties


In forming our opinion we have considered the adequacy of the disclosures made in note 1(a) and note 22 to the financial statements.

As referred to in note 22, the company has entered into a cross-guarantee and set-off arrangement in favour of Barclays Bank Plc in respect of certain liabilities of Ebbgate Nursing Homes Limited, which at 4 March 2000 amounted to £889,876 and the uncertainty regarding any potential liability of the company under this arrangement. Note 1(a) to the accounts describes the dependence of the company on its bank facilities and the uncertainty regarding the continued availability of these facilities.

In view of the significance of these uncertainties we consider that they should be brought to your attention. Our report is not qualified in this respect.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group at 4 March 2000 and of the group's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


HORWATH CLARK WHITEHILL
Chartered Accountants
and Registered Auditors

London

8 June 2000

EBBGATE NURSING HOMES (LONDON) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
PERIOD ENDED 4 MARCH 2000

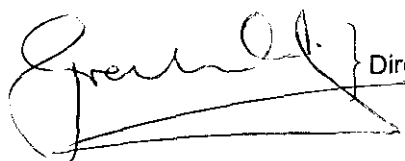
	Notes	49 Weeks ended 4 March 2000 £	52 Weeks ended 27 March 1999 £
TURNOVER	1(b)	1,871,369	2,116,302
Cost of Sales		<u>(1,189,257)</u>	<u>(1,243,929)</u>
GROSS PROFIT		682,112	872,373
Administrative expenses		<u>(398,204)</u>	<u>(589,446)</u>
OPERATING PROFIT	4	283,908	282,927
Interest receivable		7,922	-
Interest payable	5	<u>(423,413)</u>	<u>(316,953)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(131,583)	(34,026)
Tax on loss on ordinary activities	6	<u>(2,096)</u>	<u>(44,000)</u>
LOSS FOR THE FINANCIAL PERIOD		(129,487)	(78,026)
LOSS BROUGHT FORWARD		(792,118)	(714,092)
LOSS CARRIED FORWARD		(921,605)	(792,118)
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Loss for the financial period		(129,487)	(78,026)
Revaluation of property		201,845	-
Deferred tax on revaluation		<u>(173,080)</u>	<u>-</u>
Total gains and losses recognised since last annual report		(100,722)	(78,026)

The notes on pages 9 to 17 form part of these financial statements.

EBBGATE NURSING HOMES (LONDON) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 4 MARCH 2000

	Notes	4 March 2000 £	27 March 1999 £
FIXED ASSETS			
Tangible assets	7(a)	5,707,363	5,658,490
CURRENT ASSETS			
Debtors	9	151,418	111,666
Cash at bank and in hand		106,911	128,117
		258,329	239,783
CREDITORS: amounts falling due within one year	10	(665,352)	(590,291)
NET CURRENT LIABILITIES		(407,023)	(350,508)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,300,340	5,307,982
CREDITORS: amounts falling due after more than one year	11	(6,020,000)	(6,100,000)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(173,080)	-
NET LIABILITIES		(892,740)	(792,018)
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Revaluation reserve	14	28,765	-
Profit and loss account		(921,605)	(792,118)
SHAREHOLDERS' DEFICIT	15	(892,740)	(792,018)

Approved by the Board on 8 June 2000
and signed on its behalf:

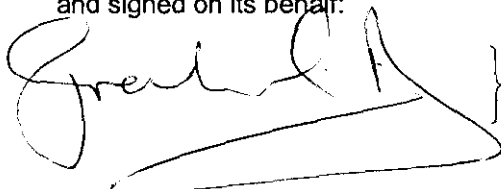
 Director

The notes on pages 9 to 17 form part of these financial statements.

EBBGATE NURSING HOMES (LONDON) LIMITED
COMPANY BALANCE SHEET
AS AT 4 MARCH 2000

	Notes	4 March 2000 £	27 March 1999 £
FIXED ASSETS			
Tangible assets	7(b)	5,410,000	4,667,984
Investments	8	<u>4,604,436</u>	<u>4,691,100</u>
		10,014,436	9,359,084
CURRENT ASSETS			
Debtors	9	17,368	100
Cash at bank and in hand		<u>105,911</u>	<u>100,000</u>
		123,279	100,100
CREDITORS: amounts falling due within one year	10	<u>(5,583,639)</u>	<u>(5,235,113)</u>
NET CURRENT LIABILITIES		<u>(5,460,360)</u>	<u>(5,135,013)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,554,076	4,224,071
CREDITORS: amounts falling due after more than one year	11	(6,020,000)	(6,100,000)
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(173,080)</u>	<u>-</u>
NET LIABILITIES		<u>(1,639,004)</u>	<u>(1,875,929)</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Revaluation reserve	14	695,579	-
Profit and loss account		<u>(2,334,683)</u>	<u>(1,876,029)</u>
SHAREHOLDERS' DEFICIT	15	<u>(1,639,004)</u>	<u>(1,875,929)</u>

Approved by the Board on 8 June 2000
and signed on its behalf:

 } Director

The notes on pages 9 to 17 form part of these financial statements.

EBBGATE NURSING HOMES (LONDON) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
PERIOD ENDED 4 MARCH 2000

	Notes	49 Weeks ended 4 March 2000 £	52 Weeks ended 27 March 1999 £
Net Cash Inflow from Operating Activities	19	<u>399,982</u>	<u>357,508</u>
Returns on Investments and Servicing of Finance			
Interest paid		(426,901)	(17,056)
Interest received		<u>7,922</u>	<u>-</u>
Net cash outflow from returns on investments and servicing of finance		<u>(418,980)</u>	<u>(17,056)</u>
Taxation		<u>(43,822)</u>	<u>-</u>
Acquisitions			
Acquisitions of subsidiary undertakings		-	(100,940)
Cash acquired with subsidiaries		<u>-</u>	<u>27,116</u>
		<u>-</u>	<u>(73,824)</u>
Capital Expenditure			
Proceeds from sale of tangible fixed assets		172,188	-
Purchase of tangible fixed assets		<u>(72,441)</u>	<u>(74,490)</u>
Net cash inflow/(outflow) from capital expenditure		<u>99,747</u>	<u>(74,490)</u>
Net cash inflow before financing		<u>36,927</u>	<u>192,138</u>
Financing			
Other loans paid		<u>-</u>	<u>(6,442,504)</u>
Increase/(decrease) in cash	20	<u>36,927</u>	<u>(6,250,366)</u>

The notes on pages 9 to 17 form part of these financial statements

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 4 MARCH 2000

1. ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, and on the basis that the company can continue to operate as a going concern.

The company is dependent on continuing finance being available from Barclays Bank Plc. A condition of the provision of these facilities was that the company entered into the cross guarantee referred to in note 22. The directors believe that the bank will continue to provide support at a level adequate for the company's requirements. The directors therefore consider it appropriate to draw up the accounts on a going concern basis. If the company is unable to continue as a going concern, the accounts would have to be adjusted to write down the assets to their recoverable amount, provide for any additional losses or liabilities that might arise and to reclassify fixed assets as current assets.

b) Turnover

This represents the fees receivable from the residents of the group's nursing homes and all arises within the United Kingdom.

c) Depreciation

No depreciation is provided on the freehold land and buildings as it is the Group's policy to maintain its properties by a programme of repair and refurbishment such that the residual value of its properties 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 these properties. Having regard to this, in the opinion of the directors, any depreciation required by the Companies Act 1985 and SSAP12 would not be material.

Each home, when opened, has a stock of capital items of low individual cost but material aggregate value. These items are accounted for as a base stock and included in fixtures and fittings. No depreciation is provided but subsequent replacement is written off to the Profit and Loss account as incurred.

Depreciation is provided on all other tangible fixed assets in use at rates calculated to write off the cost of each asset over its expected useful life as follows:

Fixtures, fittings and equipment	- 10% - 20% Straight line basis
Furniture	- 10% - Reducing balance basis
Motor vehicles	- 25% - Straight line basis

d) Interest Payable

Interest on loans and financing costs relating to major construction works are capitalised until the date of registration and opening of that new building. All other interest payable, including that on loans to finance the acquisition of properties, is written off to the Profit and Loss account as incurred.

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 4 MARCH 2000

1. ACCOUNTING POLICIES (Continued)

e) Deferred Taxation

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that a liability will arise within the foreseeable future. Advance corporation tax is carried forward to the extent that it is expected to be recovered. Timing differences are taxable items, allowances or reliefs which are given effect to in taxation periods different from those in which they have effect in the financial statements. They comprise mainly accelerated tax depreciation allowances and short term timing differences.

f) Basis of Consolidation

The consolidated financial statements include the results of the company and its subsidiary undertakings. The company has taken advantage of Section 230 (3) of the Companies Act 1985 and not presented its own Profit and Loss Account.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors, including the chairman, serving during the period received any emoluments for their services.

See note 18 for details of transactions involving directors.

3. EMPLOYEE INFORMATION

	49 Weeks ended 4 March 2000 £	52 Weeks ended 27 March 1999 £
Employee Costs (excluding directors)		
Wages and salaries	1,007,688	1,049,189
Social security costs	69,960	82,970
Pension contributions	2,409	1,829
	<u>1,080,057</u>	<u>1,133,988</u>

The average number of persons employed during the period (excluding directors) is analysed below:

	No.	No.
Nursing Homes staff	137	111
Administration	6	6
	<u>143</u>	<u>117</u>

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 4 MARCH 2000

4. OPERATING PROFIT

	49 Weeks ended 4 March 2000 £	52 Weeks ended 27 March 1999 £
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	54,621	56,320
Profit on disposal of fixed assets	(1,374)	-
Auditors' remuneration including VAT and expenses	5,998	6,228
-group audit		
-group other	<u>24,542</u>	<u>2,350</u>

5. INTEREST PAYABLE

Bank loans and overdrafts	423,413	78,877
Other loans	-	9,111
FRS 5 Finance costs	-	228,965
	<u>423,413</u>	<u>316,953</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

UK corporation tax at 30% (1999 - 31%)	-	44,000
Deferred tax	-	-
Overprovision in prior years	<u>(2,096)</u>	-
	<u>(2,096)</u>	<u>44,000</u>

7. TANGIBLE FIXED ASSETS

a) Group	Freehold Land & Buildings £	Leasehold Property £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation					
At 28 March 1999	5,014,798	320,000	458,485	23,243	5,816,526
Additions	33,357	-	39,084	-	72,441
Disposals	-	(160,000)	-	(23,243)	(183,243)
Revaluation	201,845	-	-	-	201,845
At 4 March 2000	<u>5,250,000</u>	<u>160,000</u>	<u>497,569</u>	<u>-</u>	<u>5,907,569</u>
Depreciation					
At 28 March 1999	-	-	146,927	11,109	158,036
Charge for the year	-	-	53,279	1,342	54,621
Disposals	-	-	-	(12,451)	(12,451)
At 4 March 2000	<u>-</u>	<u>-</u>	<u>200,206</u>	<u>-</u>	<u>200,206</u>
Net Book Value					
At 4 March 2000	<u>5,250,000</u>	<u>160,000</u>	<u>297,363</u>	<u>-</u>	<u>5,707,363</u>
At 27 March 1999	<u>5,014,798</u>	<u>320,000</u>	<u>311,558</u>	<u>12,134</u>	<u>5,658,490</u>

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 4 MARCH 2000

7. TANGIBLE FIXED ASSETS (Continued)

b) Company

	Land and Buildings £
Cost or valuation	
At 28 March 1999	4,667,984
Additions	33,357
Disposals	(160,000)
Revaluation	<u>868,659</u>
At 4 March 2000	<u>5,410,000</u>
Net Book Value	
At 4 March 2000	<u>5,410,000</u>
<i>At 27 March 1999</i>	<i><u>4,667,984</u></i>

The nursing home properties were valued on the basis of an open market value on a going concern basis with existing planning and registration use consent as at 28 February 2000 by Jarvis Healthcare, Manchester.

If land and buildings had not been revalued they would have been included in the balance sheet at the following amounts.

	Land and buildings	
	2000	1999
	£	£
The group - cost	5,048,155	5,014,798
The company - cost	<u>4,541,341</u>	<u>4,667,984</u>

8. INVESTMENTS IN GROUP COMPANIES

Investments in subsidiary undertakings	£
Cost	
At 4 March 2000 and 28 March 1999	<u>6,200,941</u>
Provisions	
At 28 March 1999	(1,509,841)
Provided in the period	<u>(86,664)</u>
At 4 March 2000	<u>(1,596,505)</u>
Net book value	
At 4 March 2000	<u>4,604,436</u>
<i>At 27 March 1999</i>	<i><u>4,691,100</u></i>

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 4 MARCH 2000

8. INVESTMENTS IN GROUP COMPANIES (Continued)

The company owns 100% of the issued ordinary share capital of London Homes Management Limited. Its principal activity is the operation of nursing homes in the United Kingdom. The company also owns 100% of the issued ordinary share capital of Matrix Aegis (ANS 1) plc and Matrix Aegis (ANS II) plc. Both companies were dormant throughout the period.

9. DEBTORS

	4 March 2000		27 March 1999	
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	82,255	-	101,717	-
Other debtors	17,867	16,588	2,810	100
Prepayments and accrued income	51,296	780	7,139	-
	<u>151,418</u>	<u>17,368</u>	<u>111,666</u>	<u>100</u>

10. CREDITORS

	4 March 2000		27 March 1999	
amounts falling due within one year	Group	Company	Group	Company
	£	£	£	£
Bank overdraft	33,928	-	12,061	1,183
Amount due to subsidiary undertakings	-	5,353,015	-	4,976,510
ANS plc Group	226,182	120,303	118,926	109,060
Trade creditors	19,293	4,310	8,738	470
Other creditors	184,347	4,289	215,982	61,000
Corporation tax	-	-	45,917	-
Other taxes and social security costs	48,919	-	43,822	-
Accruals and deferred income	152,683	101,722	144,845	86,890
	<u>665,352</u>	<u>5,583,639</u>	<u>590,291</u>	<u>5,235,113</u>

The bank overdraft is secured by a charge over the freehold properties of the group and through a cross-guarantee arrangement with a related party, namely Ebbgate Nursing Homes Limited. See Note 22.

11. CREDITORS: amounts falling due after more than one year

	4 March 2000		27 March 1999	
	Group	Company	Group	Company
	£	£	£	£
Bank loan	<u>6,020,000</u>	<u>6,020,000</u>	<u>6,100,000</u>	<u>6,100,000</u>

The bank loan is secured by a charge over the freehold properties of the group and through a cross-guarantee arrangement with a related party, namely Ebbgate Nursing Homes Limited. See Note 22.

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 4 MARCH 2000

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Group £	Company £
Deferred tax		
At 28 March 1999	-	-
Charge to profit and loss account	-	-
Charge to revaluation reserve	<u>173,080</u>	<u>173,080</u>
At 4 March 2000	<u>173,080</u>	<u>173,080</u>

	Group £	2000 Company £	Group £	1999 Company £
Deferred tax comprises:				
Accelerated capital allowances	-	-	-	-
Capital gain on unrealised revaluation surplus	<u>173,080</u>	<u>173,080</u>	-	-
	<u>173,080</u>	<u>173,080</u>	-	-

There are no material amounts of unprovided deferred tax at 4 March 2000.

13. CALLED UP SHARE CAPITAL

	4 March 2000 £	27 March 1999 £
Authorised:		
A Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
B Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid		
A Ordinary shares of £1 each	<u>50</u>	<u>50</u>
B Ordinary shares of £1 each	<u>50</u>	<u>50</u>
	<u>100</u>	<u>100</u>

The 'A' and 'B' shares have special voting rights:

- i) No quorum exists without an 'A' or a 'B' shareholders being present.
- ii) No resolution can be passed without the agreement of at least one 'A' and one 'B' shareholder.

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 4 MARCH 2000

14. REVALUATION RESERVE	Group £	Company £
At 28 March 1999	-	-
Revaluation of property	201,845	868,659
Deferred tax on revaluation	<u>(173,080)</u>	<u>(173,080)</u>
At 4 March 2000	<u>28,765</u>	<u>695,579</u>

15. SHAREHOLDERS' DEFICIT	2000 £	1999 £
Reconciliation of movements on shareholders' deficit		
Loss for the period	(129,487)	(78,026)
Property revaluation	201,845	-
Deferred tax on revaluation	(173,080)	-
Opening shareholders' deficit	<u>(792,018)</u>	<u>(713,992)</u>
Closing shareholders' deficit	<u>(892,740)</u>	<u>(792,018)</u>

16. COMPANY PROFIT AND LOSS ACCOUNT

The retained loss for the period of the company is £458,654 (1999 £1,109,312).

17. JOINT VENTURE COMPANIES

In the opinion of the directors the company is equally owned by Barclays Bank plc and ANS plc. ANS plc is a subsidiary of ANS 2000 plc.

18. RELATED PARTY TRANSACTIONS

During the period the following amounts, including VAT were charged in the accounts:

- a) Interest of £Nil (1999: £9,111) to ANS plc of which Dr N Dhandasa and Mr F Sinclair - Brown are directors. The balance at the period end owing to ANS plc was £120,303 (1999: £109,060).
- b) Management of nursing homes services of £104,427 (1999: £152,758) to ANS Homes Ltd, a wholly owned subsidiary undertaking of ANS plc. The balance owing at the year end to ANS Homes Ltd was £105,879 (1999: £9,866).

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 4 MARCH 2000

18. RELATED PARTY TRANSACTIONS (Continued)

- c) Interest of £423,413 (1999: £78,877) to Barclays Bank plc. The balances at the year end in respect of Barclays Bank plc included a loan of £6,020,000 (1999: £6,100,000), net cash at bank of £71,983 (1999 - £116,056).

Additional items in relation to Barclays Bank plc include:

- Management fee £13,846 (1999: £18,123)
- Loan guarantee fee £Nil (1999: £91,500)
- Loan arrangement fee £Nil (1999: £61,000)

The balance owed by the company at the year end in respect of these items was £16,969 (1999: £61,000).

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	2000 £	1999 £
Operating profit	283,908	282,927
Depreciation charge	54,621	56,320
Increase in debtors	(39,752)	(38,790)
Increase in creditors	102,599	57,051
Profit on disposals of fixed assets	(1,394)	-
Net cash inflow from operating activities	399,982	357,508

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2000 £	1999 £
Increase/(decrease) in cash in period	36,927	(6,250,366)
Repayment of loan	-	6,442,504
Change in net debt resulting from cash flows	36,927	192,138
Non cash movements: FRS5 finance costs	-	(228,965)
Net debt as at 28 March 1999	(6,083,944)	(6,047,117)
Net debt as at 4 March 2000	(6,047,017)	(6,083,944)

21. ANALYSIS OF CHANGES IN NET DEBT

	28 March 1999 £	Cash flows 2000 £	Other changes 2000 £	4 March 2000 £
Cash in hand and at bank	128,117	(21,206)	-	106,911
Overdrafts	(12,061)	(21,867)	-	(33,928)
Debt due after 1 year	116,056	(43,073)	-	72,983
Debt due within 1 year	(6,100,000)	80,000	-	(6,020,000)
	(100,000)	-	-	(100,000)
	(6,083,944)	36,927	-	(6,047,017)

EBBGATE NURSING HOMES (LONDON) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
PERIOD ENDED 4 MARCH 2000

22. CONTINGENT LIABILITIES AND GUARANTEES

The company has entered into an unlimited cross-guarantee and set-off arrangement with a related party, Ebbgate Nursing Homes Limited and its subsidiary companies, a group operated under common control, in favour of Barclays Bank Plc and has also provided security on its assets for this related party. At 4 March 2000 the potential liability under this cross-guarantee was £889,876. The directors are not able to accurately assess the ultimate likely financial affect of this guarantee, if any.