

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 28 MARCH 1998**

**HORWATH  
CLARK WHITEHILL**  
*Chartered Accountants*

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**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 28 MARCH 1998**

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**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 28 MARCH 1998**

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**DIRECTORS:** Dr Narinder Dhandra  
Frederick Sinclair-Brown  
Nicholas Salisbury  
Terence Tindall

**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**  
**YEAR ENDED 28 MARCH 1998**

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The directors present their report and the audited financial statements for the year ending 28 March 1998.

**ACTIVITIES**

During the year the Group's principal activity was the operation of nursing homes at Harefield in Middlesex and at Stockwell, London.

**REVIEW OF DEVELOPMENTS**

The group profit and loss account for the year is set out on page 6.

During the year the group has made a loss before taxation of £191,602 (1997: £194,243)

The group has also been managing four close care units at Alderley Edge in Cheshire.

**DIVIDENDS**

The directors do not recommend a dividend for the year.

**DIRECTORS AND THEIR INTERESTS**

The directors of the company who served during the year ended 28 March 1998 were:

Narinder Dhandra  
Terence Tindall  
Nicholas Salisbury  
Frederick Sinclair Brown

The interests of directors holding office at 28 March 1998 in the shares of Barclays Bank plc and Associated Nursing Services plc are shown in the financial statements of these companies. None of the directors had any interest in the shares of Ebbgate Nursing Homes (London) Limited.

**YEAR 2000**

The directors have commenced but not yet completed an assessment of the risk that the company's business and operations will be adversely affected by what is known as the Year 2000 problem.

They also recognise that financial and operational control systems are part of the responsibilities of the managing agent, ANS Homes Limited, and that the directors of its parent company, Associated Nursing Services plc, have assessed the risk that it will be adversely affected by the Year 2000 problem. The directors of that company have implemented a programme of assessing the effect of those risks in each area of the business to determine the scale of the problem.

As the Year 2000 compliance programme will be funded from existing resources it is not possible to identify with precision the costs associated with the programme. However the directors do not believe that the costs of this programme will be significant.

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**DIRECTORS' REPORT (Continued)**  
**YEAR ENDED 28 MARCH 1998**

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**AUDITORS**

During the year the auditors changed their name to Horwath Clark Whitehill and have signed their audit report in their new name.

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**  
**YEAR ENDED 28 MARCH 1998**

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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.

**HORWATH  
CLARK WHITEHILL**

*Chartered Accountants*

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



We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on pages 10 and 11.

**Respective Responsibilities of Directors and Auditors**

As described on page 4 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 group's and the company's affairs at 28 March 1998 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Horwath Clark Whitehill*

Chartered Accountants  
and Registered Auditors

*26 January 1999*

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 28 MARCH 1998**

	Notes	1998 £	1997 £
<b>TURNOVER</b>	1(b)	<b>1,960,137</b>	<b>1,270,676</b>
Cost of Sales		<u>(1,196,869)</u>	<u>(898,078)</u>
<b>GROSS PROFIT</b>		<b>763,268</b>	<b>372,598</b>
Administrative expenses		<u>(643,504)</u>	<u>(410,523)</u>
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>119,764</b>	<b>(37,925)</b>
Other income		-	-
Interest payable	5	<u>(311,366)</u>	<u>(157,151)</u>
Interest receivable		<u>-</u>	<u>833</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(191,602)</b>	<b>(194,243)</b>
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(191,602)</b>	<b>(194,243)</b>
<b>RETAINED LOSS BROUGHT FORWARD</b>		<b>(374,425)</b>	<b>(180,182)</b>
<b>RETAINED LOSS CARRIED FORWARD</b>		<b><u>(566,027)</u></b>	<b><u>(374,425)</u></b>

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

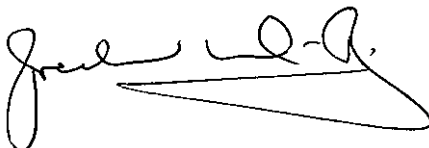
The notes on pages 10 to 18 form part of these financial statements.



**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**28 MARCH 1998**

	Notes	£	1998 £	1997 £
<b>FIXED ASSETS</b>				
Tangible assets	7(a)		5,788,385	5,780,708
<b>CURRENT ASSETS</b>				
Debtors	9	72,876		124,970
Cash at bank and in hand		308,263		21,505
		381,139		146,475
<b>CREDITORS: amounts falling due within one year</b>	10	(6,735,451)		(481,476)
<b>NET CURRENT LIABILITIES</b>			(6,354,312)	(335,001)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(565,927)	5,445,707
<b>CREDITORS: amounts falling due after more than one year</b>	11		-	(5,820,032)
<b>NET LIABILITIES</b>			(565,927)	(374,325)
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12		100	100
Profit and loss account			(566,027)	(374,425)
<b>SHAREHOLDERS' DEFICIT</b>			(565,927)	(374,325)

Approved by the Board on 22 January 1999  
and signed on its behalf:

 } Director

The notes on pages 10 to 18 form part of these financial statements.

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**COMPANY BALANCE SHEET**  
**28 MARCH 1998**

	Notes	£	1998 £	1997 £
<b>FIXED ASSETS</b>				
Tangible assets	7(b)		5,282,361	5,402,990
Investments	8		<u>1</u>	<u>1</u>
			5,282,362	5,402,991
<b>CURRENT ASSETS</b>				
Debtors	9	19,078		290,145
Cash at bank and in hand		<u>307,463</u>		<u>8,521</u>
		326,541		298,666
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(6,375,520)</u>		<u>(272,829)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(6,048,979)</u>	<u>25,837</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(766,617)	5,428,828
<b>CREDITORS: amounts falling due after more than one year</b>	11		<u>-</u>	<u>(5,820,032)</u>
<b>NET LIABILITIES</b>			<u>(766,617)</u>	<u>(391,204)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12		100	100
Profit and loss account	13		<u>(766,717)</u>	<u>(391,304)</u>
<b>SHAREHOLDERS' DEFICIT</b>			<u>(766,617)</u>	<u>(391,204)</u>

Approved by the Board on 22 JANUARY 1998  
and signed on its behalf:

 } Director

The notes on pages 10 to 18 form part of these financial statements.

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 28 MARCH 1998**

	Notes	1998 £	1997 £
<b>Net Cash Inflow/(outflow) from Operating Activities</b>	17	<u>368,958</u>	<u>(86,714)</u>
<b>Returns on Investments and Servicing of Finance</b>			
Interest paid		(18,678)	(24,121)
Interest received		<u>-</u>	<u>833</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(18,678)</u>	<u>(23,288)</u>
<b>Taxation</b>		<u>-</u>	<u>-</u>
<b>Capital Expenditure</b>			
Proceeds from sale of tangible fixed assets		4,038	-
Purchase of tangible fixed assets		<u>(109,401)</u>	<u>(521,366)</u>
<b>Net cash outflow from capital expenditure</b>		<u>(105,363)</u>	<u>(521,366)</u>
<b>Net cash inflow/(outflow) before financing</b>		<b>244,917</b>	<b>(631,368)</b>
<b>Financing</b>			
Other loans received		<u>-</u>	<u>187,500</u>
<b>Increase/(decrease) in cash</b>	18	<u>244,917</u>	<u>(443,868)</u>

The notes on pages 10 to 18 form part of these financial statements

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 MARCH 1998**

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**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**a) Accounting Convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**b) Turnover**

This represents the fees receivable from the residents of the group's nursing home 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) Capitalisation and Amortisation of Internal Costs**

During the course of major refurbishment and extension of existing homes, costs directly attributable to building works are capitalised. Normal running costs which are incurred whilst a home is below capacity because of capital works are written off to the Profit and Loss account as incurred.

The net amount of all revenue costs and income up to the date of registration and opening is included in the capital cost of the relevant home and amortised over 5 years.

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 28 MARCH 1998**

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**1. ACCOUNTING POLICIES (Continued)**

**e) 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.

**f) 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.

**g) Financing Transactions**

Where the group has entered into commitments which may require the group to re-acquire certain nursing home rooms sold to third parties, these transactions are treated as financing transactions in accordance with Financial Reporting Standard No. 5. The effect is that the rooms continue to be shown in the Group's financial statements as fixed assets, with the sale proceeds shown under the heading creditors as other loans. The difference between the sale proceeds and the commitments to re-acquire the assets is treated as a financing charge over the period of the purchase commitment and is accounted for in accordance with the Group's accounting policy relating to interest.

**h) Basis of Consolidation**

The consolidated financial statements include the results of the company and its subsidiary undertaking London Homes Management Limited. 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 16 for details of transactions involving directors.

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 28 MARCH 1998**

**3. EMPLOYEE INFORMATION**

Employee Costs (excluding directors)	1998 £	1997 £
Wages and salaries	1,003,664	754,454
Social security costs	77,586	50,783
Pension contributions	-	-
	<u>1,081,250</u>	<u>805,237</u>

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

	No.	No.
Nursing Homes staff	107	83
Administration	5	5
	<u>112</u>	<u>88</u>

**4. OPERATING PROFIT/(LOSS)**

	1998 £	1997 £
Operating profit/(loss) is stated after charging:		
Depreciation of tangible fixed assets	81,702	59,005
Equipment hire	581	1,280
Auditors' remuneration including VAT and expenses	5,053	4,605
-group audit		
-group other	4,127	6,700
	<u>4,127</u>	<u>6,700</u>

**5. INTEREST PAYABLE**

	1998 £	1997 £
Bank loans and overdrafts	11,440	14,754
Other loans	14,771	9,367
FRS 5 Finance costs	306,007	306,007
	<u>332,218</u>	<u>330,128</u>
Less interest capitalised	(20,852)	(172,977)
	<u>311,366</u>	<u>157,151</u>

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

There is no corporation tax payable as the group has taxable losses carried forward at 28 March 1998. These amount to approximately £400,000 for the group and the company.

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 28 MARCH 1998**

**7. TANGIBLE FIXED ASSETS**

<b>a) Group</b>	<b>Freehold Land &amp; Buildings £</b>	<b>Leasehold Property £</b>	<b>Fixtures and Fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
30 March 1997	5,111,742	320,000	414,050	22,012	5,867,804
Additions	58,759	-	22,382	12,276	93,417
Disposals	-	-	-	(11,045)	(11,045)
<b>At 28 March 1998</b>	<b><u>5,170,501</u></b>	<b><u>320,000</u></b>	<b><u>436,432</u></b>	<b><u>23,243</u></b>	<b><u>5,950,176</u></b>
<b>Depreciation</b>					
30 March 1997	28,752	-	51,353	6,991	87,096
Charge for the year	31,323	-	45,064	5,315	81,702
Disposals	-	-	-	(7,007)	(7,007)
<b>At 28 March 1998</b>	<b><u>60,075</u></b>	<b><u>-</u></b>	<b><u>96,417</u></b>	<b><u>5,299</u></b>	<b><u>161,791</u></b>
<b>Net Book Value</b>					
<b>At 28 March 1998</b>	<b><u>5,110,426</u></b>	<b><u>320,000</u></b>	<b><u>340,015</u></b>	<b><u>17,944</u></b>	<b><u>5,788,385</u></b>
<i>At 29 March 1997</i>	<i><u>5,082,990</u></i>	<i><u>320,000</u></i>	<i><u>362,697</u></i>	<i><u>15,021</u></i>	<i><u>5,780,708</u></i>

Included in the cost of freehold land and buildings is capitalised interest of £1,026,751 (1997: £1,005,899).

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 28 MARCH 1998**

**7. TANGIBLE FIXED ASSETS (Continued)**

<b>b) Company</b>	<b>Freehold Land and Buildings £</b>	<b>Leasehold Property £</b>	<b>Total £</b>
Cost			
At 30 March 1997	5,111,742	320,000	5,431,742
Additions	45,140	-	45,140
Transfer to subsidiary undertaking	(194,521)	-	(194,521)
<b>At 28 March 1998</b>	<b>4,962,361</b>	<b>320,000</b>	<b>5,282,361</b>
Depreciation			
At 30 March 1997	28,752	-	28,752
Transfer to subsidiary undertaking	(28,752)	-	(28,752)
Charge for the year	-	-	-
<b>28 March 1998</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>			
<b>At 28 March 1998</b>	<b>4,962,361</b>	<b>320,000</b>	<b>5,282,361</b>
<i>At 29 March 1997</i>	<i>5,082,990</i>	<i>320,000</i>	<i>5,402,990</i>

Included in the cost of freehold land and buildings is capitalised interest of £1,026,751 1997: (£1,005,899).

**8. INVESTMENTS IN GROUP COMPANIES**

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.

**9. DEBTORS**

	<b>Group £</b>	<b>1998 Company £</b>	<b>Group £</b>	<b>1997 Company £</b>
Trade debtors	43,628	-	89,976	-
Amounts due from group undertakings	-	-	-	270,734
Other debtors	15,709	15,100	15,839	15,100
Prepayments and accrued income	13,539	3,978	19,155	4,311
	<b>72,876</b>	<b>19,078</b>	<b>124,970</b>	<b>290,145</b>



**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 28 MARCH 1998**

10. CREDITORS	1998		1997	
	Group	Company	Group	Company
amounts falling due within one year	£	£	£	£
Bank overdraft	41,841	-	-	-
Amount due to subsidiary undertaking	-	46,129	-	-
Associated Nursing Services plc Group	479,962	450,033	205,233	196,867
Trade creditors	23,642	447	52,734	30,000
Other creditors	6,100,429	5,872,539	123,227	24,187
Other taxes and social security costs	41,400	-	37,446	-
Accruals and deferred income	48,177	6,372	62,836	21,775
	<u>6,735,451</u>	<u>6,375,520</u>	<u>481,476</u>	<u>272,829</u>

Ebbgate Nursing Homes (London) Limited sold leasehold interests in individual nursing home rooms to Business Expansion Scheme companies ("BES Companies"). The sales proceeds are used to develop the nursing homes at Harefield and Stockwell. Ebbgate Nursing Homes (London) Limited has entered into arrangements whereby it may, in 1998, be called upon by the BES companies to reacquire the leasehold interests in the nursing home rooms. The price payable for the reacquisition of the rooms is covered by a guarantee from Barclays Bank Plc up to a maximum of £6,100,000. This commitment has been accounted for in accordance with FRS5, whereby the liability is provided for over the life of the option (see note 1(g)).

11. CREDITORS	1998		1997	
	Group	Company	Group	Company
amounts falling due after more than one year	£	£	£	£
Associated Nursing Services plc	-	-	255,000	255,000
Other creditors	-	-	5,565,032	5,565,032
	<u>-</u>	<u>-</u>	<u>5,820,032</u>	<u>5,820,032</u>

An analysis of the liabilities by due date of repayment is set out below:

Between one and two years	-	-	5,820,032	5,820,032
Between two and five years	-	-	-	-
After five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>5,820,032</u>	<u>5,820,032</u>

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 28 MARCH 1998**

**12. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised:		
A Ordinary shares of £1 each	25,000	25,000
B Ordinary shares of £1 each	25,000	25,000
	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid		
A Ordinary shares of £1 each	50	50
B Ordinary shares of £1 each	50	50
	<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.

**13. COMPANY PROFIT AND LOSS ACCOUNT**

The retained loss for the year of the company is £375,413 (1997 £269,720).

**14. CONTINGENT LIABILITIES AND GUARANTEES**

The company has granted Business Expansion Scheme companies ("BES companies") an option to require the company to acquire or re-acquire interests in properties at a price equivalent to the amount required to provide investors in the BES companies with a return of 125p per shares. The options are exercisable in December 1998. The company has an option to require the BES companies to sell its interest in the properties to the company at the same price as that payable upon the exercise of the option referred to above. Alternatively the company may choose, but is not contractually bound to do so, to make an unconditional offer for the shares of the BES companies so as give investors the same return as under the option arrangements. The price payable for the acquisition or reacquisition of the properties is covered by a guarantee from Barclays Bank plc up to a maximum of £6,100,000 as stated in note 10 above.

The company has entered into a cross guarantee and set-off arrangement with a third party and the company has also provided security on its assets for this third party.

**15. JOINT VENTURE COMPANIES**

In the opinion of the directors the company is equally owned by Barclays Bank plc and Associated Nursing Services plc.

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 28 MARCH 1998**

**16. RELATED PARTY TRANSACTIONS**

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

- a) Interest of £14,771 (1997: £9,367); purchase of fixtures and fittings of £4,307 (1997 : £nil); and quality assurance recharges of £11,750 (1997 : £nil) to Associated Nursing Services plc of which Dr N Dhandra and Mr F Sinclair - Brown are directors. The balance at year end owing to Associated Nursing Services plc was £450,033 (1997: £452,952).
- b) Management of nursing homes services of £126,683 (1997: £84,382) and purchase of fixtures and fittings of £2,085 (1997: £188,662) to ANS Homes Ltd, a wholly owned subsidiary undertaking of Associated Nursing Services plc. The balance owing at the year end to ANS Homes Ltd was £29,929 (1997: £7,149).
- c) Care Haven Ltd, a wholly owned subsidiary undertaking of Associated Nursing Services plc, for construction of nursing home £20,988 (1997: £1,171,197). The balance at the year end owing to Care Haven Ltd was £nil (1997: £36,836).
- d) Interest of £11,440 (1997: £14,754) to Barclays Bank plc. The balances at the year end owing to Barclays Bank plc was £nil (1997: £235,043). Cash at bank £10,622.
- e) Barclays Bank plc
  - Management fee £15,000 (1997: £30,000)
  - Loan guarantee fee £122,000 (1997: £122,000)

The balance at the year end owing to Barclays Bank plc was £nil (1997: £25,840).

**17. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	1998 £	1997 £
Operating profit/(loss)	119,764	(37,925)
Depreciation charge	81,702	59,005
Decrease/(increase) in debtors	52,094	(25,050)
Increase/(decrease) in creditors	115,398	(82,744)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>368,958</b>	<b>(86,714)</b>

**EBBGATE NURSING HOMES (LONDON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 28 MARCH 1998**

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	1998 £	1997 £
Increase/(decrease) in cash in period	244,917	(443,868)
Receipt of loan	-	(187,500)
Change in net debt resulting from cash flows	244,917	(631,368)
Non cash movements: FRS5 finance costs	(306,007)	(306,007)
Net debt as at 30 March 1997	(5,986,027)	(5,048,652)
Net debt as at 28 March 1998 (Note 19)	(6,047,117)	(5,986,027)

**19. ANALYSIS OF CHANGES IN NET DEBT**

	30 March 1997 £	Cash flows 1998 £	FRS 5 Finance costs 1998 £	Other changes 1998 £	28 March 1998 £
Cash in hand, at bank	21,505	286,758	-	-	308,263
Overdrafts	-	(41,841)	-	-	(41,841)
		244,917			
Debt due after 1 year	(5,820,032)	-	(306,007)	6,126,039	-
Debt due within 1 year	(187,500)	-	-	(6,126,039)	(6,313,539)
	(5,986,027)	244,917	(306,007)	-	(6,047,117)

**20. MAJOR NON-CASH TRANSACTIONS**

In accordance with FRS5, as outlined in Note 1(g) and Note 10, a finance charge of £306,007 is included within interest payable for the year.