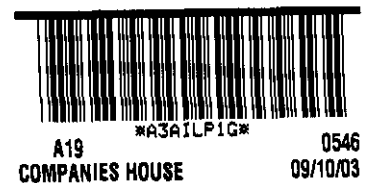


SUTTON COURT HOMES LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 29 MARCH 2003



Horwath Clark Whitehill

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SUTTON COURT HOMES LIMITED
DIRECTOR'S REPORT
YEAR ENDED 29 MARCH 2003

The director presents his report and the audited financial statements for the year ended 29 March 2003.

ACTIVITIES

The company's principal activity in the year was the operation of a nursing centre in Ilford, Essex.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company was acquired by ANS Plc on 28 February 2003 and on acquisition the external borrowings of the company were repaid.

The profit and loss account for the year is set out on page 4. The company has made a profit in the year of £171,960 (2002 - loss £50,860). This includes £135,000 recognised in respect of deferred tax losses carried forward on the basis that the director expects the profitability to continue to improve in the forthcoming year. The nursing centre property was revalued at the year end, eliminating the shareholder funds deficit of 2002.

DIVIDENDS

No dividends were proposed or paid in the year (2002: £Nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year and their interests in the shares of the company were as follows:

Stockdale Limited	(resigned 28 February 2003)
ANS Nominees Limited	(appointed 28 February 2003)

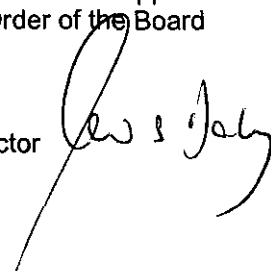
The director at 29 March 2003 held no interest in any shares in the company.

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

Director

 ON BEHALF OF ANS NOMINEES LTD

SUTTON COURT HOMES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 29 MARCH 2003

Company law requires the directors to prepare financial statements for each financial year 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 the 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUTTON COURT HOMES LIMITED

We have audited the financial statements of Sutton Court Homes Limited for the year ended 29 March 2003 set out on pages 4 to 10. These financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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 with the company is not disclosed.

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

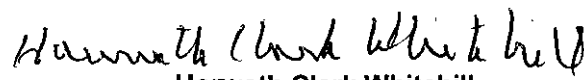
Basis of audit opinion

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 financial statements. It also includes an assessment of the significant estimates and judgments 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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29 March 2003 and of its profit 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

30 June 2003

SUTTON COURT HOMES LIMITED
PROFIT AND LOSS ACCOUNT AND
STATEMENT OF RECOGNISED GAINS AND LOSSES
YEAR ENDED 29 MARCH 2003

	Notes	2003 £	2002 £
TURNOVER	1b	1,684,079	1,614,205
Cost of sales		<u>(1,083,565)</u>	<u>(1,031,828)</u>
GROSS PROFIT		600,514	582,377
Administrative expenses		<u>(316,932)</u>	<u>(332,432)</u>
OPERATING PROFIT	4	283,582	249,945
Interest receivable		1,182	925
Interest payable	5	<u>(247,655)</u>	<u>(301,730)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		37,109	(50,860)
Tax on profit/(loss) on ordinary activities	6	<u>134,851</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAX		171,960	(50,860)
LOSS BROUGHT FORWARD		<u>(983,918)</u>	<u>(933,058)</u>
LOSS CARRIED FORWARD		<u>(811,958)</u>	<u>(983,918)</u>
PROFIT/(LOSS) AFTER TAX		171,960	(50,860)
Revaluation of freehold property		<u>1,220,812</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES		<u>1,392,772</u>	<u>(50,860)</u>

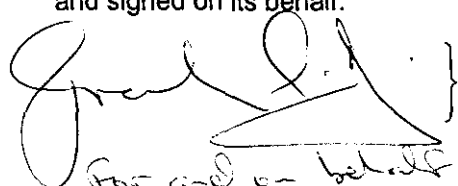
All operations are continuing.

The notes on pages 6 to 10 form part of these financial statements.

SUTTON COURT HOMES LIMITED
BALANCE SHEET
29 MARCH 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	4,189,043	3,017,096
CURRENT ASSETS			
Debtors	8	155,183	74,033
Cash at bank and in hand		<u>55,479</u>	<u>142,345</u>
		210,662	216,378
CREDITORS: amounts falling due within one year	9	<u>(3,990,751)</u>	<u>(4,217,292)</u>
NET CURRENT LIABILITIES		<u>(3,780,089)</u>	<u>(4,000,914)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>408,954</u>	<u>(983,818)</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account		(811,958)	(983,918)
Revaluation reserve	12	<u>1,220,812</u>	<u>-</u>
SHAREHOLDERS' FUNDS/(DEFICIT)	14	<u>408,954</u>	<u>(983,818)</u>

Approved by the Board on 30 June 2003
and signed on its behalf:

 } Director
For and on behalf
of AHS Nominees Ltd

The notes on pages 6 to 10 form part of these financial statements.

SUTTON COURT HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 29 MARCH 2003

1. ACCOUNTING POLICIES

a) Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold properties and in accordance with applicable accounting standards.

b) Turnover

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

c) Depreciation

Depreciation is provided on all tangible fixed assets, excluding freehold land, in use at rates calculated to write off the cost or valuation of each asset, less its estimated residual value, in equal annual instalments over its expected useful life as follows:

Freehold land	- Nil
Freehold buildings (on cost less residual value of 30%)	- 2% per annum straight line basis
Furniture and equipment	- 10% - 20% per annum

Each centre, 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.

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. In view of the losses incurred by the company interest costs have only been capitalised until the end of October 1997 and have been written off to the profit and loss account thereafter. All other interest payable, is written off to the Profit and Loss account as incurred.

e) Deferred Taxation

Full provision is made, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of all timing differences which have arisen but not reversed of the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

f) Revaluation reserve

Surpluses and deficits arising from the professional valuations of properties are taken direct to the revaluation reserve. Where an impairment in the value of an asset is identified, the deficit is eliminated first against any revaluation reserve in respect of that asset with any excess being charged to the profit and loss account. Surpluses or deficits realised on the disposal of an asset are transferred from the revaluation reserve to the profit and loss account reserve. A transfer equal to the excess depreciation charged on the revalued amounts over the historical cost amounts is made annually between the revaluation reserve and the profit and loss account reserve.

SUTTON COURT HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 29 MARCH 2003

2. INFORMATION REGARDING DIRECTORS

The directors serving during the year received no emoluments for their services.

3. EMPLOYEE INFORMATION

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

	2003 No.	2002 No.
Nursing home staff	87	73
Administration	3	3
	<u>90</u>	<u>76</u>
Employment costs		
	£	£
Staff costs during the year		
Wages and salaries	917,105	855,918
Social security costs	62,533	61,332
	<u>979,638</u>	<u>917,250</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

Depreciation of tangible fixed assets	21,501	28,636
Depreciation of freehold buildings	32,686	32,686
Auditors' remuneration including VAT and expenses - audit	3,466	3,349
- other	3,666	1,445
	<u>61,259</u>	<u>66,116</u>

5. INTEREST PAYABLE

On bank loans and overdrafts	<u>247,655</u>	<u>301,730</u>
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6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

a) Current tax		
Based on the profit/(loss) for the year		
Corporation tax	149	-
Deferred tax		
Deferred tax asset recognised on tax losses carried forward	(135,000)	-
	<u>134,851</u>	<u>-</u>

SUTTON COURT HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued/)
YEAR ENDED 29 MARCH 2003

b) Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities	<u>37,109</u>	<u>(50,860)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 : 30%)	<u>11,133</u>	<u>(15,258)</u>
Effects of:		
Permanent differences	11,572	8,346
Loss movement affect against deferred tax	-	6,912
Difference between standard and actual rates of tax	(206)	-
Losses utilised	<u>(22,350)</u>	<u>-</u>
Current year charge (note 6(a))	<u>149</u>	<u>-</u>

- c) Factors affecting future tax charges
The company has taxable losses, carried forward at 29 March 2003 of approximately £1,060,000. There are no amounts of unprovided deferred tax at 29 March 2003 as a result of the offset of these losses. A deferred tax asset of £135,000 has been recognised in the accounts in respect of the losses carried forward.

7. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Fixtures And fittings £	Total £
Cost			
At 31 March 2002	2,939,746	270,452	3,210,198
Additions	-	5,322	5,322
Revaluation	<u>1,122,754</u>	<u>-</u>	<u>1,122,754</u>
At 29 March 2003	<u>4,062,500</u>	<u>275,774</u>	<u>4,338,274</u>
Depreciation			
At 31 March 2002	65,372	127,730	193,102
Charge for year	32,686	21,501	54,187
Revaluation	<u>(98,058)</u>	<u>-</u>	<u>(98,058)</u>
At 29 March 2003	<u>-</u>	<u>149,231</u>	<u>149,231</u>
Net book value			
29 March 2003	<u>4,062,500</u>	<u>126,543</u>	<u>4,189,043</u>
<i>30 March 2002</i>	<u><i>2,874,374</i></u>	<u><i>142,722</i></u>	<u><i>3,017,096</i></u>

The nursing centre property was valued on the basis of an open market value on a going concern basis with existing planning and registration use consent at 31 March 2003, by Powell Associates UK Ltd, Chartered Valuation Surveyors, London.
Included in the cost of freehold land and building is capitalised interest of £243,321 (2002: £243,321).

SUTTON COURT HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 29 MARCH 2003

The historic cost of the freehold land and buildings is as follows:

	£
Cost	2,939,746
Depreciation	<u>(98,058)</u>
	<u>2,841,688</u>

8. DEBTORS

	2003 £	2002 £
Trade debtors	12,808	59,514
Deferred tax asset	135,000	-
Prepayments and accrued income	<u>7,375</u>	<u>14,519</u>
	<u>155,183</u>	<u>74,033</u>

9. CREDITORS: amounts falling due within one year

	2003 £	2002 £
Amounts due to group companies	3,837,106	-
Loans	-	3,919,120
Trade creditors	46,449	32,934
Other taxes and social security	21,001	35,807
Corporation tax	149	-
Other creditors	68,778	135,746
Accruals and deferred income	<u>17,268</u>	<u>93,685</u>
	<u>3,990,751</u>	<u>4,217,292</u>

The amount due to group companies represents an amount of £3,837,106 due to ANS Plc. Although this amount is strictly due within one year ANS Plc has confirmed that it will not demand repayment within one year.

10. SHARE CAPITAL

Authorised 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. CAPITAL COMMITMENTS

The company has no capital commitments at 29 March 2003.

SUTTON COURT HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 29 MARCH 2003

12. REVALUATION RESERVE

	£
At 31 March 2002	-
Revaluation in the year	<u>1,220,812</u>
At 29 March 2003	<u>1,220,812</u>

13 SHAREHOLDERS' FUNDS/(DEFICIT)

	2003 £	2002 £
Reconciliation of movements on shareholders' funds/(deficit)		
Other recognised gains and losses	1,220,812	-
Profit/(loss) for the financial year	171,960	(50,860)
Opening shareholders' deficit	<u>(983,818)</u>	<u>(932,958)</u>
Closing shareholders' funds/(deficit)	<u>408,954</u>	<u>(983,818)</u>

14. TRANSACTIONS INVOLVING RELATED PARTIES

Control

At 29 March 2003 the company was controlled by ANS plc. For the period to 28 February 2003 the company was controlled by Stockdale Ltd.

Related Party Transactions

As a wholly owned subsidiary of ANS Plc the company is exempt, under FRS8, from disclosing its transactions with group undertakings for the period from 28 February 2003. Prior to this date the company was charged management fees of £101,541 by ANS Homes Ltd, a subsidiary of ANS Plc.

15. ULTIMATE PARENT COMPANY

The company's ultimate parent company is ANS 2000 Plc.