Company No: 3858303

ANS 2000 plc

Annual Report and Accounts

2001

ANS

Leading the way in nursing

Contents

Directors and advisers

Directors

Sir Neil Macfarlane
Non-executive Chairman

Frederick Sinclair-Brown, BCom ACA MSI
Group Finance Director

Geoffrey Daly, BComm RGN
Quality & Personnel Director

Surindar Dhandsa, BSc
Marketing Director

Anoop Patel, BPharm MRPharmS
Non-executive Director

Secretary

David Venus, FCIS
Registered Office
No. 1 Battersea Square
London SW11 3PZ

Registrars

SLC Registrars Limited
42-46 High Street
Esher
Surrey KT10 9QY

Auditors

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

Solicitors

Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

Principal Bankers

Barclays Bank PLC
PO. Box No 112
Horsham
West Sussex
RH12 IYQ

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the year, and of the profit or loss of the Group 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 financial statements on a going concern basis unless it is not appropriate to assume that the Group 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 and other irregularities.

Report of the Directors

The directors submit their report and audited financial statements, for the period ended 31 March 2001.

Results and Dividends
The results for the period are shown in the consolidated profit and loss account on page 6. The directors do not recommend payment of a dividend.

Principal Activities
The Group is principally engaged in the ownership, management, contracting and commissioning of nursing centres and related facilities.

Review of Business and Future Developments
The trading results are analysed in note 2 to the financial statements.

Employees
The Group's policy is to encourage employment applications from all sections of the community including disabled people and to support and assist retention through training, development and career progression. The Group has maintained its obligations to develop and improve arrangements aimed at involving employees in all of its affairs, in so far as they affect employees.

Auditors
Horwath Clark Whitehill are willing to be reappointed as auditors in accordance with section 384 of the Companies Act 1985. A resolution concerning their appointment as auditors is to be proposed at the forthcoming Annual General Meeting.

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

At 31 March 2001 the period of credit taken from the Group's suppliers amounted to 20 days.

Health and Safety
The maintenance and improvement of the working standards to safeguard the health and well being of staff and clients alike is a continuing priority. Health and Safety officers are appointed at each of our locations and receive periodic training to keep abreast of both legislative requirements and technological advances.

Directors and Their Interests

The interests of the directors in the issued share capital of ANS 2000 plc, are given below:

	At 31 March 2001
Sir Neil Macfarlane	7,000
F J Sinclair -Brown	387,100
G W S Daly	309,869
S S Dhandsa	1,084,736
Dr N S Dhandsa (to date of resignation)	1,630,616
A K N Patel	705,826

F J Sinclair-Brown and Dr N S Dhandsa each hold 25,000 £1 reedeemable preference shares.

Dr N S Dhandsa, MBBS who was a non-executive director, resigned on 23 March 2000.

No directors held any material interest during the year in any contract of significance to the business.

No directors have any service contract with the Company.

No directors receive any remuneration or benefits from the Company. Payments to directors in the group are shown below.

Company Name

The Company was incorporated on 13 October 1999 in the name of Forecastbrand Public Limited Company. On 10 December 1999, the Company changed its name to ANS 2000 plc.

Going Concern
After making enquiries the Directors confirm that they have a reasonable expectation that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Corporate Governance
In June 1998, the Combined Code ('The Code') was issued by the London Stock Exchange. This Code consolidates the principles of the earlier Cadbury, Greenbury and Hampel Committees. The statement that follows summarises the Board's compliance with the provisions.

Statement of Directors on Compliance with the Provisions of the Code
The Group is committed to high standards of corporate governance. Whilst the Company is not bound to comply with the provisions of the Combined Code, the Company has been in full compliance with the provisions set out in the Code throughout the year with the principal exception of provision A6. 1: – although the Non-executive Directors do not have fixed term appointments, they are. subject to re-election every three years.

The Workings of the Board and its Committees:

Board of Directors
The Board consisted of three executive and two non-executive directors who met formally twelve times a year to make and review major business decisions and monitor current trading against budgets which it has approved. It additionally exercised control by determining matters specifically reserved for it in a formal schedule which only the Board may change, those matters include the acquisition of companies and major capital expenditure.

The Board has not identified a senior independent director because it considers such an appointment is unnecessary at the present time, but the matter will be kept under review.

Nominations Committee
The Nominations Committee consisted of the three non-executive directors namely, Sir Neil Macfarlane, Dr N S Dhandsa (until his resignation) and Mr A Patel as well as the Group Finance Director Mr F J Sinclair-Brown.
The Nominations Committee met as required to carry out the selection of new candidates for non-executive directors and make recommendations to the board.

Remuneration Committee
The Remuneration Committee was chaired by Sir Neil Macfarlane and consisted of Mr A Patel and Dr N S Dhandsa (until his resignation). The remuneration Committee met as required, but not less than twice a year, to review and determine the terms of service and remuneration of all members of the Board including their pension arrangements, their share option scheme participation and their service contracts. The Committee members do not participate in setting their own remuneration.

Directors Emoluments (payments made by ANS plc, subsidiary of the Company)

Executive directors	Salary and fees	Benefits	Pension	Bonus	Total 2001
F J Sinclair-Brown	89	14	20	43	**166**
G W S Daly	73	8	9	32	**122**
S S Dhandsa	73	9	9	32	**123**
Non-executive Directors					
Sir Neil Macfarlane (Chairman)	27	–	–	–	**27**
Dr N S Dhandsa (Resigned from ANS 2000 plc on 23 March 2000)	32	1	1	–	**34**
A K N Patel (Resigned from ANS plc on 15 March 2001)	–	–	–	–	–
	294	32	39	107	**472**

One World Health Care SA was paid £221,000 by ANS plc for Dr N S Dhandsa's consultancy services.

Audit Committee

The Audit Committee was chaired by Sir Neil Macfarlane, and consisted of Dr N S Dhandsa (until his resignation) and Mr A Patel.

The Audit Committee met as required, but not less than twice a year, and conducted a critical review of the annual financial statements prior to their submission to the Board for approval. Although other directors, including the Group Finance Director attend the Audit Committee meetings, the Committee can meet for private discussions with the external auditors, who attend all of its meetings.

Internal Control

The Board accepts its responsibility for maintaining the system of internal control. Whilst acknowledging that any system of internal control can provide only reasonable and not absolute assurance against loss to the Company, the Board believes it has in place a reasonable level of control disciplines operating throughout the Company.

The internal control system includes the following key features, which have been designed and established over a number of years to provide internal controls appropriate to the Company's business.

- The approval of comprehensive budgets by the Board and the monthly monitoring of performance against budgets.
- A detailed investment approval process requires Board approval of all major capital projects.
- The Audit Committee considers all significant control matters.

The Company has complied with its requirements relating to the provisions of the Combined Code throughout the period and with the Turnbull guidance from 23 December 2000 up to the date of approval of the annual report and financial statements.

David Venus
Secretary
28 June 2001

Report of the Auditors

Report by the auditors to the Directors of ANS 2000 plc

We have audited the financial statements on pages 6 to 25 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 and 12.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report, including as described on page 1, the financial statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 or the Listing Rules regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement on page 3 reflects the compliance with the seven provisions of the Combined Code specified for review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or the Group's risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 and the Group'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.

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 31 March 2001 and the profit of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

Horwath Clark Whitehill
Chartered Accountants and Registered Auditors
London
28 June 2001

Consolidated profit and loss account

Period to	Notes	31 March 2001 £000's
Turnover	2	64,546
Cost of services (including exceptional items)		(40,248)
Gross Profit		24,298
Operating expenses (including exceptional items)		(15,876)
Operating profit before exceptional items	2	9,504
Exceptional items	5	(1,082)
Operating profit after exceptional items		8,422
Exceptional loss on disposal of fixed assets		(59)
Net profit on ordinary activities before interest		8,363
Interest payable	6	(6,683)
Exceptional financing charge	5	(508)
Interest receivable		258
Net profit on ordinary activities before taxation		1,430
Taxation	7	(576)
Net profit on ordinary activities after taxation		854
Net loss attributable to minority interests (including non-equity interests)		24
Net profit for the financial period		878
Dividends	9	-
Retained profit for the financial period		878
Earnings per share	10	11.4p
Earnings per share (excluding exceptional items and related taxation)	10	26.3p

The above consolidated profit and loss account incorporates the results of ANS plc, the subsidiary of the Company, for the period from 17 February 2000 (the date of acquisition) to 31 March 2001.

The profit and loss account reflects all the gains and losses recognised in the period.

Non-statutory consolidated profit and loss account

The Directors have provided this format of profit and loss account as they believe that it gives shareholders an easier understanding of the ordinary results of the business.

Period to	Notes	31 March 2001 £000's
Turnover	2	64,546
Cost of services		(39,841)
Gross Profit		24,705
Operating expenses		(14,135)
Operating profit before exceptional items and depreciation of freehold and long leasehold buildings		10,570
Interest payable	6	(6,683)
Interest receivable		258
Profit before taxation, exceptional items and depreciation of freehold and long leasehold buildings		4,145
Depreciation of freehold and long leasehold buildings		(1,066)
Profit before taxation and exceptional items		3,079
Taxation on ordinary activities	7	(576)
Profit after taxation but before exceptional items		2,503
Net loss attributable to minority interests		24
Net profit for the financial period before exceptional items		2,527
Exceptional items	5	(1,141)
Exceptional financing charge	5	(508)
Profit attributable to shareholder of ANS 2000 plc		878
Dividends	9	–
Retained profit for the financial period		878
Earnings per share (excluding exceptional items and depreciation of freehold and long leasehold buildings and related taxation)	10	35.9p
Earnings per share	10	11.4p

The above consolidated profit and loss account incorporates the results of ANS plc for the period from 17 February 2000 (the date of aquisition by ANS 2000 plc) to 31 March 2001.

Consolidated balance sheet

As at	Notes	31 March 2001 £000's
Fixed assets		
Tangible assets	11	96,903
Negative goodwill	13	(6,561)
		90,342
Current assets		
Stocks	14	442
Debtors	15	5,694
Debtors due after more than one year	15	1,500
Cash at bank and in hand		6,340
		13,976
Creditors – amounts falling due within one year	16	(12,065)
Net current assets		1,911
Total assets less current liabilities		92,253
Creditors – amounts falling due after more than one year	17	(73,833)
Provision for liabilities and charges	20	(4,392)
Net assets		14,028
Capital and reserves		
Called up share capital	21	127
Share premium	22	12,880
Profit and loss account	22	878
Shareholders' funds		13,885
Minority interests	24	143
		14,028

Approved by the Board of ANS 2000 plc on 28 June 2001 and signed on its behalf:

F J Sinclair-Brown
Group Finance Director

Company balance sheet

As at	Notes	31 March 2001 £000's
Fixed assets		
Investments	12	28,645
		28,645
Current assets		
Debtors	15	1,050
Debtors due after one year	15	55,195
Cash at bank and in hand		1,211
		57,456
Creditors – amounts falling due within one year	16	(344)
Net current assets		57,112
Total assets less current liabilities		85,757
Creditors - amounts falling due after more than one year	17	(72,538)
Net assets		13,219
Capital and reserves		
Called up share capital	21	127
Share premium	22	12,880
Profit and loss account	22	212
Shareholders' funds		13,219

Approved by the Board of ANS 2000 plc on 28 June 2001 and signed on its behalf:

F J Sinclair-Brown
Group Finance Director

Consolidated cash flow statement

Period to	Notes	31 March 2001 £000's	31 March 2001 £000's
Net cash inflow from operating activities	27		10,134
Returns on investment and servicing of finance			
Interest paid		(7,158)	
Interest received		486	
Net cash outflow from returns on investment and servicing of finance			(6,672)
Taxation			
Corporation tax		(423)	
Net cash outflow from taxation			(423)
Capital expenditure and financial investment			
Payments to:			
Acquire investments		(16,266)	
Acquire tangible fixed assets		(1,322)	
Receipts on sale of assets		711	
Net cash outflow from capital expenditure and financial investment activities			(16,877)
Acquisitions and disposals			
Cash acquired with subsidiary		3,276	
Net cash inflow from acquisitions and disposals			3,276
Net cash outflow before use of liquid resources and financing			(10,562)
Management of liquid resources			
Cash placed on one month money market deposit			(238)
Financing			
Proceeds from shares issue to shareholders		8	
Bank loan repaid		(63,570)	
Bank loan received		5,995	
Senior and Junior debt received		72,538	
Net cash inflow from financing			14,971
Increase in cash in the financial period	28		4,171

Notes to the financial statements

1. Accounting Policies

a) Accounting Convention

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

b) Basis of Consolidation

The consolidated financial statements include the results of the Company from its incorporation and all its subsidiary undertakings and quasi-subsidiaries from 17 February 2000 (the date of acquisition of ANS plc). A quasi-subsidiary, as defined by Financial Reporting Statement No 5, is a company, that, though not fulfilling the definition of a subsidiary is directly or indirectly controlled by the Group and gives rise to benefits for the Group that are in substance no different from those that would arise were the company a subsidiary. The trading results of companies acquired or disposed of are consolidated from the date of acquisition or up to the date of sale respectively.

Goodwill arising upon consolidation, representing the excess of the purchase price of subsidiary undertakings acquired, over the fair value of the separable net assets acquired, is capitalised in the year of acquisition and amortised over its useful economic life.

Negative goodwill, up to the fair value of the non-monetary assets acquired, is recognised in the profit and loss account in the periods in which the non-monetary assets are depreciated or sold.

Intra-group sales and profits are eliminated on consolidation. Therefore all sales and profit figures relate to external transactions only.

c) Depreciation

Depreciation is provided on all tangible fixed assets, excluding freehold and long leasehold 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 and long leasehold land	nil
Freehold and long leasehold buildings -on valuation less residual value of 30%	2%
Furniture and equipment	10% – 20%
Motor vehicles	25%
Short leasehold land and buildings	life of the lease

Each centre when opened has a stock of capital items of low individual cost but material aggregate value. These items are accounted for as 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) Deferred Taxation

The company has adopted FRS 19: Deferred Tax during the year which has required a prior year adjustment in respect of deferred tax liabilities arising in prior years. In accordance with the standard, 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 at 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.

In accordance with Financial Reporting Standard 19, no deferred tax has been provided for on revalued amounts, as no binding agreements to sell any property have been entered into prior to the balance sheet date or to the extent that any gain on any property contracted to be sold will be rolled over on to replacement assets.

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.

e) Capitalisation and Amortisation of Internal Costs

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

For new centres, the net amount of all revenue costs and income incurred up to the date of registration and opening are written off to the profit and loss account as incurred.

f) 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.

g) Stocks

Stocks are stated at the lower of cost and net realisable value.

h) Profit/(Loss) on Sale of Tangible Fixed Assets

The profit/(loss) on sale of tangible fixed assets is calculated by determining the difference between the sales proceeds and the net book value of the assets.

i) Minority Interests

Minority interests shown in the profit and loss account represent the minority profits of Hornchurch VCT Ltd, Ebbgate Nursing Homes Ltd and Ebbgate Nursing Homes (London) Ltd. All three companies were quasi-subsidiaries in which ANS plc held 50% of the issued share capital. In March 2001, ANS plc purchased the remaining share capital of Ebbgate Nursing Homes Ltd and Ebbgate Nursing Homes (London) Ltd.

Minority interest shown in the balance sheet relates to Hornchurch VCT Ltd.

Notes to the financial statements - continued

2. Segmental Analysis by Class of Business

Turnover represents management fees, fees charged to and in respect of residents of the nursing centres and net amounts invoiced to customers, excluding VAT. All turnover is from continuing operations and arises entirely in the United Kingdom. Turnover by class of business is as follows:

Turnover

	2001 £000's
Nursing Centres	63,945
Contracting and Commissioning	601
	64,546

Operating profit

	2001 £000's
Nursing Centres	14,040
New service development costs	(173)
Depreciation on freehold and long leasehold buildings	(1,066)
Contracting and Commissioning	(247)
Central Costs	(3,280)
Exceptional Costs	(1,082)
Amortisation of negative goodwill	230
	8,422

Substantially all of the assets held at the period end relate to nursing centres and related activities.

3. Directors and Staff

a) Directors' Emoluments

	2001 £000's
Fees	27
Basic salaries	267
Benefits in kind	32
Pension contributions	39
Bonuses	107
	472

The amount shown above represents payments made by ANS plc, the subsidiary of ANS 2000 plc, to the present and former Directors of ANS 2000 plc.

The Company made contributions in respect of four directors to their pension scheme. There is no further liability in respect of directors to their pension fund beyond these contributions.

3. Directors and Staff continued

b) Staff costs for all employees, including executive directors consist of:

	2001 £000's
Wages and salaries	33,806
Social security costs	2,593
Pension costs	114
	36,513

The monthly average number of employees during the period was 3,241.

c) Pensions costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company by the insurers of the scheme. The pension cost charge represents contributions payable by the Company to the fund. The company has no further liability to the pension fund beyond these contributions.

4. Operating Profit

	2001 £000's
This is stated after charging:	
Auditors remuneration – as auditors	78
– other fees	113
Depreciation of freehold and long leasehold buildings	1,066
Depreciation of other tangible fixed assets	1,048
Operating lease rental	3,515
Base stock replacement	207
Amortisation of negative goodwill	(230)

5. Exceptional Items

	Cost of Services £000s	Operating Expenses £000s	2001 Total £000s
Additional expenses incurred in relation to major flood	407	–	407
Provision required to write down investments to estimated recoverable amount	–	506	506
Professional expense relating to major flood	–	169	169
Professional advice relating to the restructuring of the company	–	–	–
	407	675	1,082
Exceptional loss on disposal of fixed assets			59
Exceptional financing charge			508

The exceptional financing charge of £508,000 relates to costs incurred in respect of the new debt facility described in note 15 of this report.

In order to assist in understanding the Group's results for the period, and in view of the unusual materiality of exceptional items to the current period's results, the directors believe that it is appropriate to show separately the operating profit of the Group before exceptional items on the face of the profit and loss account as additional information.

Notes to the financial statements - continued

6. Interest Payable

	2001 £000's
Interest payable on:	
Bank loans and overdrafts and other loans repayable within five years	508
Loans repayable in more than five years	6,175
	6,683

7. Tax on Profit on Ordinary Activities

	2001 £000's
UK Corporation tax	333
Deferred taxation	440
Overprovision in previous years	(197)
	576

The taxation charge has been reduced by losses brought forward, capital allowances, capitalised interest and other timing differences. The Group tax losses available for carry forward against future trading profits amount to £1,508,621.

8. Profit for the Financial Period

As permitted by section 230 of the Companies Act 1985 the Company has not presented its profit and loss account. The Group's results include a profit for the financial period of £212,000 which has been dealt with in the financial statements of the Company.

9. Dividends

No dividend were paid or proposed.

10. Earnings per Share

Earnings per share of 11.4p is calculated on profits of £878,000 after taxation and the weighted average number of ordinary shares in issue during the period of 7,734,376.

In addition an earnings per share of 35.9p is also disclosed, which is calculated on profits of £2,779,000 which excludes the exceptional items, building depreciation and related taxation. The directors consider this to be a more appropriate measure of the underlying operational profitability of the Group.

In each instance, there is no difference between the diluted earnings per share figure and the earnings per share figure referred to above.

11. Tangible Fixed Assets

a) The Group

	Land & Buildings £000's	Fixtures & Fittings £000's	Motor Vehicles £000's	Total £000's
Cost or Valuation				
Purchase of the subsidiary	92,560	10,973	353	103,886
Additions	603	695	24	1,322
Disposals	(609)	–	(113)	(722)
31 March 2001	92,554	11,668	264	104,486
Depreciation				
Purchase of the subsidiary	686	4,746	169	5,601
Charge for the period	1,066	976	72	2,114
Disposals	(55)	–	(77)	(132)
31 March 2001	1,697	5,722	164	7,583
Net Book Value				
31 March 2001	90,857	5,946	100	96,903

b) All nursing centre properties owned at 31 March 2001 were valued on the basis of an open market value on a going concern basis with existing planning and registration use consent as at 1 March 2000, by Jarvis Healthcare, Manchester. If land and buildings had not been revalued they would have been included in the subsidiary companies at the following amounts.

Historical Cost	77,987
Accumulated depreciation	(1,535)
Net book value	76,452

12. Investments

This represents the purchase of the entire share capital of ANS plc and costs associated with the purchase.

13. Negative Goodwill

Amount shown as negative goodwill arose mainly from the purchase of the entire share capital of ANS plc.

Notes to the financial statements - continued

14. Stocks

	The Group 2001 £000's	The Company 2001 £000's
Land for development	131	–
Close Care Units held for sale	311	–
	442	–

15. Debtors

Due within one year

	The Group 2001 £000's	The Company 2001 £000's
Trade debtors	2,344	–
ACT recoverable	125	–
Other debtors	1,707	50
Prepayments and accrued income	1,518	1,000
	5,694	1,050

Due after one year

	The Group 2001 £000's	The Company 2001 £000's
Amounts due from subsidiary	–	55,195
Loan	1,500	–
	1,500	55,195

The loan is deferred consideration of £1,500,000 which is repayable in a period not greater than 12 years. All of the deferred consideration is secured by subordinated charges over the properties sold.

Amounts due from subsidiary represent loans given by the company to its subsidiary to repay various bank loans and overdraft facilities (see also note 16).

In March 2001, all Group bank debts (other than that of Hornchurch VCT Ltd) were refinanced via an inter company loan from ANS 2000 plc to ANS plc. In order to achieve this refinancing, ANS 2000 plc negotiated a Senior syndicated debt facility of £63,000,000 and a Junior debt facility of £10,000,000 secured on the assets of the ANS Group. ANS 2000 plc then lent ANS plc £55,195,000 of the Senior debt facility to repay ANS plc group's existing borrowings. The Senior debt facility is repayable in full in 7 years time with repayments commencing after 3.5 years. The interest rate on the Senior debt facility is on a sliding scale between 1.25% and 1.625% over LIBOR dependent upon interest cover ratios. The inter company debtor is shown as a long term debtor as the Directors believe that this more accurately reflects the position. Interest and capital repayments on the inter company debt will mirror the terms of the Senior debt facility of ANS 2000 plc. The interest rate on the Junior debt facility is 2.125% over LIBOR, increasing to 2.5% over LIBOR from February 2002.

16. Creditors - Amounts falling due within one year

	The Group 2001 £000's	The Company 2001 £000's
Loans and overdrafts	2,869	–
Trade creditors	2,883	–
Corporation tax	118	–
Other taxes and social security costs	681	–
Other creditors	2,750	–
Accruals and deferred income	2,764	344
	12,065	344

17. Creditors - Amounts falling due after more than one year

	The Group 2001 £000's	The Company 2001 £000's
Senior and Junior debt-secured	73,000	73,000
Prepaid financing charge	(462)	(462)
Other loan	1,295	–
	73,833	72,538

The terms of the Senior and Junior debt are included in note 15.

18. Total Borrowings

a) Summary	The Group 2001 £000's	The Company 2001 £000's
Bank overdrafts-secured	2,169	–
Senior and Junior debt-secured	73,000	73,000
Prepaid financing charge	(462)	(462)
Other loan	1,995	–
	76,702	72,538

b) Repayable as follows	The Group 2001 £000's	The Company 2001 £000's
In one year or less or on demand	2,869	–
Between one and two years	700	–
Between two and five years	14,595	14,000
After five years	58,538	58,538
	76,702	72,538

The Senior and Junior debt and bank overdrafts are secured by fixed and floating charges over all the assets of the Group.

Notes to the financial statements - continued

18. Total Borrowings (continued)

c) Details of loans not wholly repayable within five years

	2001 £000's
Loans:	
Loans repayable by quarterly instalments	62,538
Interest is payable at between LIBOR plus 1.625 % and 1.25%	

LIBOR rate will be varied subject to:

(i) For amounts up to £28,000,000 between 1 June 2001 and 1 June 20003
LIBOR being within a collar of 4.75% and 7.00%

(ii) For amounts up to £20,000,000 between 2 June 2003 and 31 May 2004
LIBOR being within a collar of 4.9% and 6.25%

(iii) For amounts up to £7,875,000 until 4 February 2003
LIBOR being at 6.75%

(iv) For amounts up to £8,000,000 until 4 February 2003
LIBOR being within a collar of 5% and 7.78%

d) Financial Instruments

Treasury Management

The Group's principal treasury and funding operations are carried out by a centralised treasury function, managed in accordance with objectives, policies and controls approved by the Board. The Group treasury function also monitors the activities of local cash management centres and provides advice on banking and financial matters. No transactions are undertaken on a speculative basis.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing both of these risks and they are summarised below.

Interest rate risk

The Group finances its operations through a mixture of Senior and Junior debt. Whilst the majority of the Group's borrowings are at variable rates, including the bank overdraft, the Group has various hedges as shown in note 18c) above.

Liquidity risk

Group policy is to maintain an appropriate mix of long and short term debt to meet the Group's anticipated borrowing requirement over a two to three year period. Short term flexibility is achieved by overdraft facilities.

Exchange rate risk

There is no exchange rate risk, as all of the Group's transactions are denominated in Sterling.

19. Taxation

(a) Analysis of tax charge

	2001 £000's
Current year taxation	
UK Corporation Tax	333
Deferred Tax Origination and reversal of timing differences	440
	773
Prior Years Tax Adjustment	(197)
	576

(b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of Corporation Tax in the UK of 30%. The differences are explained below:

Profit before tax	1,430
Profit on ordinary items activities multiplied by standard rate of Corporation Tax in the UK of 30%	429
Effects of:	
Permanent differences	297
Losses carried forward	103
Other items	(56)
Current tax charge	773

20. Provision for Liabilities and Charges

	Deferred tax £000's
On acquisition of the subsidiary	4,316
Profit and Loss account	440
Reversal of timing differences on acquisition of minority interests by ANS plc	(364)
31 March 2001	4,392

Notes to the financial statements - continued

21. Called Up Share Capital

	2001 No. of shares 000's	2001 £000's
Authorised:		
Ordinary shares of 1p each	10,000	100
Redeemable Preference shares of £1 each	50	50

Issued and fully paid shares :		
Ordinary shares of 1p each	7,734	77
Redeemable Preference shares of £1 each	50	50
31 March 2001	7,784	127

22. Reserves

a) The Group

	Share premium £000's	Profit & loss £000's	Total £000's
31 March 2001	12,880	878	13,758

b) The Company

	Share premium £000's	Profit & loss £000's	Total £000's
31 March 2001	12,880	212	13,092

23. Reconciliation of Movements in Shareholders' Funds

	2001 £000's
Profit for the financial period	878
Dividends	–
	878
Issue of ordinary shares	77
Issue of redeemable preference shares	50
Premium on issue of ordinary shares	12,880
Shareholders' funds at 31 March 2001	13,885

24. Minority Interests

	2001 £000's
Minority interests on acquisition of subsidiary	167
Share of loss for the year	(24)
Minority interests at 31 March 2001	143

Notes to the financial statements - continued

25. Commitments

At 31 March 2001 the Group was committed to making the following payments during the next year in respect of operating leases.

	2001 £000's
Leases which expire	
within 1 year	–
within 2 – 5 years	72
after 5 years	3,798
	3,870

26. Contingent Liabilities

The Group has guaranteed borrowings of third parties which at 31 March 2001 amounted to £120,000

27. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	2001 £000's
Operating profit	8,422
Depreciation charge	2,114
Profit on sale of fixed assets	(8)
Amortisation of negative goodwill	(230)
Loss on investments	506
Exceptional financing charge	(508)
Decrease in stocks	60
Increase in debtors	(666)
Decrease in creditors	444
Net cash inflow from operating activities	10,134

28. Analysis of Net Debt

	At 31 March 2001
Cash at bank and in hand	6,340
Overdrafts	(2169)
	4,171
Other loans due within one year	(700)
Debt due after one year	(72,538)
Other loans due after one year	(1,295)
	(70,362)

29. Summary of Combined Quasi-subsidiaries' Financial Statements included in the Consolidated Financial Statements

a) Profit and Loss Account

For the period to	31 March 2001 £000's
Turnover	5,245
Cost of services	(3,422)
Gross profit	1,823
Operating expenses	(894)
Operating profit	929
Interest payable	(936)
Interest receivable	3
Net loss before taxation	(4)
Taxation	(44)
Net loss after taxation	(48)

There are no recognised gains and losses other than those shown in the profit and loss account above.
The figures shown above include Ebbgate Nursing Homes Ltd and Ebbgate Nursing Homes (London) Ltd up to the end of February 2001. The remaining share capital of both companies were purchased by ANS plc in March 2001.

b) Balance Sheet

As at	31 March 2001 £000's
Fixed Assets	
Tangible assets	2,512
Current assets	
Debtors	50
Cash at bank and in hand	1
	51
Creditors – amounts falling due within one year	(890)
Net current assets	(839)
Total assets less current liabilities	1673
Creditors – amounts falling due after more than one year	(1295)
Net assets	378
Capital and reserves	
Called up share capital	17
Share premium account	777
Revaluation Reserve	92
Profit & loss account	(508)
	378

The above balance sheet represents Hornchurch VCT Ltd, the remaining quasi-subsidiary of ANS plc.

Notes to the financial statements - continued

29. Summary of Combined Quasi-subsidiaries' Financial Statements included in the Consolidated Financial Statements (continued)

c) Cash Flow Statement

As at 31 March	2001 £000's	2001 £000's
Net cash inflow from operating activities		1,121
Returns on investment and servicing of finance		
Interest Paid	(936)	
Interest received	3	
Net cash outflow from returns on investment		(933)
Corporation tax	(81)	
Tax paid		(81)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(99)	
Receipts from sale of fixed assets	80	
Net cash outflow from capital expenditure and financial investment		(19)
Net cash inflow before financing		88
Financing		
Bank loan repayments	(60)	
Net cash outflow from financing		(60)
Increase in cash in the financial period		28

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 2001 Annual General Meeting of the Company will he held at No. 1 Battersea Square, Battersea, London SW11 3PZ on Friday 3 August 2001 at 1.00 pm for the following purposes:

1 To receive the Accounts of the Company for the period ended 31 March 2001 together with the Reports of the Directors and the Auditors of the Company.

2 To reappoint the retiring Auditors, Horwath Clark Whitehill as Auditors of the Company until the conclusion of the next General Meeting of the Company at which Accounts are laid before the Members and to authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD.

D A Venus FCIS
Secretary
28 June 2001

Registered Office:
No.1 Battersea Square
Battersea
London SW11 3PZ

A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. Such proxy need not to be a Member of the Company.