Company number: 03858303

ANS 2000 plc

Annual Report and Accounts

2004

ANS

Leading the way in nursing care

Contents

ANS has a clear corporate goal - "To be the best" in our field.

We are determined to achieve this on behalf of those who entrust us with their care.

Our clients have the right to expect the very best in standards of accommodation and service levels in addition to excellent nursing care.

Year to 31 March	**2004**	2003
Nursing Centres turnover	**£77.38m**	£69.37m
Nursing Centres operating profit before rent and buildings depreciation	**£24.98m**	£20.51m
Number of Centres	**44**	45
Number of beds	**3,145**	3,155
Total number of staff (full time equivalents)	**3,519**	3,577

Chairman's report

The last year has seen another excellent performance from the ANS Group. Profitability continues to improve and prospects for further improvement look very positive.

I am delighted to report a profit on ordinary activities before exceptional items, taxation and minority interests of £11.86 million for the year to 31 March 2004 (year to 31 March 2003: £7.64 million), an increase of 55%. This reflects further excellent progress in our core business. Earnings before interest, tax, depreciation and amortisation (EBITDA) and exceptional items increased by 28% to £18.30 million (year to 31 March 2003: £14.31 million). Earnings per share before exceptional items rose by over 47% to 105.7p (year to 31 March 2003: 71.6p). Turnover rose by nearly 12% to £77.7 million (year to 31 March 2003: £69.7 million).

The Board of Directors does not propose a final dividend payment.

The Group continues to focus on enhancing returns from its portfolio of high quality Nursing Centres. Turnover in the Nursing Centre Division rose to £77.4 million (an increase of over 11%) and operating profit before rent and buildings depreciation rose by over 21% to £25.0 million. We expect to generate further growth and improve margins in our Nursing Centres.

During the past year we commenced two new major projects. The first is the construction of a new 80 bed Nursing Centre in Maidenhead in partnership with The Windsor, Ascot & Maidenhead PCT. This is due to open in January 2005. We also started the development of our first facility for the acute sector, The West London Clinic, at our Wakefield Centre in Chiswick. The clinic will open this Autumn with three operating theatres and 25 inpatient beds. We are delighted to have the support in this venture of a number of consultant surgeons of the highest repute.

In our core business area, the provision of high quality nursing care, we continued to improve the range and quality of services we offer and were rewarded by much improved operating margins and profits. This process is set to continue this year. We are actively seeking sites for the construction of new nursing centres. With the ongoing changes in the NHS, we see exciting opportunities and view the future with confidence.

Finally, I would like to use this opportunity to thank Sir Neil Macfarlane, our Chairman for the past 10 years, for the excellent support and guidance he provided. As I take over from him, I wish to acknowledge the great effort made by all ANS staff in giving our Company the success it enjoys as a leader in our field. Together we make a winning team.

Dr Nick Dhandsa

ANS in London and throughout the UK

London		**Beds**
Bakers Court	Manor Park	77
Collingwood Court	Clapham	80
The Fieldway	Mitcham	68
The Harefield	Harefield	40
Havelock Court	Stockwell	60
The Hornchurch	Hornchurch	55
Lynton Hall	New Malden	56
Manley Court	New Cross	85
Meadbank	Battersea	176
Middlesex Manor	Wembley	83
The Sidcup	Sidcup	100
The Stamford	Edmonton	90
The Wakefield Centre	Chiswick	102
		1,072

At a glance.....

Nursing Centre Division operating results for the year ended 31 March

Turnover	2004 £000's	2003 £000's
Owned Centres	77,210	67,670
Quasi-subsidiary Centre*	–	1,484
Management fees	167	214
Total	77,377	69,368

Operating profit	2004 £000's	2003 £000's
Owned Centres	24,808	19,844
Quasi-subsidiary Centre*	–	448
Management fees	167	214
Operating profit before rent and buildings depreciation	24,975	20,506

Number of beds as at 31 March	2004	2003
Owned	2,998	3,008
Managed	147	147
Total	3,145	3,155

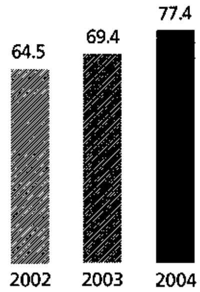
*The remaining quasi-subsidiary Centre became owned on 28 March 2003

Group results for the year ended 31 March

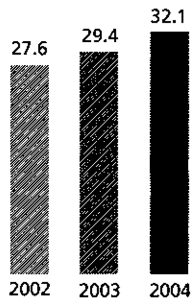
	2004	2003
EBITDA before exceptional items (£000's)	18,299	14,313
EPS before exceptional items (pence)	105.7	71.6
Shareholders' funds (£000's)	48,613	43,696

EBITDA -Earnings before interest, tax, depreciation & amortisation.
EPS - Earnings per share.

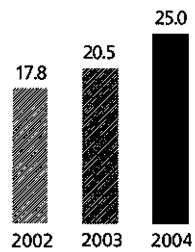
Nursing Centre turnover
£ million



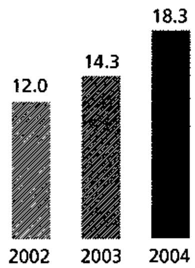
Nursing Centre Operating Margin (restated)
Percentage



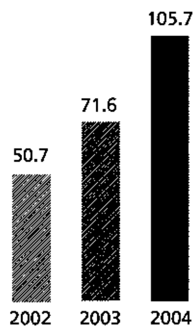
Nursing Centre operating profit before rent and buildings depreciation (restated)
£ million



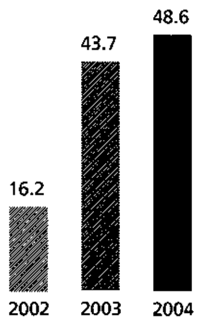
EBITDA before exceptional items (restated)
£ million



Earnings per share before exceptional items (restated)
Pence



Shareholders' funds (restated)
£ million



Operational report

Nursing Centre Division

Turnover in the Nursing Centre Division increased by over 11% to £77.4 million and operating profit before rent and buildings depreciation rose by over 21% to £25.0 million.

Overall average occupancy for the year was 91% based on an average bed capacity of 3,156. At present, overall average occupancy is 91% based on a bed capacity of 3,145.

Average Nursing Centre operating margins before rent and buildings depreciation improved to 32.1% during the year ended March 2004, compared to 29.3% in the previous year. The continued improvement in margin performance arises as a result of further increases in average fee levels reflecting improved service levels and higher value care categories. Tight staffing controls and increased overseas recruitment have helped to further reduce agency usage and costs, whilst wider implementation of group purchasing strategies has helped to reduce operating costs. We foresee further margin improvements in the coming twelve months.

The improvement in the financial performance of the division is also the result of considerable investment in staff training and quality management. All staff undergo comprehensive training programmes with many leading to NVQ or similar qualifications. We also have in place a recognised quality management system, ISO9001:2000. As a result we have comprehensive policies and procedures in use at each centre which are audited internally and externally. They are also reviewed on a regular basis to ensure that they reflect current best practice and the needs of the residents in our care.

The use of temporary agency staff last year was minimal at just over 1% of total hours worked thus further ensuring that continuity of care by the same well-trained team was delivered at each Centre throughout the year.

Contracting and Commissioning Division

This was a quiet year for the division. Contracts were exchanged in November to develop a new 80 bed Nursing Centre for the Windsor, Ascot and Maidenhead PCT. This follows the award of a care contract with the PCT which was achieved in the face of stiff competition. The facility is now under construction and will open in January 2005. We are presently in discussion with a number of other PCT's and Local Authorities which may lead to the award of further contracts.

Central Costs

Central costs remain under tight control. We continue to monitor this area with the intention of achieving savings where possible, whilst ensuring that we have sufficient resources to support the activities of our Nursing Centres.

Financial and Development

The last year has inevitably been overshadowed by the acquisition by ANS 2003 plc of the existing ANS Group. As part of this process a new £132 million bank facility was arranged with our existing banking syndicate last October. £22 million of this facility remains undrawn and this, coupled with our own substantial free cash flow, provides more than sufficient resources to fund our development ambitions.

At present these developments are restricted to the new 80-bed facility at Maidenhead and the creation of new operating theatre facilities at The Wakefield Centre in Chiswick. However, we strongly believe that the time is right to resume our development programme. Industry conditions are improving. We expect sites to become available again at realistic prices and our financial position will support the creation of a substantial number of new facilities. To this end, we have identified a number of sites and will be seeking to complete their acquisition and development as soon as practical. As before, the focus of our development programme will be on London and the South East.

During the course of the year, we completed the project to link The Meadbank Nursing Centre and The Meadbank Studios in Central London. This enabled us to create space for a number of additional therapy and support facilities in the link and to register the studio rooms for full nursing care. This has raised the capacity at Meadbank to 176 beds.

In addition, we continue to monitor our existing Nursing Centre portfolio and during the year, we took the decision to close our nursing centre in Headingley, Leeds. Despite the excellent care being delivered by all staff, this was an older property and the costs associated with the major refurbishment works that were becoming necessary could not be justified. The closure was handled sensitively over a period of twelve weeks. The transaction was completed in March and netted a small book profit which is separately disclosed.

Directors and advisers

Directors

Sir Neil Macfarlane
Non-executive Chairman
(until his resignation on 30 October 2003)

Frederick Sinclair-Brown, BCom, ACA, MSI
Group Finance Director

Geoffrey Daly, BCom, 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 LLP
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
P.O. 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 year ended 31 March 2004.

Results and Dividends

The results for the year are shown in the consolidated profit and loss account on page 12. The directors do not recommend the payment of a final 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

A review of the Group's activities and the future developments of the Group is contained on pages 2 to 5 and the trading results are analysed in note 2 to the financial statements.

Employees

The Company'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 Company 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.

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.

Suppliers Payment Policy

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

At 31 March 2004 the period of credit taken from the Group's suppliers amounted to 20 days.

Directors and Their Interests

No directors have any service contract with the Company.

The interests of the directors in ANS 2003 plc, the ultimate parent company, are given below:

At 31 March 2004

	Number of issued shares	Value of loan notes
F J Sinclair -Brown	337,600	£640,000
G W S Daly	166,119	£960,000
S S Dhandsa	847,026	–
A K N Patel	728,326	–

Loan notes bear cumulative interest at the rate of 10% per annum, compounded half-yearly. The principal amount and accrued interest will be repaid on 31 March 2008 or earlier at ANS 2003 plc's option.

Dr N S Dhandsa, a non-executive director and the Chairman of the ultimate parent company, holds 1,458,403 shares.

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

In the current year, £438,000 (2003: £309,000) was charged against operating expenses in respect of One World Healthcare SA for consultancy services provided by Dr N S Dhandsa.

Auditors

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership. Horwath Clark Whitehill resigned and the directors appointed their successor, Horwath Clark Whitehill LLP, as auditors.

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors in accordance with section 384 of the Companies Act 1985. A resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

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.

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 Code, the Company has complied with those aspects of The Code relevant to its size and operating structure.

The Workings of the Board and its Committees:

Board of Directors

The Board consisted of three executive and two non-executive directors, until the resignation of Sir Neil Macfarlane, who meet formally to make and review major business decisions and monitor current trading against budgets which it has approved. Dr N S Dhandsa, Chairman of ANS 2003 plc, the ultimate parent company, also attends the board meetings.

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 two non-executive directors namely, Sir Neil Macfarlane (until his resignation), and Mr A K N 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 consisted of the two non-executive directors namely, Sir Neil Macfarlane (until his resignation) and Mr A K N Patel as well as the Group Finance Director Mr F J Sinclair-Brown. 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.

Audit Committee

The Audit Committee consisted of Sir Neil Macfarlane (until his resignation), Mr A K N Patel and Dr N S Dhandsa, Chairman of ANS 2003 plc, representing the ultimate parent company. The Audit Committee met as required 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 requiring Board approval of all major capital projects.
- The Audit Committee considering all significant control matters.

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

Company Name

On 19 December 2003, the Company reregistered as ANS 2000 Ltd.

On 16 February 2004, the Company reregistered as ANS 2000 plc.

Approved by the Board and signed on their behalf

David Venus
Secretary
30 June 2004

Independent Report of the Auditors to the Shareholders of ANS 2000 plc

We have audited the financial statements of ANS 2000 plc and the Group for the year ended 31 March 2004 set out on pages 12 to 34. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Group 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 Group 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to 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.

Unqualified Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the ANS 2000 plc group at 31 March 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
London
30 June 2004

Consolidated profit and loss account

Year to 31 March	Notes	2004 £000's	Restated 2003 £000's
Turnover	2	77,712	69,661
Cost of services		(45,706)	(41,982)
Gross profit		32,006	27,679
Operating expenses (including exceptional items)		(19,742)	(16,331)
Operating profit before exceptional items		15,863	12,060
Exceptional items	5	(3,599)	(712)
Operating profit after exceptional items	2 & 4	12,264	11,348
Exceptional profit on disposal of fixed assets	5	81	–
Profit on ordinary activities before interest		12,345	11,348
Interest payable	6	(4,360)	(5,004)
Interest receivable		354	581
Profit on ordinary activities before taxation		8,339	6,925
Taxation	7	(2,580)	(2,067)
Profit on ordinary activities after taxation		5,759	4,858
Loss/(profit) attributable to minority interests (including non-equity interests)		4	(1)
Profit for the financial year		5,763	4,857
Dividends	9	(2,050)	–
Retained profit for the financial year		3,713	4,857
Earnings per share	10	74.4p	62.8p
Earnings per share (excluding exceptional items and related taxation)	10	105.7p	71.6p

All activities are classed as continuing.

Statement of total recognised gains and losses

	2004 £000's	2003 £000's
Profit for the financial year	5,763	4,857
Revaluation of property	725	22,652
Prior year adjustment (note 1c)	(1,303)	–
Total gains and losses recognised since last annual report	5,185	27,509

Consolidated balance sheet

As at 31 March	Notes	2004 £000's	Restated 2003 £000's
Fixed assets			
Tangible assets	11	128,778	122,895
Intangible assets	12b	(4,049)	(4,335)
		124,729	118,560
Current assets			
Stocks	13	226	306
Debtors	14	4,157	4,567
Debtors due after more than one year	14	1,500	1,500
Cash at bank and in hand		13,865	10,013
		19,748	16,386
Creditors – amounts falling due within one year	15	(10,822)	(11,506)
Net current assets		8,926	4,880
Total assets less current liabilities		133,655	123,440
Creditors – amounts falling due after more than one year	16	(80,253)	(75,820)
Provision for liabilities and charges	19	(4,018)	(3,925)
Net assets		49,384	43,695
Capital and reserves			
Called up share capital	20	78	127
Share premium	21a	13,359	12,880
Capital redemption reserve	21a	50	–
Revaluation reserve	21a	23,186	22,652
Profit and loss account	21a	11,940	8,036
Shareholders' funds	22	48,613	43,695
Minority interests	23	771	–
		49,384	43,695

Approved by the Board of ANS 2000 plc on 30 June 2004 and signed on its behalf:

F J Sinclair-Brown
Group Finance Director

Company balance sheet

As at 31 March	Notes	2004 £000's	2003 £000's
Fixed assets			
Investments	12	28,645	28,645
		28,645	28,645
Current assets			
Debtors	14	–	6,636
Debtors due after one year	14	72,986	55,195
Cash at bank and in hand		295	2,588
		73,281	64,419
Creditors – amounts falling due within one year	15	(233)	(1,445)
Net current assets		73,048	62,974
Total assets less current liabilities		101,693	91,619
Creditors - amounts falling due after more than one year	16	(80,253)	(72,670)
Net assets		21,440	18,949
Capital and reserves			
Called up share capital	20	78	127
Share premium	21b	13,359	12,880
Capital redemption reserve	21b	50	–
Profit and loss account	21b	7,953	5,942
Shareholders' funds		21,440	18,949

Approved by the Board of ANS 2000 plc on 30 June 2004 and signed on its behalf:

F J Sinclair-Brown
Group Finance Director

Consolidated cash flow statement

Year to 31 March	Notes	2004 £000's	2004 £000's	Restated 2003 £000's	Restated 2003 £000's
Net cash inflow from operating activities	26		22,015		16,631
Returns on investment and servicing of finance					
Interest paid		(4,359)		(5,278)	
Interest received		354		581	
Net cash outflow from returns on investment and servicing of finance			(4,005)		(4,697)
Taxation					
Corporation tax paid		(2,797)		(1,631)	
Net cash outflow from taxation			(2,797)		(1,631)
Capital expenditure and financial investment					
Acquisition of tangible fixed assets		(9,130)		(1,915)	
Receipts on sale of fixed assets		1,381		32	
Net cash outflow from capital expenditure and financial activities			(7,749)		(1,883)
Acquisitions and disposals					
Purchase of subsidiary undertaking		–		(1,295)	
Net cash acquired with subsidiary		–		227	
Acquisition of minority interests		–		(1,130)	
Net cash outflow from acquisitions and disposals			–		(2,198)
Equity dividends paid			–		–
Net cash inflow before use of liquid resources and financing			7,464		6,222
Management of liquid resources					
Cash placed on one month money market deposit			–		(452)
Financing					
Proceeds from share issue to minority shareholders in subsidiary		775		–	
Loan repaid		(76,150)		(8,788)	
Loan received		73,000		3,150	
Net cash outflow from financing			(2,375)		(5,638)
Increase in cash in the financial year	27		5,089		132

Notes to the financial statements

1. Accounting Policies

There has been a change in accounting policy in respect of base stock, which is described below under the heading depreciation. All other accounting policies have been consistently applied:

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 and all its subsidiary undertakings and quasi-subsidiaries.
A quasi-subsidiary, as defined by Financial Reporting Standard 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 20 years.

Negative goodwill, up to the fair value of the non-monetary assets acquired, is recognised in the profit and loss account over 20 years.

Where the non-monetary asset is disposed of, the remaining negative goodwill relating to that asset is recognised in the year. Where the non-monetary asset is impaired the recognition of the negative goodwill relating to that asset is accelerated appropriately.

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	2%
(on valuation less residual value of 30%)	
Fixtures and fittings and equipment	10% – 25%
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 were accounted for as base stock and included in fixtures and fittings. No depreciation was provided but subsequent replacement was written off to the profit and loss account as incurred.

Following a review of current best accounting practice, the directors have decided that base stock expenditure should be capitalised as incurred and it should be depreciated. This change in accounting policy has resulted in a prior year adjustment. The effect on last year of this change is to increase depreciation by £432,000 and reduce repair expenses by £432,000. The effect on reserves at 31 March 2003 is a reduction of £1,303,000.

d) Deferred Taxation

In accordance with FRS19 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 and 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 completion of commissioning 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 and balance sheet in 2003 represent the minority interest in Hornchurch VCT Ltd, until the acquisition of the remaining minority shares in March 2003.

Minority interests shown in the profit and loss account and balance sheet in 2004 represent the minority interest in West London Clinic Ltd.

j) Pensions costs

The Company operates a defined contribution, stakeholder compliant, 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.

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

	2004 £000's	2003 £000's
Nursing Centres	77,377	69,368
Contracting and Commissioning	335	293
	77,712	69,661

Operating profit after exceptional items

	2004 £000's	2003 £000's
Nursing Centres	20,877	16,599
Depreciation on freehold and long leasehold buildings	(1,287)	(1,042)
Contracting and Commissioning	(37)	(106)
Central Costs	(3,927)	(3,661)
Exceptional Costs (note 5)	(3,599)	(712)
Amortisation of goodwill	286	336
Amortisation of prepaid financing charge	(49)	(66)
	12,264	11,348

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

3. Directors and Staff

a) Directors' Emoluments

	2004 £000's	2003 £000's
Basic salaries and bonuses	621	460
Benefits in kind	47	44
Pension contributions	106	40
	774	544

The highest paid director's emoluments, excluding pension contributions, totalled £260,000 (2003: £172,000). Pension contributions in respect of the highest paid director in 2004 were £22,000 (2003: £19,000).

Benefits in kind consist of car allowance, car fuel, car insurance and healthcare insurance.

The Group made contributions in respect of three directors to their pension funds. There is no further liability in respect of directors to their pension funds beyond these contributions.

3. Directors and Staff (continued)

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

	2004 £000's	2003 £000's
Wages and salaries	40,888	37,120
Social security costs	3,347	2,664
Pension costs	207	130
	44,442	39,914

The monthly average number of staff (full time equivalents) during the year was 3,519(2003: 3,577)

4. Operating Profit after exceptional items

	2004 £000's	Restated 2003 £000's
This is stated after charging/(crediting):		
Auditors remuneration – as auditors	85	80
– other fees	93	71
Depreciation of freehold and long leasehold buildings	1,287	1,042
Depreciation of other tangible fixed assets	1,386	1,481
Operating lease rental	3,753	3,518
Amortisation of positive goodwill	32	–
Amortisation of negative goodwill	(318)	(336)
Amortisation of prepaid financing charge	49	66

5. Exceptional Items

	2004 £000s	2003 £000s
Financing costs	988	–
Costs incurred in relation to sale to ANS 2003 plc	2,457	–
Redemption of preference shares.	50	–
Out of court settlement in respect of consultancy costs	104	–
Additional expenses incurred in relation to major flood	–	88
Costs relating to investments	–	30
Diminution in property values	–	1,351
Negative goodwill	–	(757)
	3,599	712

All the above exceptional costs relate to operating expenses. The exceptional credit of £757,000 in 2003 relates to accumulated release of negative goodwill relating to nursing centres that have a diminution in property value.

Exceptional financing costs in the year relate to costs associated with the refinancing in June 2003, which was subsequently superseded by a facility negotiated by ANS 2003 plc, the ultimate parent company.

Exceptional costs of £2,457,000 relate to costs incurred in respect of a review and exploration of potential value realisation options available and the ultimate sale to ANS 2003 plc.

Exceptional profit on disposal of fixed assets	81	–

Notes to the financial statements - continued

In order to assist in understanding the Group's results for the year, 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.

6. Interest Payable

	2004 £000's	2003 £000's
Interest payable on:		
Bank loans, overdrafts and other loans repayable within five years	–	277
Loans repayable in more than five years	4,360	4,727
	4,360	5,004

7. Tax on Profit on Ordinary Activities

	2004 £000's	2003 £000's
UK Corporation tax	2,489	2,212
Deferred taxation	93	(198)
Overprovision in previous years	(2)	53
	2,580	2,067

The Group tax losses available for carry forward against future trading profits amount to £759,000 (2003: £1,685,000).

8. Profit for the Financial Year

As permitted by section 230 of the Companies Act 1985 the Company has not presented its profit and loss account. The Group results include a profit for the financial year of £2,011,000 (2003: £3,674,000) which has been dealt with in the financial statements of the Company.

9. *Dividends*

	2004 £000's	2003 £000's
Interim: 26.4p per ordinary share (2003 – nil)	2,050	–
Final: no dividend proposed (2003 – nil)	–	–
	2,050	–

10. Earnings per Share

Earnings per share of 74.4p (2003: 62.8p) are calculated on profits of £5,763,000 after taxation (2003: £4,857,000) and the weighted average number of ordinary shares in issue during the period of 7,749,576 (2003: 7,734,576).
In addition earnings per share of 105.7p (2003: 71.6p) are also disclosed calculated on profits of £8,193,000 which excludes the exceptional items and related taxation credit of £1,088,000. The directors consider this to be a more appropriate measure of the underlying operational profitability of the Group.

11. Tangible Fixed Assets

a) The Group

	Assets in Course of Construction £000's	Land & Buildings £000's	Fixtures & Fittings £000's	Motor Vehicles £000's	**Total £000's**
Cost or Valuation					
1 April 2003	–	120,517	12,869	198	**133,584**
Prior year adjustment	–	–	2,888	–	**2,888**
Restated	–	120,517	15,757	198	**136,472**
Additions	1,993	5,924	1,136	78	**9,131**
Disposals	–	(1,255)	(192)	(35)	**(1,482)**
Revaluation	–	725	–	–	**725**
31 March 2004	1,993	125,911	16,701	241	**144,846**
Depreciation					
1 April 2003	–	1,830	7,444	112	**9,386**
Prior year adjustment	–	–	4,191	–	**4,191**
Restated	–	1,830	11,635	112	**13,577**
Charge for the year	–	1,287	1,346	40	**2,673**
Disposals	–	(55)	(95)	(32)	**(182)**
31 March 2004	–	3,062	12,886	120	**16,068**
Net Book Value					
31 March 2004	1,993	122,849	3,815	121	**128,778**
1 April 2003	–	118,687	4,122	86	**122,895**

b) All nursing centre properties except for the extension to Meadbank Nursing Centre 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 March 2003, by Powell Associates UK Ltd, Property Consultants and Valuers, London. The Meadbank Nursing Centre extension was valued in May 2003

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

	Land & Buildings	
	2004 £000's	2003 £000's
The Group		
Cost	**105,140**	100,471
Accumulated depreciation	**(6,000)**	(4,958)
	99,140	95,513

Notes to the financial statements - continued

12. Investments held as Fixed Assets

	The Group		The Company	
	2004 £000's	2003 £000's	**2004 £000's**	2003 £000's
Shares in subsidiary company (ANS plc)	–	–	28,645	28,645

a) Principal subsidiaries of ANS plc, the subsidiary of the Company are as follows:

Name of company	Description of shares held	Percentage shareholding	Nature of business
ANS Contract Healthcare Limited	Ordinary Preference	100% 100%	Nursing Centres
ANS Homes Limited	Ordinary Redeemable Preference	100% 100%	Nursing Centres
Stephigh Limited	Ordinary	100%	Nursing Centres
Beckerworld Limited	Ordinary	100%	Nursing Centres & Close Care Units
Calverguild Limited	Ordinary	100%	Nursing Centres
ANS Contracting & Commissioning Limited	Ordinary	100%	Commissioning of Nursing Centres
Ebbgate Nursing Homes Limited	Ordinary	100%	Nursing Centres
Ebbgate Nursing Homes (London) Limited	Ordinary	100%	Nursing Centres
Camomile Homes Limited	Ordinary	100%	Nursing Centre Ownership
Sutton Court Homes Limited	Ordinary	100%	Nursing Centres
Sutton Court Homes (No.2) Limited	Ordinary	100%	Nursing Centres
Hornchurch VCT Limited	Ordinary	100%	Nursing Centres
West London Clinic Limited	Ordinary	61%	Operating Theatre Facilities

All of these companies operate in the United Kingdom.

12. Investments held as Fixed Assets (continued)

b) Intangible Assets

	Positive Goodwill £000's	Negative Goodwill £000's	**Total £000's**
Cost or Valuation			
1 April 2003	633	(7,027)	**(6,394)**
31 March 2004	633	(7,027)	**(6,394)**
Amortisation			
1 April 2003	–	(2,059)	**(2,059)**
Charge for the year	32	(318)	**(286)**
31 March 2004	32	(2,377)	**(2,345)**
Net Book Value			
31 March 2004	601	(4,650)	**(4,049)**
1 April 2003	633	(4,968)	**(4,335)**

Notes to the financial statements - continued

13. Stocks

	The Group		The Company	
	2004 £000's	2003 £000's	**2004 £000's**	2003 £000's
Land for development	**26**	133	**–**	–
Close Care Units held for sale	**112**	173	**–**	–
Goods purchased for resale	**88**	–	**–**	–
	226	306	**–**	–

14. Debtors

Due within one year

	The Group		The Company	
	2004 £000's	2003 £000's	**2004 £000's**	2003 £000's
Trade debtors	**2,235**	2,732	**–**	–
Amount due from subsidiary undertakings	**–**	–	**–**	6,586
ACT recoverable	**–**	24	**–**	–
Other debtors	**187**	225	**–**	50
Prepayments and accrued income	**1,735**	1,586	**–**	–
	4,157	4,567	**–**	6,636

Due after one year

	The Group		The Company	
	2004 £000's	2003 £000's	**2004 £000's**	2003 £000's
Loans due from subsidiary undertakings	**–**	–	**55,195**	55,195
Loan	**1,500**	1,500	**–**	–
Amount due from subsidiary undertakings	**–**	–	**17,791**	–
	1,500	1,500	**72,986**	55,195

The loan is deferred consideration of £1,500,000 (2003: £1,500,000) which is repayable in a period not greater than 9 years. All of the deferred consideration is secured by subordinated charges over the properties sold.

Loans due from subsidiary represents loans given by the Company to its subsidiary to repay various bank loans and overdraft facilities. Interest and capital repayments on the inter company debt will mirror the terms of ANS 2003 plc's debt facility described in note 17d).

Amount due from subsidiary undertakings represent inter company balances.

15. Creditors - Amounts falling due within one year

	The Group		The Company	
	2004 £000's	2003 £000's	**2004 £000's**	2003 £000's
Other loans and overdrafts	–	1,237	–	1,237
Trade creditors	3,161	2,618	–	–
Corporation tax	1,056	1,393	–	–
Other taxes and social security costs	1,783	880	–	–
Other creditors	2,991	3,625	–	–
Accruals and deferred income	1,831	1,753	233	208
	10,822	11,506	233	1,445

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

	The Group		The Company	
	2004 £000's	2003 £000's	**2004 £000's**	2003 £000's
Loans (17d)	73,000	73,000	73,000	73,000
Prepaid financing charge	–	(330)	–	(330)
Other loans	–	3,150	–	–
Amounts owed to parent company	7,253	–	7,253	–
	80,253	75,820	80,253	72,670

17. Total Loans

	The Group		The Company	
a) Summary	**2004 £000's**	2003 £000's	**2004 £000's**	2003 £000's
Bank overdrafts – secured	–	1,237	–	1,237
Senior and Junior debt – secured	–	73,000	–	73,000
Prepaid financing charge	–	(330)	–	(330)
Other loans	–	3,150	–	–
Loan from parent company - secured	73,000	–	73,000	–
	73,000	77,057	73,000	73,907

	The Group		The Company	
b) Repayable as follows	**2004 £000's**	2003 £000's	**2004 £000's**	2003 £000's
In one year or less or on demand	–	1,237	–	1,237
Between one and two years	–	12,150	–	12,000
Between two and five years	–	63,670	–	60,670
After five years	73,000	–	73,000	–
	73,000	77,057	73,000	73,907

All loans shown above are secured by fixed and floating charges over all of the assets of the Group.

Notes to the financial statements - continued

17. Total Borrowings (continued)

c) Details of loans

	2004 £000's	2003 £000's
Loans:		
Loans repayable by instalments, first instalment commencing in May 2010.	73,000	76,150

The following arrangements are in place:

(1) Cap with Knock in Floor

For £35,000,000, interest is payable at LIBOR plus margin, subject to LIBOR being capped at 6.46%. However, if LIBOR falls below 3.50%, then the effective LIBOR rate will be 5.25%. (tested quarterly).

Margin on the facility is on a sliding scale between 1.35% and 1.70% dependent upon ratio of consolidated net debt to consolidated EBITDA.
The present margin is 1.70%.

(2) Seagull Hedge

For £35,000,000, interest is payable at LIBOR plus margin, subject to LIBOR being capped at 6.40%.
For £70,000,000, interest is payable at LIBOR plus margin, subject to LIBOR being not less than 3.96%.
If LIBOR is between 1.96% and 3.96%, then the effective LIBOR rate will be 3.96%.

Margin on the facility is on a sliding scale between 1.35% and 1.70% dependent upon ratio of consolidated net debt to consolidated EBITDA.
The present margin is 1.70%.

d) Loans

In March 2001, 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 ANS Group.

In June 2003, the Company completed an increase to its existing Senior syndicated facility from £63,000,000 to £98,000,000. Part of this additional facility was used to repay the existing Junior debt facility of £10,000,000 and to repay the £3,150,000 loan in Sutton Court Homes (No.2) Ltd.

In September 2003, the Company repaid £3,150,000 of its borrowings, which left the total borrowings at £73,000,000.

In October 2003, ANS 2003 plc, the ultimate parent company, negotiated a syndicated debt facility of £130,000,000 which was subsequently secured on the assets of the ANS Group. In January 2004, ANS 2003 plc lent ANS 2000 plc £73,000,000 to repay its existing borrowings. The debt facility is repayable in full 7 years from October 2003, with repayments commencing in September 2004. The interest rate on the facility is on a sliding scale between 1.35% and 1.70% over LIBOR dependent upon ratio of consolidated net debt to consolidated EBITDA. The present margin is 1.70% over LIBOR. The interest and capital repayments on the inter company loan mirror the terms of the debt facility. Although the capital repayment on the facility commences in September 2004, ANS 2003 plc will repay its portion of the debt facility (£37,000,000) before the repayment of £73,000,000 it lent to ANS 2000 plc. Therefore the inter company loan between ANS 2000 plc and ANS 2003 plc will not be required to be repaid before May 2010.

The remainder of this facility is undrawn and available for drawdown.

e) 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 Senior 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 17c).

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.

18. Taxation

(a) Analysis of tax charge

	2004 £000's	2003 £000's
Current year tax		
UK Corporation Tax on profits for the year	2,489	2,212
Adjustments in respect of previous periods	(2)	53
	2,487	2,265
Deferred tax		
Origination and reversal of timing differences	93	(198)
	2,580	2,067

(b) Factors affecting the tax charge for the year

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

Profit before tax	8,339	6,925
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 30% (2003: 30%)	2,502	2,077
Effects of:		
Permanent differences	732	152
Utilisation of Losses brought forward	(239)	(122)
Depreciation in excess of capital allowances for the year	(77)	125
Other items	(19)	(20)
Adjustments in respect of previous periods	2	53
Group relief from parent company	(414)	–
Current tax charge	2,487	2,265

Notes to the financial statements - continued

19. Provision for Liabilities and Charges (Deferred tax)

The Group	**2004 £000's**	2003 £000's
1 April 2003	**3,925**	4,023
Profit and Loss account	**93**	(198)
Acquired with subsidiary	–	100
31 March 2004	**4,018**	3,925

In addition there is an unprovided deferred taxation liability of £14,250,000 (2003: £13,800,000). In accordance with FRS19, this liability has not been provided in the financial statements as it arises as a result of a potential charge on the capital gains arising should the Group's nursing centres be disposed of at the revalued amount. In the opinion of the directors such an event is unlikely to occur in the forseeable future. If the gain arose there are up to £1,200,000 of capital losses to offset against the liability.

20. Called Up Share Capital

	2004 No. of shares 000's	**2004 £000's**	2003 No of shares 000's	2003 £000's
Authorised:				
Ordinary shares of 1p each	**25,000**	**250**	25,000	250
Redeemable preference shares of £1 each	**50**	**50**	50	50
Issued and fully paid ordinary shares of 1p each:	**7,765**	**78**	7,734	77
Redeemable preference shares of £1 each	–	–	50	50
31 March 2004	**7,765**	**78**	7,784	127

21. Reserves

a) The Group

	Share *premium* £000's	Revaluation *Reserve* £000's	Capital *Reserve* £000's	Profit *& loss* £000's	***Total*** **£000's**
1 April 2003	12,880	22,652	–	9,339	**44,871**
Prior year adjustment	–	–	–	(1,303)	**(1,303)**
Restated	12,880	22,652	–	8,036	**43,568**
Revaluation	–	725	–	–	**725**
Gain on difference between historical cost depreciation charge and actual depreciation charge for the year	–	(191)	–	191	–
Redemption of preference shares	–		50		**50**
Share issue	479	–	–	–	**479**
Retained profit for the year	–	–	–	3,713	**3,713**
31 March 2004	13,359	23,186	50	11,940	**48,535**

21. Reserves (continued)

b) The Company

	Share premium £000's	Capital reserve £000's	Profit & loss £000's	**Total £000's**
1 April 2003	12,880	–	5,942	**18,822**
Redemption of preference shares	–	50		**50**
Share issue	479	–	–	**479**
Retained profit for the year	–	–	2,011	**2,011**
31 March 2004	13,359	50	7,953	**21,362**

22. Reconciliation of Movements in Shareholders' Funds

The Group	**2004 £000's**	2003 £000's
Profit for the financial year	**5,763**	4,857
Dividends	**(2,050)**	–
	3,713	4,857
Revaluation	**725**	22,652
Prior year adjustment	**–**	(1,303)
Redemption of preference shares	**(50)**	–
Capital redemption reserve	**50**	–
Issue of shares	**480**	–
Net increase in shareholders funds	**4,918**	26,206
Opening shareholders' funds	**43,695**	17,489
Closing shareholders' funds	**48,613**	43,695

23. Minority Interests

	Total £000's
1 April 2003	**–**
Loss attributable to minority interests	**(4)**
Share of issued share capital in subsidiary	**775**
31 March 2004	**771**
Profit attributable to minority interests in 2003	**1**

Notes to the financial statements - continued

24. Commitments

At 31 March 2004, the Group was committed to making the following payments during the next year in respect of operating leases.

	2004 £000's	2003 £000's
Leases which expire:		
within 1 year	–	–
within 2 – 5 years	–	–
after 5 years	4,170	3,752
	4,170	3,752

At 31 March 2004, the Group has capital committments in respect of development projects totalling £4,500,000.

25. Contingent Liabilities

The Group has guaranteed borrowings of third parties which at 31 March 2004 amounted to £20,000 (2003: £20,000).

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

	2004 £000's	Restated 2003 £000's
Operating profit	12,345	11,348
Depreciation charge	2,673	2,523
Amortisation of goodwill	(286)	(336)
Amortisation of prepaid financing charge	49	66
Exceptional amortisation charge	–	(757)
Profit on sale of fixed assets	(82)	(36)
Exceptional amortisation of prepaid financing charge	280	–
Diminution in property values	–	1,351
Decrease in stocks	79	1
Decrease in debtors	384	2,494
Increase in balance with parent company	5,203	–
Increase/(decrease) in creditors	1,370	(23)
Net cash inflow from operating activities	22,015	16,631

27. Reconciliation of Net Cash Flow to Movement in Net Debt

	2004 £000's	2003 £000's
Increase in cash in the financial year	5,089	132
Cash inflow from increase in financing	(73,000)	(3,150)
Cash outflow from decrease in financing	76,150	8,788
Cash inflow from increase in liquid resources	–	452
Change in net debt resulting from cash flows	8,239	6,222
Change in net debt resulting from non-cash movement	(330)	(66)
Loans acquired with subsidiaries	–	(6,793)
Movement in net debt in the financial year	7,909	(637)
Net debt at 1 April 2003	(67,044)	(66,407)
Net debt at 31 March 2004	(59,135)	(67,044)

28. Analysis of Net Debt

	At 1 April 2003 £000's	Cash flow £000's	Other non-cash changes £000's	**At 31 March 2004 £000's**
Cash at bank and in hand	10,013	3,852	–	13,865
Overdrafts	(1,237)	1,237	–	–
	8,776	5,089	–	13,865
Debt due within one year	–	–	–	–
Debt due after one year	(76,150)	3,150	–	(73,000)
Prepaid financing charge	330	–	(330)	–
Other loans due after one year	–	–	–	–
	(67,044)	8,239	(330)	(59,135)

Notes to the financial statements - continued

29. Summary of Quasi-subsidiary's Financial Statements included in the Consolidated Financial Statements

a) Profit and Loss Account

	2004 £000's	2003 £000's
Turnover	–	1,484
Cost of services	–	(856)
Gross profit	–	628
Operating expenses	–	(337)
Operating profit	–	291
Interest payable	–	(277)
Interest receivable	–	4
Profit before taxation	–	18
Taxation	–	(16)
Profit after taxation	–	2

There are no recognised gains and losses other than those shown in the profit and loss account above. In addition the quasi-subsidiary's share of the revaluation during 2003 was £522,000.

b) Balance Sheet

As at 31 March	**2004 £000's**	2003 £000's
Fixed assets		
Tangible assets	–	–
Current assets		
Debtors	–	–
Cash at bank and in hand	–	–
	–	–
Creditors – amounts falling due within one year	–	–
Net current liabilities	–	–
Total assets less current liabilities	–	–
Creditors – amounts falling due after more than one year	–	–
Net assets	–	–
Capital and reserves		
Called up share capital	–	–
Share premium account	–	–
Revaluation reserve	–	–
Profit & loss account	–	–
	–	–

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

c) Cash Flow Statement

Year to 31 March	**2004 £000's**	**2004 £000's**	2003 £000's	2003 £000's
Net cash inflow from operating activities		–		327
Returns on investment and servicing of finance				
Interest paid	–		(347)	
Interest received	–		3	
Net cash outflow from returns on investment		–		(344)
Corporation tax	–		–	
Tax paid		–		–
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	–		(16)	
Receipts from sale of fixed assets	–		–	
Net cash outflow from capital expenditure and financial investment		–		(16)
Net cash outflow before financing		–		(33)
Financing				
Bank loan repayments	–		–	
Net cash outflow from financing		–		–
Decrease in cash in the financial year		–		(33)

30. Related Party Transactions

The Company received interest of £3,266,000 (2003: £3,456,000) from ANS plc in respect of debt described in note 14.

31. Ultimate Parent Company

In the opinion of the Directors, the Company is owned and controlled by its ultimate parent company, ANS 2003 plc. Copies of the accounts of ANS 2003 plc are available from Companies House.

32. Prior year adjustment

The prior year adjustment arose due to a change in accounting policy in respect of capitalisation and depreciation of base stock as described in note 1c). The effect on reserves at 31 March 2003 is a reduction of £1,303,000.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 2004 Annual General Meeting of the Company will be held at No. 1 Battersea Square, Battersea, London SW11 3PZ on Tuesday 10 August 2004 at 12.20 pm for the following purposes:

1 To receive the Accounts of the Company for the year ended 31 March 2004 together with the Reports thereon of the Directors and the Auditors of the Company.

2 To reappoint Horwath Clark Whitehill LLP 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 the remuneration of the Auditors.

BY ORDER OF THE BOARD.

D A Venus FCIS
Secretary
30 June 2004

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

Notes

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 be a Member of the Company.

ANS Nursing Centres throughout the United Kingdom

Avonmore Nursing Centre
Barrack Lane
Aldwick
Bognor Regis
West Sussex PO21 4ED

Bakers Court Nursing Centre
138-140 Little Ilford Lane
Manor Park
London E12 5PJ

Beacher Hall Nursing Centre
42 Bath Road
Reading
Berkshire RG1 6NG

Braid Hills Nursing Centre
77 Liberton Drive
Liberton
Edinburgh EH16 6NS

Brierton Lodge Nursing Centre
Brierton Lane
Hartlepool TS25 5DP

Brookview Nursing Centre
Brook Lane
Alderley Edge
Cheshire SK9 7QG

The Burnham Nursing & Residential Centre
19 Oxford Street
Burnham-on-Sea
Somerset TA8 1LG

The Cambridge Nursing Centre
5 Chesterton High Street
Cambridge
CB4 1NQ

Carlton Lodge Nursing & Residential Centre
21 Victoria Parade
Broadstairs
Kent CT10 1QL

Carnarvon Nursing Centre
22 Carnarvon Road
Clacton-on-Sea
Essex CO15 6QF

Chestnut Court Nursing & Residential Centre
Newton Street
Bury
Lancashire BL9 5HB

Collingwood Court Nursing Centre
Nelsons Row
Clapham
London SW4 7JR

Copper Beech House Nursing Centre
Eastbourne Road
Ridgewood
Uckfield
East Sussex TN22 5ST

The Dalecare Nursing Centre
Rookwood
Stockcross
Nr Newbury
Berkshire RG20 8LB

Devizes Dalecare Nursing & Residential Centre
39 High Street
Market Lavington
Wiltshire SN10 4AG

Darnley Court Nursing Centre
787 Nitshill Road
Glasgow G53 7RR

Elstree Court Nursing Centre
64 Meads Road
Eastbourne
East Sussex BN20 7QJ

Ennerdale Nursing Centre
Longmoor Lane
Fazakerley
Liverpool L9 7JU

The Fieldway Nursing Centre
40 Tramway Path
Mitcham
Surrey CR4 4SJ

The Greengables Nursing & Residential Centre
54 Sandbach Road
Congleton
Cheshire CW12 4LW

The Harefield Nursing Centre
Hill End Road
Harefield
Middlesex UB9 6UX

Havelock Court Nursing Centre
7 Wynne Road
Stockwell
London SW9 0BB

The Haven Nursing Centre
29 Telscombe Cliffs Way
Telscombe Cliffs
Peacehaven
East Sussex BN10 7DX

Hillside Nursing & Residential Centre
Hillside Avenue
Huyton
Knowsley
Liverpool L36 8DL

Hornchurch Nursing Centre
Suttons Lane
Hornchurch
Essex RN12 6RJ

Kestrel House Nursing Centre
220 Willingdon Road
Eastbourne
East Sussex BN21 1XR

Kingsley Nursing & Residential Centre
36/40 Ripon Road
Harrogate
North Yorkshire HG1 2JJ

Lynton Hall Nursing Centre
2 Lynton Road
New Malden
Surrey KT3 5EE

Manley Court Nursing Centre
John Williams Close
Cold Blow Lane
New Cross
London SE14 5XQ

The Maypole Nursing Centre
Lower Northam Road
Hedge End
Southampton SO30 4FY

Meadbank Nursing Centre
12 Parkgate Road
Battersea
London SW11 4NN

Middlesex Manor Nursing Centre
119 Harrow Road
Wembley
Middlesex HA9 6JD

Newcarron Court Nursing Centre
Ronades Road
Newcarron Village
Falkirk FK2 7RP

The Polegate Nursing Centre
Blackpath Road
Polegate
East Sussex BN26 5AP

Regency Court Nursing & Residential Centre
18-20 South Terrace
Littlehampton
West Sussex BN17 5NZ

Sidcup Nursing Centre
2-8 Hatherley Road
Sidcup
Kent DA14 4BQ

St. Mary's Nursing Centre
19 Dunstable Road
Luton
Bedfordshire LU1 1BE

The Stamford Nursing Centre
Watermill Lane
Edmonton
London N18 1SH

Summerlands Lodge Nursing Centre
Canterbury Road
Westgate-on-Sea
Kent CT8 8LY

Summerville Nursing Centre
Hilltop Road
Stockton Heath
Warrington
Cheshire WA4 2EF

The Wakefield Centre
Ravenscourt Gardens
London
W6 0AE

Warrens Hall Nursing Centre
218 Oakham Road
Tividale
Warley
West Midlands B69 1PY

Wilton Manor Nursing Centre
Wilton Avenue
Southampton
Hampshire SO15 2HA

Woodend Nursing & Residential Centre
Bradgate Road
Altrincham
Cheshire WA14 4QU

Close Care Apartments and Assisted Living Units

Alderley Edge Close Care Apartments
Brook Lane
Alderley Edge
Cheshire SK9 7QG

Elstree Court Assisted Living Units
64 Meads Road
Eastbourne
East Sussex BN20 7QJ

Newdale Court Assisted Living Units
Rookwood
Stockcross
Nr Newbury
Berkshire RG20 8LB

Northbrook Court Assisted Living Units
Northbrook Court
Market Lavington
Wiltshire SN10 4AG

ANS 2000 plc
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No. 1 Battersea Square, Battersea, London SW11 3PZ
Telephone 020 7801 4444