SC
135222

ScotNursing Limited

Report and Financial Statements

31 March 2004

Registered No: SC 135222

Directors
A B Rushforth RGN SCM
D A Rushforth
M C Elder
J Cooper
C J McDermid

Secretary
D A Rushforth

Auditors
Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

Registered Office
Napier House
Erskine Ferry Road
Old Kilpatrick
G60 5EX

Bankers
Bank of Scotland
Level 8
123 St. Vincent Street
Glasgow
G2 5EA

Solicitors
Biggart Baillie
Dalmore House
310 St Vincent Street
Glasgow
G2 5QR

Semple Fraser
130 St Vincent Street
Glasgow
G2 5HF

Directors' report

The directors present their report and financial statements for the year ended 31 March 2004.

Results and dividends

The loss for the year, after taxation, amounted to £454,286. The directors do not recommend the payment of a final ordinary dividend, leaving a loss of £454,286 to be transferred to reserves.

Principal activity, review of the business and future developments

The principal activity of the company in the year under review continued to be that of a nursing and domiciliary care agency, covering the following areas:

Scotnurse	nurses and carers for short and long term relief cover in hospitals, hospices, nursing homes and residential homes.
Scot HomeCare	flexible domiciliary homecare and professional nursing services.
Scotnurse at work	occupational health, industrial health screening and testing, research and first aid provision.
Scotnurse direct	placing nurses on contracts throughout the country.
Scot Training	accredited Return to Practice and other related courses.

The company operates from a purpose built head office and call centre in Old Kilpatrick, and a network of branches in Scotland and England. The company continued to expand its operations in the year and made further improvements to its state of the art call centre and billing systems.

The company has experienced a busy and challenging year as it doubled its branch network throughout Scotland and England to 21. The new branches provide access to new markets, primarily in the domiciliary care sector. Of the 25 local authority areas covered by the branches the business has approved provider status in 22 of these and the directors consider that the remaining registrations and approvals will be achieved over the next 12 months.

Additional marketing and promotion costs have been incurred in the year in order to enhance the profile of the business at a local and national level. These costs and new branch start-up costs have been fully expensed in the profit and loss account in the year.

The company has also been active in improving its IT systems for both front and back office. The full implementation of its call centre database was completed as well as scalable payroll, billing and accounting solutions. All costs in respect of these implementations have now been incurred.

The company also acquired the business and assets of Philomel Care, a Dumfries based domiciliary care business. The activities of this business are now integrated and it now operates on a day to day basis as a ScotHomecare branch. All consideration in respect of this transaction is now settled.

The directors are satisfied that the company is well placed to increase its presence in the domiciliary care market and to maximise the existing relationships and contracts within the nursing agency marketplace.

Directors' report

Directors and their interests

The directors at 31 March 2004 and their beneficial interests in the share capital of the company were as follows:

		At 31 March 2004		*At 31 March 2003*
	"A" Ordinary shares	*Ordinary shares*	*"A" Ordinary shares*	*Ordinary shares*
A B Rushforth RGN SCM	7,000	-	7,000	-
D A Rushforth	-	-	-	-
M C Elder	715	-	715	-
C J McDermid	-	-	-	-
J Cooper	-	-	-	-

Political and charitable contributions

During the year, the company made various charitable contributions totalling £5,135.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

A B Rushforth
Director

25 January 2005

Statement of directors' responsibilities in respect of the financial statements

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 of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ERNST & YOUNG

Independent auditors' report

to the members of ScotNursing Limited

We have audited the company's financial statements for the year ended 31 March 2004 which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and the related notes 1 to 27. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of 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 as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

25 January 2005

Profit and loss account

for the year ended 31 March 2004

	Notes	2004 £	2003 £
Turnover	2	12,648,942	11,278,242
Cost of sales		9,347,700	8,335,490
Gross profit		3,301,242	2,942,752
Administrative expenses		3,564,887	2,806,291
		(263,645)	136,461
Other operating income	3	22,475	21,105
Operating (loss)/profit	4	(241,170)	157,566
Interest payable and similar charges	7	213,116	117,894
(Loss)/profit on ordinary activities before taxation		(454,286)	39,672
Tax on (loss)/profit on ordinary activities	8	-	53,353
(Loss)/profit on ordinary activities after taxation		(454,286)	93,025
Profit and loss account brought forward		25,290	(67,735)
Profit and loss account carried forward		(428,996)	25,290

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £454,286 in the year to 31 March 2004 (2003 – profit £93,025).

Balance sheet

at 31 March 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	9	144,232	-
Tangible assets	10	1,435,192	1,322,581
Investments	11	2	2
		1,579,426	1,322,583
Current assets			
Stocks and work in progress	12	17,735	8,545
Debtors	13	1,360,298	1,265,108
Cash at bank and in hand		237,854	939,445
		1,615,887	2,213,098
Creditors: amounts falling due within one year	14	1,560,189	1,444,175
Net current assets		55,698	768,923
Total assets less current liabilities		1,635,124	2,091,506
Creditors: amounts falling due after one year	15	1,593,215	1,591,811
		41,909	499,695
Deferred income	18	162,750	166,250
Capital and reserves			
Called up share capital	19	24,286	24,286
Share premium		269,246	269,246
Revaluation reserve		14,623	14,623
Profit and loss account		(428,996)	25,290
Shareholders' funds			
Equity		(130,841)	323,445
Non-equity		10,000	10,000
	20	(120,841)	333,445
		41,909	499,695

A B Rushforth
Director

25 January 2005

Statement of cash flows

for the year ended 31 March 2004

	Notes	2004 £	2003 £
Net cash (outflow)/inflow from operating activities	21(a)	(347,711)	320,420
Returns on investments and servicing of finance	21(b)	(98,332)	(159,959)
Taxation		-	-
Capital expenditure and financial investment	21(c)	(328,800)	(7,029)
Financing	21(d)	(126,374)	1,054,049
(Decrease)/increase in cash		(901,217)	1,207,481

	Notes	2004 £	2003 £
Reconciliation of net cash flow to movement in net debt	21(e)		
(Decrease)/increase in cash		(901,217)	1,207,481
Cash used to repay capital element of finance lease and hire purchase payments		72,187	65,499
Cash received on issue of loan stock		-	(814,009)
Cash used to repay the capital element of bank loans		54,187	53,984
Change in net debt resulting from cash flows		(774,843)	512,955
New hire purchase and lease finance agreements		(75,638)	-
Interest accruing on loan stock not paid		(81,788)	(34,942)
Movement in net debt		(932,269)	478,013
Net debt at 1 April		(747,016)	(1,225,029)
Net debt at 31 March		(1,679,285)	(747,016)

ERNST & YOUNG

Notes to the financial statements

at 31 March 2004

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain freehold land and buildings.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets or liabilities.

Positive goodwill has been capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life.

Goodwill	-	over 10 years

Tangible fixed assets

All fixed assets are initially recorded at cost. Certain freehold land and buildings were revalued as at 9 October 1997, with the revaluation surplus taken to the revaluation reserve. The company has adopted the transitional provisions of FRS 15, and therefore these valuations have not been updated.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	-	over 50 years
Tenants' improvements	-	over 4 years
Vehicles and equipment	-	over 4 to 5 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

The carrying values of tangible fixed assets are reviewed for impairment in periods when events or changes in circumstances indicate that the carrying value may not be recoverable.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Notes to the financial statements

at 31 March 2004

1. Accounting policies (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet.

Hire purchase and leasing commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The capital element of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution scheme for certain of its employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, that of a nursing and domiciliary care agency.

100% (2003 - 100%) of turnover was within the United Kingdom.

3. Other operating income

	2004	*2003*
	£	*£*
Release of government grant	3,500	3,500
Other income	18,975	17,605
	22,475	21,105

4. Operating (loss)/profit

The operating loss is stated after charging:

	2004	*2003*
	£	*£*
Depreciation of owned fixed assets	102,041	71,268
Depreciation of assets held under finance leases and hire purchase contracts	35,811	53,163
	137,852	124,431
Amortisation of goodwill	10,302	-
Operating lease rentals - land and buildings	56,069	34,280
Gain on disposal of fixed assets	(559)	(4,112)
Auditors' remuneration - audit	10,000	9,500
- non audit services	16,947	15,140

Notes to the financial statements
at 31 March 2004

5. Directors' emoluments

	2004	*2003*
	£	*£*
Emoluments	200,132	184,795
Fees (non-executive director)	24,000	10,833
	224,132	195,628

	2004	*2003*
	£	*£*
Company contributions paid to money purchase pension schemes	9,364	8,200

	2004	*2003*
	No.	*No.*
Members of the money purchase pension scheme	2	2

6. Staff costs

	2004	*2003*
	£	*£*
Wages and salaries	2,107,000	1,746,667
Social security costs	185,917	145,939
Other pension costs	56,412	48,166
	2,349,329	1,940,772

The monthly average number of employees during the year was as follows:

	2004	*2003*
	No.	*No.*
Office and management	113	114

7. Interest payable

	2004	*2003*
	£	*£*
Bank loan and overdraft	90,030	52,653
Finance charges payable under finance leases and hire purchase contracts	8,302	30,299
Loan stock	114,784	34,942
	213,116	117,894

Notes to the financial statements

at 31 March 2004

8. Taxation

(a) Tax on (loss)/profit on ordinary activities

	2004	*2003*
	£	*£*
UK corporation tax	-	-
Total current tax	-	-
Deferred tax:		
Originating and reversal of timing differences	-	(53,353)
	-	(53,353)

(b) *Factors affecting the tax charge*

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2004	*2003*
	£	*£*
(Loss)/profit on ordinary activities before tax	(454,286)	39,672
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 - 30%)	(136,286)	11,902
Effect of:		
Disallowed expenses and non taxable income	15,541	14,427
Capital allowances in excess of depreciation	(6,209)	(939)
Unrelieved tax losses	127,616	-
Utilisation of tax losses	-	(32,890)
Other timing differences	(662)	7,500
Current tax charge for the period	-	-

Notes to the financial statements
at 31 March 2004

8. Taxation (continued)

(c) Deferred tax

	2004	2003
	£	£
At 1 April	53,353	-
Credit to profit and loss account in the year	-	53,353
At 31 March	53,353	53,353

Analysis of deferred tax asset:

	Recognised		Unrecognised	
	2004	2003	2004	2003
	£	£	£	£
Capital allowances in advance of depreciation	(4,727)	(4,727)	-	-
Other timing differences	7,206	7,206	-	-
Tax losses	50,874	50,874	114,512	-
	53,353	53,353	114,512	-

The tax losses are available indefinitely for offset against future trading profits.

The recoverability of the deferred tax asset recognised in respect of these losses has been estimated having regard to forecast taxable profits arising in following years.

(d) Factors that may affect future tax charge

There are no significant factors that may affect the future tax charge.

9. Intangible fixed assets

	Goodwill
	£
Cost:	
Purchased during the year	154,534
At 31 March 2004	154,534
Amortisation:	
Provided during the year	10,302
At 31 March 2004	10,302
Net book value:	
At 31 March 2004	144,232
At 31 March 2003	-

Notes to the financial statements

at 31 March 2004

10. Tangible fixed assets

	Freehold land and buildings	*Tenant's improvements*	*Vehicles and equipment etc*	*Total*
	£	£	£	£
Cost or valuation:				
At 1 April 2003	1,081,585	34,830	618,982	1,735,397
Additions	22,745	32,091	208,835	263,671
Disposals	-	-	(57,959)	(57,959)
At 31 March 2004	1,104,330	66,921	769,858	1,941,109
Depreciation:				
At 1 April 2003	55,481	31,572	325,763	412,816
Charge for year	21,861	7,229	108,762	137,852
Disposals	-	-	(44,751)	(44,751)
At 31 March 2004	77,342	38,801	389,774	505,917
Net book value:				
At 31 March 2004	1,026,988	28,120	380,084	1,435,192
At 31 March 2003	1,026,104	3,258	293,219	1,322,581

The net book value of vehicles and equipment etc. above includes an amount of £112,687 (2003 - £117,697) in respect of assets held under finance leases and hire purchase contracts.

Certain freehold land and buildings were revalued on an open market basis on 9 October 1997 by Douglas Inglis & Partners. Included in cost or valuation of freehold land and buildings at 1 April 2003 and 31 March 2004 is an amount of £30,000 in respect of this valuation.

On a historical cost basis, freehold land and buildings would have been included as follows:

	£
Cost:	
At 1 April 2003	1,066,962
At 31 March 2004	1,089,707
Cumulative depreciation based on cost:	
At 1 April 2003	53,627
At 31 March 2004	76,950

Notes to the financial statements
at 31 March 2004

11. Investments

	Subsidiary undertaking
	£
Cost:	
At 1 April 2003 and 31 March 2004	2

The company owns the whole issued share capital of Scot Home Care Limited, a non-trading company which is incorporated in Scotland. The capital and reserves of the subsidiary undertaking at 31 March 2004 were £2 (2003 - £2).

12. Stocks

	2004	*2003*
	£	*£*
Stock for resale	17,735	8,545

13. Debtors: amounts falling due within one year

	2004	*2003*
	£	*£*
Trade debtors	1,206,410	1,126,436
Other debtors	4,886	18,545
Prepayments	95,649	53,865
Director's current account (note 26)	-	12,909
Deferred taxation (note 8c)	53,353	53,353
	1,360,298	1,265,108

Included in the trade debtors are £863,737 (2003 - £920,793) of debts under an invoice discounting arrangement.

14. Creditors: amounts falling due within one year

	2004	*2003*
	£	*£*
Bank overdraft	199,626	-
Current instalments due on bank loan (note 16)	52,675	54,798
Obligations under finance leases and hire purchase contracts (note 17)	71,623	39,852
Trade creditors	104,152	140,563
Other creditors and accruals	230,793	213,736
Invoice finance creditor	620,857	685,699
Other taxes and social security costs	280,463	309,527
	1,560,189	1,444,175

Notes to the financial statements
at 31 March 2004

15. Creditors: amounts falling due after more than one year

	2004	*2003*
	£	*£*
Loans (note 16)	1,543,736	1,514,012
Obligations under finance leases and hire purchase contracts (note 17)	49,479	77,799
	1,593,215	1,591,811

16. Loans

	2004	*2003*
	£	*£*
Not wholly repayable within five years:		
12% Secured Loan Stock 2007/2009	890,000	890,000
£500,000 bank loan at 2% per annum over Bank's Base Rate, repayable in 180 monthly instalments, commencing on 30 September 2002	465,064	487,616
£273,843 bank loan at 3% per annum over Bank's Base Rate, repayable in 84 monthly instalments, commencing on 30 September 2002	200,608	232,243
	1,555,672	1,609,859
Less: issue costs	(75,991)	(75,991)
Add: accrued finance costs	116,730	34,942
	1,596,411	1,568,810
Amounts falling due:		
In one year or less, or on demand	52,675	54,798
In more than one year, but not more than two years	56,265	58,618
In more than two years, but not more than five years	492,818	500,939
In more than five years	953,914	995,504
	1,555,672	1,609,859
Less: unamortised issue costs	*(75,991)*	*(75,991)*
Add: accrued finance costs	116,730	34,942
	1,596,411	1,568,810
Less: included in creditors: amounts falling due within one year	(52,675)	(54,798)
	1,543,736	1,514,012

In issue during the year is 12% secured loan stock 2007/2009. The principal sum together with a redemption premium of 20% of the amount of each repayment instalment is repayable on the following dates:

	Principal	*Premium*	*Total*
	£	*£*	*£*
7 December 2007	300,000	-	300,000
7 December 2008	300,000	-	300,000
7 December 2009	290,000	178,000	468,000

Notes to the financial statements
at 31 March 2004

16. Loans (continued)

The 12% secured loan stock 2007/2009 is secured by a bond and floating charge and a ranking agreement over the assets of the company.

The bank loans and overdraft are secured by a bond and floating charge over the assets of the company, a standard security over the company's properties and a ranking agreement over the company's site at Erskine Ferry Road, Old Kilpatrick.

17. Obligations under hire purchase and finance leases

The maturity of these amounts is as follows:

	2004	*2003*
	£	*£*
Amounts payable:		
Within one year	77,032	48,628
In two to five years	51,546	81,102
	128,578	129,730
Less: finance charges allocated to future periods	(7,476)	(12,079)
	121,102	117,651

	£	*£*
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 14)	71,623	39,852
Non-current obligations (note 15)	49,479	77,799
	121,102	117,651

18. Accruals and deferred income

	Deferred government grants	
	2004	*2003*
	£	*£*
At 1 April	166,250	169,750
Released to profit and loss account during the year	(3,500)	(3,500)
At 31 March	162,750	166,250

Notes to the financial statements

at 31 March 2004

19. Called up share capital

	2004	2003
	£	£
Authorised:		
"A" ordinary shares of £1 each	70,000	70,000
"B" ordinary shares of £1 each	30,000	30,000
Preference shares of £1 each	10,000	10,000
	110,000	100,000

	2004	2003
	£	£
Allotted, issued and fully paid:		
"A" ordinary shares of £1 each	10,000	10,000
"B" ordinary shares of £1 each	4,286	4,286
Preference shares of £1 each	10,000	10,000
	24,286	24,286

The "A" ordinary shares and "B" ordinary shares rank pari passu all respects.

The preference shares of £1 each carry, in priority to the holder of any other class of share, a cumulative net cash dividend at the rate of 12p per annum in respect of each preference share. The preference dividend shall accrue from day to day from and including the date of issue of and down to and including the date on which any such preference share is redeemed and shall be paid in arrears on 31 December in each year and on an exit event save that the first payment shall be made on 31 December 2003 in respect of the period commencing on the date of the issue of such preference shares down to and including such date.

The holders of the preference shares shall be entitled by notice in writing to the company to exercise as a class on a poll three times the number of votes attached to all shares of any other class in issue on any resolution at any general meeting of the company in the event of default under any banking facilities, or if there has occurred any breach by the company or any of the members of the directors of the company (excluding any investor director) of any of the provisions of the Articles of Association or of the Investment Agreement or of the Loan Stock which has not been remedied to the reasonable satisfaction of an investor majority within 14 days of a notice from any investor to the company requesting such a remedy, or any preference share due to be redeemed is not redeemed on its due date for redemption. These voting rights shall be exercisable at any time after any of these events have occurred and such rights shall continue only until the payment of all such amounts then overdue or until such other breach is waived or otherwise remedied to reasonable satisfaction. The preference shares shall entitle their holders and receive notice of a general meeting of the company, but subject to the above, not to attend, or speak or vote thereat.

The company shall redeem the preference shares then issue immediately prior to, and conditionally upon the occurrence of an exit event or the appointment of a receiver, manager or administrative receiver over all or any part of the assets of any members of the group or the appointment of a liquidator or administrator over any member of the group.

Notes to the financial statements

at 31 March 2004

20. Reconciliation of shareholders' funds and movements on reserves

	2004	*2003*
	£	£
(Loss)/profit for the financial year	(454,286)	93,025
Proceeds from issue of shares net of issue costs of £26,468	-	283,532
Opening shareholders' funds	333,445	(43,112)
Closing shareholders' funds	(120,841)	333,445

21. Statement of cash flows

(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2004	*2003*
	£	£
Operating (loss)/profit	(241,170)	157,566
Depreciation and amortisation	148,154	124,431
Gain on sale of tangible fixed assets	(559)	(4,112)
Increase in debtors	(95,190)	(165,320)
(Decrease)/increase in creditors	(146,256)	214,541
Increase in stocks	(9,190)	(3,186)
Release of grant	(3,500)	(3,500)
Net cash (outflow)/inflow from operating activities	(347,711)	320,420

(b) Returns on investments and servicing of finance

	2004	*2003*
	£	£
Interest paid on bank loan	(90,030)	(53,669)
Interest element of finance lease rental payments	(8,302)	(30,299)
Debt issue costs	-	(75,991)
	(98,332)	(159,959)

(c) Capital expenditure

	£	£
Payments to acquire tangible fixed assets	(188,033)	(44,479)
Receipts from sales of tangible fixed assets	13,767	37,450
Payments to acquire intangible fixed assets	(154,534)	-
	(328,800)	(7,029)

Notes to the financial statements

at 31 March 2004

21. Statement of cash flows (continued)

(d) Financing:

	£	£
Proceeds from issue of ordinary share capital	-	300,000
Proceeds from issue of preference capital	-	10,000
Issue expenses in relation to share capital	-	(26,468)
New fixed rate loan stock	-	890,000
Repayment of bank loans	(54,187)	(53,984)
Capital element of hire purchase and lease payments	(72,187)	(65,499)
	(126,374)	1,054,049

(e) Analysis of movements in net debt

	At 1 April 2003 £	*Cash flow* £	*Other changes* £	*At 31 March 2004* £
Cash at bank and in hand	939,445	(901,217)	-	38,228
Bank loan	(719,859)	54,187	-	(665,672)
Hire purchase contracts and finance leases	(117,651)	72,187	(75,638)	(121,102)
Loan stock	(848,951)	-	(81,788)	(930,739)
	(747,016)	(774,843)	(157,426)	(1,679,285)

22 Capital commitments

There were no capital commitments at 31 March 2004 (2003 - £13,000).

23. Contingent liabilities

The grant from Scottish Enterprise Dunbartonshire (note 18) may be clawed back if certain conditions occur during the period of five years from 11 August 2000.

24. Pension commitments

The company operates a defined contribution scheme for certain of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end, include in "other creditors" (note 14) are £7,319 (2003 - £Nil).

Notes to the financial statements

at 31 March 2004

25. Other financial commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		*Other*	
	2004	*2003*	*2004*	*2003*
	£	*£*	*£*	*£*
For leases expiring:				
Within one year	38,906	14,525	-	-
Within two to five years	52,300	20,600	14,809	3,840
Over five years	10,000	-	-	-
	101,206	35,125	14,809	3,840

26. Transactions with directors

Included in debtors in the previous year is a loan by a director, A B Rushforth.

	£
Amount outstanding at 1 April 2003	12,909
Monies advanced by A B Rushforth during the year	(12,909)
Amount outstanding at 31 March 2004	-

The maximum amount outstanding during the year was £12,909 (2003 - £12,909).

27. Related party transactions

During the year the company rented office premises for £5,200 (2003 - £5,200) at arm's length in the normal course of business, from the privately managed pension fund of the directors of the company.

During the year the company sold vehicles to A B Rushforth and the son of A B Rushforth and D A Rushforth for consideration of £1,000 and £12,765 respectively. The price charged in each individual transaction was the normal market price. At the balance sheet date the amount due to ScotNursing Limited in respect of these transactions was £nil.

During the year the company purchased services in the normal course of business and at the normal market price of £20,315 from SDR Landscapes, a company of which the son of A B Rushforth and D A Rushforth is a director. The amount due by ScotNursing Limited at the balance sheet date in respect of these services was £nil.

During the year the company purchased services in the normal course of business and at the normal market price of £3,500 from MediaCorp Limited. The spouse of M C Elder is a director of this company. The amount due by ScotNursing Limited at the balance sheet date in respect of these services was £nil.