

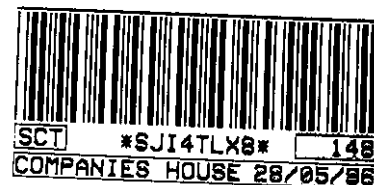
CLIFTON COURT NURSING HOME LIMITED

REPORT AND ACCOUNTS

29th February, 1996

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Company Number 145063



REPORT OF THE DIRECTORSDirectors

G. C. Grieve  
G. E. Mitchell

The Directors have pleasure in submitting their report and statement of accounts of the Company for the year ended 29th February, 1996.

Activity

The Company's principal activity is the operation of a nursing home.

Results and Dividend

The loss for the year after taxation amounted to £99,317. Consequently, the Directors do not recommend the payment of any dividend.

Directors and their interests

The Directors at the date of this report are stated above. Mr J.K. Cruickshank was appointed a Director on 7th July, 1995 and served until his resignation on 29th February, 1996. In addition, Mr A.I. Forbes and Mr J Barkley served as Directors until their resignations on 7th July, 1995 and 29th February, 1996 respectively. Mr G. C. Grieve and Mr G. E. Mitchell were appointed Directors on 29th February, 1996.

No Director had an interest in the shares of the Company, nor in the preference stocks of The Governor and Company of the Bank of Scotland ("Bank of Scotland"), the Company's parent undertaking, nor in the shares of any other undertakings within the Bank of Scotland Group, at any time during the year.

Directors' beneficial interests in the ordinary stock units of Bank of Scotland, were as follows:-

At 29th February, 1996  
Ordinary Stock Units of 25p each

G. C. Grieve	8,982
G. E. Mitchell	28,905

Options to subscribe for ordinary stock of Bank of Scotland were granted to or exercised by Directors during the year to 29th February, 1996 as follows:

Directors and their interests (continued)Executive Stock Options

	<u>1 Mar 95</u>	<u>Granted</u>	<u>Exercised</u>	<u>29 Feb 96</u>	<u>Weighted Average Exercise Price (p)</u>	<u>Market Price at Date of Exercise(p)</u>	<u>Closing Weighted Average Exercise Price (p)</u>	<u>Date Options Exercisable</u>
G. C. Grieve	40,284	14,500	22,284	32,500	108.4	249.0	223.9	1996-2005
G. E. Mitchell	142,000	48,000	-	190,000	-	-	187.8	1996-2005

No options lapsed during the year. Options were granted in October 1995 at a price of 259.83p per ordinary stock unit, being the average market price for the first three dealing days on which the ordinary stock was quoted ex dividend following announcement of the interim results and immediately prior to the date of grant. For earlier years, options were granted at the average market price for the three dealing days immediately prior to the date on which invitations to apply for options were issued.

Savings Related Stock Options

	<u>1 Mar 95</u>	<u>Granted</u>	<u>Exercised</u>	<u>28 Feb 96</u>	<u>Weighted Average Exercise Price (p)</u>	<u>Market Price at Date of Exercise(p)</u>	<u>Closing Weighted Average Exercise Price (p)</u>	<u>Date Options Exercisable</u>
G. C. Grieve	4,463	359	1,989	2,833	73.8	287.5	127.0	1996-2000

No options lapsed during the year. Options were granted in November 1995 at a price of 207.864p per ordinary stock unit being 80% of the average market price for the first three dealing days on which the ordinary stock was quoted ex dividend following announcement of the interim results and immediately prior to the date of grant. For earlier years, options were granted at 80% of the market price on the fourth dealing day after the announcement of the interim results.

The market price of the ordinary stock at 29th February, 1996 was 276.5p per ordinary stock unit and the range during the year was 196.5p to 312.0p per ordinary stock unit.

Auditors

In accordance with the provisions of Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Ernst and Young will continue in office as auditors.

By Order of the Board,

*L. J. W. Black*

L. J. W. Black,  
Secretary.

Registered Office  
The Mound,  
EDINBURGH, EH1 1YZ

9<sup>th</sup> April, 1996

PROFIT AND LOSS ACCOUNTFor the year ended 29th February, 1996

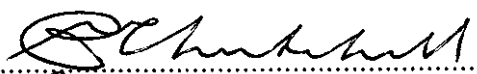
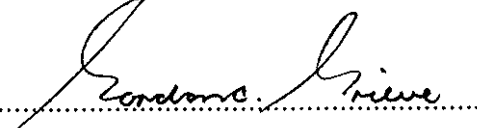
	<u>Notes</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Turnover		314,155	27,314
Operating expenses		(335,724)	(139,812)
Operating loss		<u>(21,569)</u>	<u>(112,498)</u>
Interest paid on loan from parent undertakings		(111,468)	(39,083)
Loss on ordinary activities before taxation	2	<u>(133,037)</u>	<u>(151,581)</u>
Tax on ordinary activities	3	33,720	-
Loss on ordinary activities after tax		<u>(99,317)</u>	<u>(151,581)</u>
Profit and Loss Account at 1st March, 1995		(157,259)	(5,678)
Profit and Loss Account at 29th February, 1996		<u><u>(256,576)</u></u>	<u><u>(157,259)</u></u>

All gains and losses arising during the year have been recognised in the profit and loss account and derive from continuing operations of the Company.

The notes on pages 5 to 7 form part of these accounts.

BALANCE SHEETAs at 29th February, 1996

		<u>1996</u> £	<u>1995</u> £
	<u>Notes</u>		
<u>Fixed assets</u>	4	1,419,844	1,376,416
<u>Current assets</u>			
Stocks		-	772
Debtors		7,613	-
Group relief receivable		42,738	-
Cash at bank and in hand		400	300
Prepayments		3,221	2,525
		<u>53,972</u>	<u>3,597</u>
<u>Creditors: amounts falling due within one year</u>	5	(1,721,274)	(1,537,172)
Net Current Liabilities		<u>(1,667,302)</u>	<u>(1,533,575)</u>
<u>Provisions for liabilities and charges</u>			
Deferred taxation	6	(9,018)	-
Total Assets less Current Liabilities		<u>(256,476)</u>	<u>(157,159)</u>
<u>Capital and reserves</u>			
Called up share capital	7	100	100
Profit and loss account		(256,576)	(157,259)
Equity shareholders' funds	8	<u>(256,476)</u>	<u>(157,159)</u>

 ..... Director  
 ..... Director

9th April, 1996

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The notes on pages 5 to 7 form part of these accounts.

NOTES TO THE ACCOUNTS1. Accounting policiesBasis of preparation

The accounts have been prepared on a going concern basis because facilities are currently made available by the parent undertaking which are sufficient to meet the Company's obligations as they fall due.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with currently applicable accounting standards.

Turnover

Turnover represents fees receivable.

Interest

Interest payable is taken into account when charged and has been capitalised to the extent that it can fairly be attributed to property in the course of construction.

Fixed Assets

The heritable property is stated at cost. The heritable property and integral fixed plant is not depreciated as it is considered that residual values, based on prices prevailing at the time of acquisition, are such that any charge would not be significant. In addition, it is the policy to maintain the property to a high standard with regular maintenance expenditure being charged against operating profit. Depreciation is provided on all other tangible fixed assets on a straight line basis over their expected useful lives as follows:

Fixtures and Fittings	15%
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Taxation

The credit for taxation takes into account the timing differences in the accounting and taxation treatment of certain items to the extent that they are expected to reverse in the future. Deferred taxation is provided on the liability method.

2. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging :

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Audit fees	1,000	1,000
Depreciation	21,025	9,325
Management fees	<u>29,376</u>	<u>12,240</u>

The Company has no employees and none of the Directors receives any emoluments from the Company.

NOTES TO THE ACCOUNTS (continued)3. Taxation

The taxation credit is based on the loss arising from ordinary activities and comprises:

	<u>1996</u>
	<u>£</u>
Group relief receivable at 33% (1995 - 33%):	42,738
Deferred taxation (Note 6)	(9,018)
	<u>33,720</u>

4. Tangible fixed assets

	<u>Heritable Property</u>	<u>Fixtures &amp; Fittings</u>	<u>Total</u>
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1st March, 1995	1,265,024	120,717	1,385,741
Additions	45,006	19,447	64,453
	<u>1,310,030</u>	<u>140,164</u>	<u>1,450,194</u>
<u>Depreciation</u>			
At 1st March, 1995	-	9,325	9,325
Charged in the year	-	21,025	21,025
At 29th February, 1996	<u>-</u>	<u>30,350</u>	<u>30,350</u>
<u>Net Book Value</u>			
At 29th February, 1996	<u>1,310,030</u>	<u>109,814</u>	<u>1,419,844</u>
At 1st March, 1995	<u>1,265,024</u>	<u>111,392</u>	<u>1,376,416</u>

Included in the cost of the heritable property is £17,781 relating to capitalised interest.

5. Creditors: amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade creditors	17,020	418
Amounts due to ultimate parent undertaking	-	140,050
Amounts due to parent undertaking	1,675,275	1,392,645
Accruals	28,979	4,059
	<u>1,721,274</u>	<u>1,537,172</u>

NOTES TO THE ACCOUNTS (continued)6. Deferred Taxation

The deferred tax provision, which is the full potential deferred tax provision, arises from capital allowances in advance of depreciation. The movement for the year is as follows:

	<u>1996</u> £
As at 1st March, 1995	-
Movement in the year	9,018
At 29th February, 1996	<u>9,018</u>

7. Share capital

	<u>1996</u> £	<u>1995</u> £
<u>Authorised</u>		
Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Issued, called up and fully paid</u>		
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

8. Reconciliation of movements in equity shareholders' funds

	<u>1996</u> £	<u>1995</u> £
Equity shareholders' funds at 1st March, 1995	(157,159)	(5,578)
Loss attributable to shareholders	(99,317)	(151,581)
Equity shareholders' funds at 29th February, 1996	<u>(256,476)</u>	<u>(157,159)</u>

9. Parent undertaking

The Company's parent undertaking is The Governor and Company of Bank of Scotland, incorporated by Act of the Scottish Parliament in 1695. The Company is included in the consolidated accounts of Bank of Scotland and copies of its Annual Report and Accounts may be obtained from its Head Office at The Mound, Edinburgh.



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss for the year. The Directors consider that in preparing the financial statements on pages 3 to 7 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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REPORT OF THE AUDITORS TO THE MEMBERS OF  
CLIFTON COURT NURSING HOME LIMITED

We have audited the accounts on pages 3 to 7, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

**Respective responsibilities of directors and auditors**

As described on page 8, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

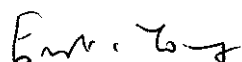
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 29th February, 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Edinburgh.

9 April, 1996