

CLIFTON COURT NURSING HOME LIMITED

REPORT AND ACCOUNTS

28th February, 1999

Company Number 145063

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REPORT OF THE DIRECTORSDirectors

G. E. Mitchell
G. S. Smith

The Directors have pleasure in submitting their report and statement of accounts of the Company for the year ended 28th February, 1999.

Activity

The Company did not trade during the year.

Results and Dividend

The profit for the year after taxation amounted to £25,615 (1998 - £210,621). 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.

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:-

	<u>At 28th February 1998</u>	<u>At 28th February 1999</u>
	<u>Ordinary Stock Units of 25p each</u>	<u>Ordinary Stock Units of 25p each</u>
G. E. Mitchell	28,393	29,504
G. S. Smith	35,460	62,235

Directors and their interests (Continued)

Options to subscribe for ordinary stock of Bank of Scotland were granted to or exercised by Directors during the year to 28th February, 1999 as follows:

Executive Stock Options held by Directors

	<u>#Options held as at 1st March 1998</u>	<u>#Options granted</u>	<u>#Options exercised</u>	<u>#Options held as at 28th February 1999</u>
G. E. Mitchell	183,000	40,000	-	223,000
G.S. Smith	57,100	10,000	34,000	33,100

Ordinary Stock units of 25p each

Bank of Scotland policy is to make an annual grant of options over the ten year life of the Executive Stock Option Scheme.

Savings Related Stock Options held by Directors

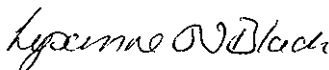
	<u>#Options held as at 1st March 1998</u>	<u>#Options granted</u>	<u>#Options exercised</u>	<u>#Options held as at 28th February 1999</u>
G.S. Smith	1,851	1,253	-	3,104

Ordinary Stock units of 25p each

Auditors

In accordance with s.392 of the Companies Act 1985 (as amended) Ernst & Young, Auditors will serve notice on the company intimating their resignation as auditors of the company with effect from 15th June, 1999. KPMG Audit plc will be appointed auditors by the directors with effect from 15th June, 1999.

By Order of the Board,



L.J.W. Black,
Secretary.

Registered Office

The Mound,
EDINBURGH,
EH1 1YZ

29 MARCH 1999

PROFIT AND LOSS ACCOUNTFor the year ended 28th February, 1999

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Turnover		-	125,816
Operating expenses		-	(129,693)
Operating (loss)	2	-	(3,877)
Other interest receivable		-	1,206
Interest paid on loan from parent undertaking		-	(8,064)
Loss on disposal of fixed assets		-	(206,443)
Waiver of loan due to parent undertaking		23,809	443,083
Profit on ordinary activities before taxation		23,809	225,905
Taxation	3	1,806	(15,284)
Profit on ordinary activities after taxation		25,615	210,621
Profit and Loss Account at 1st March, 1998		(25,615)	(236,236)
Profit and Loss Account at 28th February, 1999		-	(25,615)

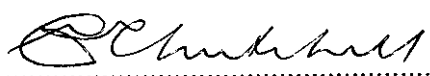
All gains and losses arising during the year have been recognised in the profit and loss account.

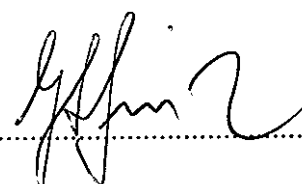
The company did not trade during the year.

The notes on pages 5 to 6 form part of these accounts.

BALANCE SHEETAs at 28th February, 1999

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
<u>Current Assets</u>			
Amounts due from parent undertaking		100	100
		<u>100</u>	<u>100</u>
<u>Creditors: amounts falling due within one year</u>			
Corporation tax		-	(25,615)
<u>Net Current Assets/(Liabilities)</u>		<u>100</u>	<u>(25,515)</u>
 <u>Share Capital and Reserves</u>			
Share Capital	5	100	100
Profit and Loss account		-	(25,615)
<u>Equity Shareholders' Funds</u>	6	<u>100</u>	<u>(25,515)</u>

.....Director

.....Director

.....29 MARCH 1999

The notes on pages 5 to 6 form part of these accounts.

NOTES TO THE ACCOUNTS1. Accounting policyAccounting 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

Depreciation is provided on fixture and fittings on a straight line basis over their useful lives as follows:

Fixture and fittings 15%

Taxation

The charge 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.

2. Operating loss

This is after charging :

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Depreciation on owned assets prior to disposal	-	5,758

The audit fee is borne by the parent undertaking and is therefore not included in these accounts.

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

3. Taxation

The taxation (credit)/charge is based on the profit arising from ordinary activities and comprises:

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Corporation tax	-	25,615
(Over) Provision of Corporation Tax in previous years	(1,806)	(1,020)
Deferred taxation (Note 4)	-	(9,311)
	<u>(1,806)</u>	<u>15,284</u>

NOTES TO THE ACCOUNTS (continued)4. 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>1999</u> £	<u>1998</u> £
As at 1st March, 1998	-	9,311
Profit and Loss account	-	(9,311)
As at 28th February, 1999	<u>-</u>	<u>-</u>

5. Share Capital

	<u>1999</u> £	<u>1998</u> £
<u>Authorised</u>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Issued, called up and fully paid</u>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

6. Reconciliation of Equity Shareholders' Funds

	<u>1999</u> £	<u>1998</u> £
Profit attributable to Equity Shareholders	25,615	210,621
Equity Shareholders' Funds at 1st March, 1998	(25,515)	(236,136)
Equity Shareholders' Funds at 28th February, 1999	<u>100</u>	<u>(25,515)</u>

7. 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, EH1 1YZ.

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 6 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.

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

We have audited the accounts on pages 3 to 6, 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 7, 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 28th February, 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Edinburgh

| April, 1999