

HORIZON CAPITAL LIMITED  
(FORMERLY CLIFTON COURT NURSING HOME LIMITED)

REPORT AND ACCOUNTS

28 February 2001

Company Number 145063



REPORT OF THE DIRECTORSDirectors

J. Barkley  
P. Cummings  
H. C. McMillan  
G. E. Mitchell

The Directors have pleasure in submitting their report and statement of accounts of the Company for the year ended 28th February 2001.

Change of Name

The company changed its name on 21st July 2000 from Clifton Court Nursing Home Limited to Horizon Capital Limited.

Activity

The company is an investment holding company. No change is expected in these activities.

Results and Dividend

The profit for the year after taxation amounted to £ 77,442 (2000 - £Nil). 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. P. Cummings, H. McMillan and G. E. Mitchell were appointed as Directors on 7<sup>th</sup> July, 2000. J. C. O'Neil who had served as a Director from 7<sup>th</sup> January, 2000 resigned on 7<sup>th</sup> July, 2000. The other director served throughout the year.

No Director had an interest in the shares of the Company, nor in the preference stocks of Bank of Scotland, the Company's ultimate 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 28 February 2000</u> <u>or Date of Appointment</u>	<u>At 28 February 2001</u>
	<u>Ordinary Stock Units of 25p each</u>	<u>Ordinary Stock Units of 25p each</u>
J. Barkley	84,521	85,378
P. Cummings	17,443	19,458
H. C. McMillan	35,379	36,741
G. E. Mitchell	31,830	31,830

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 28 February 2001 as follows:

Executive Stock Options held by Directors

	<u>#Options held as at 1 March 2000</u>	<u>#Options granted</u>	<u>#Options exercised</u>	<u>#Options held as at 28 February 2001</u>
J. Barkley	53,000	-	-	53,000
P. Cummings	37,500	35,000	-	72,500
H. C. McMillan	59,800	24,000	-	83,800
G. E. Mitchell	125,000	95,000	-	220,000

# 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 2000</u>	<u>#Options granted</u>	<u>#Options exercised</u>	<u>#Options held as at 28 February 2001</u>
J. Barkley	3,524	714	517	3,721
P. Cummings	5,472	1,214	3,496	3,190
H. C. McMillan	5,360	585	1,348	4,597

# Ordinary Stock units of 25p each

Secretary

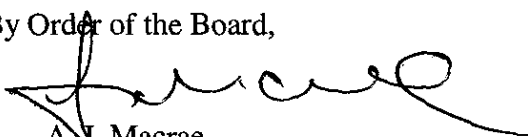
Lysanne J. W. Black resigned on 1<sup>st</sup> September, 2000 and was replaced by A. I. Macrae on that date.

Report of the Directors (continued)

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, KPMG Audit Plc will continue in office as auditors.

By Order of the Board,



A. I. Macrae,  
Secretary.

Registered Office

2<sup>nd</sup> Floor

New Uberior House,  
11 Earl Grey Street,  
Edinburgh.  
EH3 9BN

18 February 2002

PROFIT AND LOSS ACCOUNTFor the year ended 28 February 2001

	<u>Notes</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Other income		142,319	-
Interest receivable from associated undertakings		1,439,281	-
Interest receivable from subsidiary undertakings		61,005	-
Interest payable to ultimate parent undertaking		(1,221,388)	-
Operating expenses		(308,391)	-
Loss on disposal of investment		-	(28,639)
Waiver of loan due to parent undertaking		-	28,639
Profit on ordinary activities before taxation	2	<u>112,826</u>	<u>-</u>
Taxation	3	(35,384)	-
Profit on ordinary activities after taxation		<u>77,442</u>	<u>-</u>
Profit and Loss Account at 1st March 2000		-	-
Profit and Loss Account at 28th February 2001		<u><u>77,442</u></u>	<u><u>-</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 6 to 8 form part of these accounts.

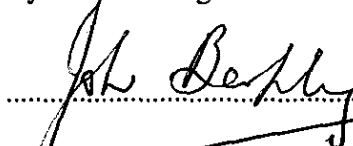
BALANCE SHEETAs at 28th February 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
<u>Fixed Assets</u>			
Investments	4	22,000,003	-
<u>Current Assets</u>			
Taxation recoverable		196,006	-
Amounts due from parent undertaking		-	100
Amounts due from associated undertaking		12,382,334	-
Other debtors		177,270	-
		<u>12,755,610</u>	<u>100</u>
<u>Creditors: Amounts falling due within one year</u>			
Amounts due to parent undertaking		(31,493,449)	-
Other creditors and accruals		(273,622)	-
		<u>(31,767,071)</u>	
Net current liabilities		<u>(19,011,461)</u>	<u>-</u>
Total assets less current liabilities		<u>2,988,542</u>	<u>100</u>
<u>Provisions for liabilities and charges</u>			
Deferred Taxation	5	(751,000)	-
Other Provisions	6	(2,160,000)	-
Net Assets		<u>77,542</u>	<u>100</u>
<u>Share Capital and Reserves</u>			
Share Capital	7	100	100
Profit and Loss account		77,442	-
Equity Shareholders' Funds	8	<u>77,542</u>	<u>100</u>

Approved by the Board at a meeting on 18 February 2002 and signed on its behalf by:



.....Director



.....Director

The notes on pages 6 to 8 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.

Basis of preparation

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

Interest

Interest paid and received is taken into account on an accruals basis.

Investment Income

Income from investments, other than from associated undertakings, is included, together with any related tax credit, in the profit and loss account on a cash basis.

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. Deferred taxation is provided on the liability method.

Investments

Investments are stated at cost or, where it is estimated that the value of an investment has been permanently impaired, at estimated realisable value.

2. Profit on ordinary activities before taxation

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

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Audit fees	<u>2,000</u>	<u>-</u>

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

3. Taxation

The taxation charge is based on the profit arising from ordinary activities and comprises:

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Corporation Tax	<u>35,384</u>	<u>-</u>
	<u>35,384</u>	<u>-</u>

NOTES TO THE ACCOUNTS (continued)4. Investments

	<u>Unlisted Shares</u> £	<u>Loans</u> £	<u>Total</u> £
At 1st March 2000	-	-	-
Additions	500,004	21,500,000	22,000,004
Disposals	(1)	-	(1)
At 28th February 2001	<u>500,003</u>	<u>21,500,000</u>	<u>22,000,003</u>

The Company's unlisted shares relate to the following:

<u>Registered in UK</u>	<u>Class of Shares</u>		<u>Proportion of Class Held</u> %	<u>Principal Area Of Operations</u>
Silverbank Development Company Limited	'A' Ordinary	Joint Venture	100	Scotland
Compart Plc	Ordinary	Associate	29.9	England
Clowance Holdings Ltd	'A' Ordinary	Joint Venture	50	Scotland

5. Deferred Taxation

Deferred taxation which is also the full potential deferred tax liability arises from:

	<u>2001</u> £	<u>2000</u> £
Due to timing differences	<u>751,000</u>	<u>-</u>

The deferred taxation movement for the year is as follows:

	£
At 1st March, 2000	-
Transferred from Group Undertakings	751,000
At 28th February, 2001	<u>751,000</u>

NOTES TO THE ACCOUNTS (continued)6. Provisions for liabilities and charges

	<u>2001</u> <u>£</u>
As at 1st March 2000	-
Provisions utilised	-
Transfers from group undertakings	2,160,000
	<u>2,160,000</u>

7. Share Capital

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
<u>Authorised</u>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<u>Allotted and called up</u>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8. Reconciliation of Equity Shareholders' Funds

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Profit attributable to Equity Shareholders	77,442	-
Equity Shareholders' Funds at 1st March 2000	100	100
Equity Shareholders' Funds at 28th February 2001	<u>77,542</u>	<u>100</u>

9. Contingent Liabilities

As at 28th February 2001 the Company had underwritten £7,623,059 (2000 - £nil) of lending provided by its parent undertaking. To the extent not provided for, the Directors do not expect any liability to arise under these commitments.

10. Parent undertaking

The Company's parent undertaking is The Governor and Company of the Bank of Scotland, incorporated by Act of the Scottish Parliament in 1695. The Company is included in the group accounts of Bank of Scotland and copies of its Annual Report and Accounts are available from its Head Office at The Mound, Edinburgh, EH1 1YZ.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts;
- prepare the accounts 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 accounts 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.

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REPORT OF THE AUDITORS TO THE MEMBERS OF  
HORIZON CAPITAL LIMITED ( FORMERLY CLIFTON COURT NURSING HOME LIMITED)

We have audited the accounts on pages 4 to 8.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 9 this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Accounting Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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.

**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 at 28th February 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
**Edinburgh**

*18 February 2002*