

# **MATRIX HEALTH 2 PLC**

## **ANNUAL REPORT**

**For the year ended 30th September 1994**

**Company Number 02463465**



## CONTENTS

	Page
Directors and Advisers	1
Chairman's Statement	2
Directors' Report	3
Report of the Auditors	5
Group Profit and Loss Account	6
Group Balance Sheet	7
Company Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10

MATRIX HEALTH 2 PLC

**DIRECTORS:**

Peter Dewe-Mathews (Chairman)  
Rupert Charles Gifford Lywood  
Roy Baguley

**SECRETARY:**

Rupert Charles Gifford Lywood

**REGISTERED OFFICE:**

Gossard House  
7/8 Savile Row  
London  
W1X 1AF

**AUDITORS:**

Binder Hamlyn  
Number Twenty-One  
Queen Street  
Leeds  
West Yorkshire  
LS1 2TW

**BANKERS:**

Barclays Bank PLC  
10 Market Street  
Bradford  
West Yorkshire  
BD1 1NR

**SOLICITORS:**

Stringer Saul  
Marcol House  
293 Regent Street  
London  
W1R 7PD

## CHAIRMAN'S STATEMENT

### For year ended 30th September 1994

The profit before taxation for the year to 30th September 1994 was £81,000, compared with £158,000 for the previous year. Despite the reduction in the earnings per share from 16.6p to 9.5p we were able to maintain the dividend for the year at 7.5p per share paid in September.

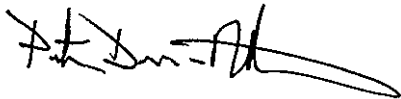
The decrease in profit has largely been due to the reduced occupancy at the Nightingale, our 58 bed home, which is a direct result of the changes introduced by the Community Care Act.

As I mentioned in my last statement your Board was taking steps to mitigate the occupancy problems and I am pleased to report that at the time of writing occupancy is in excess of 90%.

The profitability and contribution from our investment in the Knoll Nursing Home has been maintained and has been unaffected by the changes in legislation.

The Board is mindful that the shareholders will be looking for an exit at the of the five year BES period in ~~October~~ *April* *next* this year and we are pursuing various possibilities.

*April* *next*



Peter Dewe-Mathews  
CHAIRMAN

1995

*27th February*

## DIRECTORS' REPORT

For the year ended 30th September 1994

The Directors present their report and the audited financial statements for the year ended 30th September 1994.

### 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 group and of the company and of the profit of the group for that period. In preparing those financial statements, the directors are required to

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) 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.

### PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the Company and its subsidiary is the owning and managing of nursing homes. The Directors consider the results to be satisfactory and are confident about the Company's future prospects.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £63,000. The directors recommend that this amount be dealt with as follows:

	£'000
Ordinary dividend - final paid 7.50p per share	50
Transfer to reserves	<u>13</u>
	<u>63</u>

### FIXED ASSETS

Details of movements in fixed assets during the year are set out in notes 9, 10 and 11 to the financial statements.

## MATRIX HEALTH 2 PLC

### SUBSTANTIAL SHAREHOLDERS

At the date of this report, the Company had been notified of the following interests of 3% or more in its issued share capital:

Yorkshire Investment Nominees Limited	22.68%
Bank of Scotland London Nominees Limited	4.54%
Michael John O'Neil	3.02%
David John George Royds	3.02%

### DIRECTORS

The Directors of the Company who held office during the year were:

Peter Dewe-Mathews  
Rupert Charles Gifford Lywood  
Roy Baguley

### INTERESTS OF DIRECTORS AND THEIR FAMILIES

The interests of the directors at the beginning and end of the year were as follows:

R C G Lywood	2 subscriber shares
P Dewe-Mathews	10,000 ordinary shares

### AUDITORS

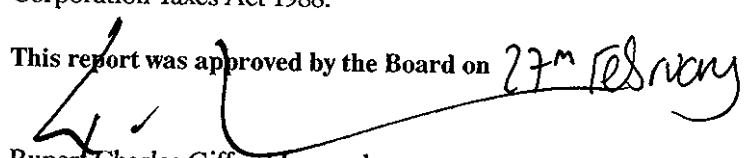
On 1st October 1994 our auditors, BDO Binder Hamlyn, joined the Arthur Andersen Worldwide organisation and now practise in the name, Binder Hamlyn. They have signed their audit report in their new name.

In accordance with section 385(2) of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the Company will be put to the Annual General Meeting.

### CLOSE COMPANY PROVISION

The Directors have been advised that the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

This report was approved by the Board on 27<sup>th</sup> February 1995.

  
Rupert Charles Gifford Lywood  
Director

## AUDITORS' REPORT

### To the members of MATRIX HEALTH 2 PLC

We have audited the financial statements on pages 6 to 18 which have been prepared on the basis of the accounting policies set out on pages 10 and 11.

#### Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

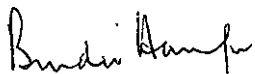
#### Basis of opinion

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 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 the affairs of the Company and Group as at 30th September 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn  
Chartered Accountants  
Registered Auditors  
Number Twenty-One  
Queen Street  
Leeds  
West Yorkshire  
LS1 2TW

24 March 1995

## GROUP PROFIT AND LOSS ACCOUNT

For the year ended 30th September 1994

	Notes	1994 £'000	1993 £'000
Turnover	2	725	811
Cost of sales		<u>(393)</u>	<u>(411)</u>
Gross profit		332	400
Administrative expenses		<u>(216)</u>	<u>(201)</u>
Operating profit	3	116	199
Income from interests in associated undertakings		13	6
Other interest receivable and similar income	6	21	33
Interest payable and similar charges	6	<u>(69)</u>	<u>(80)</u>
Profit on ordinary activities before taxation		81	158
Tax on profit on ordinary activities	7	<u>(18)</u>	<u>(48)</u>
Profit on ordinary activities after taxation		63	110
Dividend	8	<u>(50)</u>	<u>(50)</u>
Retained profit for the year	20	<u>13</u>	<u>60</u>
Earnings per share	23	9.5p	16.6p

## STATEMENT OF RECOGNISED GAINS OR LOSSES

There were no recognised gains or losses other than the profit for the year.



## GROUP BALANCE SHEET

As at 30th September 1994

	Notes	1994 £'000	1993 £'000
<b>Fixed assets</b>			
Intangible assets	9	122	129
Tangible assets	10	1,087	1,131
Investments	11	141	120
		<u>1,350</u>	<u>1,380</u>
<b>Current assets</b>			
Stocks	12	3	3
Debtors	13	58	43
Cash at bank and in hand		149	241
		<u>210</u>	<u>287</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(163)</u>	<u>(187)</u>
<b>Net current assets</b>		<u>47</u>	<u>100</u>
<b>Total assets less current liabilities</b>		1,397	1,480
<b>Creditors: amounts falling due after more than one year</b>	15	(673)	(764)
<b>Provision for liabilities and charges</b>	18	-	(5)
<b>Net assets</b>		<u>724</u>	<u>711</u>
<b>Capital and reserves</b>			
Called up share capital	19	331	331
Share premium account	20	263	263
Profit and loss account	20	130	117
		<u>724</u>	<u>711</u>

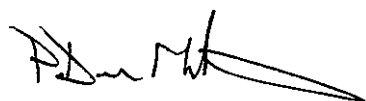
MATRIX HEALTH 2 PLC

**COMPANY BALANCE SHEET**

**As at 30th September 1994**

	Notes	1994 £'000	1993 £'000
<b>Current assets</b>			
Debtors	13	607	594
Creditors: amounts falling due within one year	14	(13)	-
<b>Net assets</b>		<u>594</u>	<u>594</u>
<b>Capital and reserves</b>			
Called up share capital	19	331	331
Share premium	20	263	263
		<u>594</u>	<u>594</u>

The financial statements on pages 6 to 18 were approved by the Board on 27<sup>th</sup> February 1995.



**Peter Dewe-Mathews**  
**Director**

## CASH FLOW STATEMENT

For the year ended 30th September 1994

	Notes	1994 £'000	1993 £'000
Net cash inflow from operating activities	24	<u>147</u>	<u>220</u>
<b>Returns on investment and servicing of finance</b>			
Interest received		21	33
Interest paid		(50)	(80)
Dividend paid		(50)	(100)
Net cash outflow from returns on investments and servicing of finance		<u>(79)</u>	<u>(147)</u>
<b>Taxation</b>			
Tax paid		<u>(78)</u>	<u>(8)</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(5)	(10)
Loan to a participating interest		(11)	(10)
Net cash outflow from investing activities		<u>(16)</u>	<u>(20)</u>
Net cash (outflow)/inflow before financing		<u>(26)</u>	<u>45</u>
<b>Financing</b>			
Bank loan repayments		80	40
Net cash outflow from financing		<u>80</u>	<u>40</u>
(Decrease)/Increase in cash and cash equivalents	25	<u>(106)</u>	<u>5</u>
		<u>(26)</u>	<u>45</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th September 1994

### 1. ACCOUNTING POLICIES

#### a) Accounting Convention

The financial statements are prepared under the historical cost convention.

#### b) Basis of Consolidation

The group financial statements consolidate the financial statements of Matrix Health 2 plc and its subsidiary undertakings made up to 30th September each year.

#### c) Associated Undertakings

Associated undertakings are those in which the group has a long term investment in voting equity capital and over which it exerts significant influence over commercial and financial policy decisions. The group financial statements include the appropriate share of associated undertakings' results and retained reserves.

#### d) Turnover

Turnover is exempt from value added tax and represents fees received from clients.

#### e) Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

#### f) Tangible Fixed Assets and Depreciation

Tangible assets are stated at cost plus any incidental costs of acquisition. Depreciation is provided on all assets other than freehold land and buildings, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Equipment and furnishings	15%
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Freehold buildings are maintained so that the residual value of the properties taken are at least equal to their book values. Having regard to this it is the opinion of the Directors that depreciation of any such property as required by the Companies Act 1985 and standard accounting practice would not be material.

#### g) Intangible Fixed Assets

Goodwill representing the excess of the fair value of acquisition over the value of the net assets acquired is capitalised and amortised over 20 years as, in the opinion of the Directors, this represents a reasonable estimate of the period over which goodwill will be effective.

## MATRIX HEALTH 2 PLC

### h) Stocks

Stocks are stated at the lower of cost or net realisable value. Cost is arrived at as purchase cost on a first-in first out basis. Net realisable value is based on estimated selling price.

### i) Deferred Taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the Directors consider that a liability to taxation is unlikely to crystallise.

### j) Compliance with Accounting Standards

The financial statements have been prepared in accordance with applicable accounting standards.

## 2. SEGMENTAL INFORMATION

The Directors regard the Group as carrying on one class of business being the provision of private nursing home facilities within the United Kingdom.

## 3. OPERATING PROFIT IS STATED AFTER CHARGING

	1994 £'000	1993 £'000
Depreciation of tangible fixed assets	49	47
Amortisation of intangible fixed assets	7	7
Auditors' remuneration - audit fee	5	5
Auditors' remuneration - non-audit services	3	4
Directors' emoluments	<u>17</u>	<u>17</u>

# MATRIX HEALTH 2 PLC

## 4. DIRECTORS

	1994 £'000	1993 £'000
(a) Directors' emoluments:		
As Directors	<u>17</u>	<u>17</u>
(b) Fees and other emoluments disclosed above (excluding pension contributions) includes amounts paid to:		
The Chairman	<u>8</u>	<u>8</u>
Number of Directors including the above, whose emoluments were within the ranges:		
£0 - £5,000	1	1
£5,001 - £10,000	<u>2</u>	<u>2</u>

## 5. EMPLOYEES

- (a) Number of employees:  
The average number of whole time equivalent personnel employed by the Company (excluding directors) during the year was 51 (1993: 51)

- (b) Employment costs:

	1994 £'000	1993 £'000
Wages and salaries	351	354
Social security costs	<u>24</u>	<u>26</u>
	<u>375</u>	<u>380</u>

## 6. INTEREST

	1994 £'000	1993 £'000
(a) Interest receivable:		
- From others	6	9
- From associated undertaking	<u>15</u>	<u>24</u>
	<u>21</u>	<u>33</u>

# MATRIX HEALTH 2 PLC

	1994 £'000	1993 £'000
(b) Interest payable: On bank loans and overdrafts repayable: wholly or partly in more than 5 years	<u>69</u>	<u>80</u>
<b>7. TAXATION</b>		
	1994 £'000	1993 £'000
UK Corporation Tax at 25%	22	42
Associated undertakings	3	2
Deferred taxation	(3)	1
Prior year corporation tax	(4)	3
	<u>18</u>	<u>48</u>
<b>8 DIVIDEND</b>		
	1994 £'000	1993 £'000
Paid dividend of 7.56p net per ordinary share	<u>50</u>	<u>50</u>
<b>9 INTANGIBLE FIXED ASSETS</b>		
<b>Group</b>		<b>Goodwill</b>
Cost:		£'000
1st October 1993 and 30th September 1994		<u>150</u>
Amortisation:		
1st October 1993		21
Charge for year		7
30th September 1994		<u>28</u>
Net book value:		
30th September 1994		<u>122</u>
30th September 1993		<u>129</u>

# MATRIX HEALTH 2 PLC

## 10 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Equipment & Furnishings £'000	Total £'000
<b>Group</b>			
<b>Cost:</b>			
1st October 1993	936	325	1,261
Additions	-	5	5
<b>30th September 1994</b>	<u>936</u>	<u>330</u>	<u>1,266</u>
<b>Depreciation</b>			
1st October 1993	-	130	130
Charge for the year	-	49	49
<b>30th September 1994</b>	<u>-</u>	<u>179</u>	<u>179</u>
<b>Net book value</b>			
<b>30th September 1994</b>	<u>936</u>	<u>151</u>	<u>1,087</u>
30th September 1993	<u>936</u>	<u>195</u>	<u>1,131</u>

## 11 FIXED ASSETS INVESTMENTS

	Participating Interests £'000	Loan £'000	Total £'000
<b>(a) Group</b>			
<b>Interests in associated undertakings</b>			
<b>Cost and net book value:</b>			
1st October 1993	20	100	120
Additions			
Share of profits	10	11	21
<b>30th September 1994</b>	<u>30</u>	<u>111</u>	<u>141</u>

### (b) The Group has the following unlisted subsidiary and associated undertakings:

Name	Barleyglow Ltd	Best Nursing Homes Ltd
Date of incorporation	13th July 1990	6th December 1991
Country of registration	England & Wales	England & Wales
Status of company	Private	Private
Nature of business	Private Nursing Home	Private Nursing Home
Description of holdings	2 ordinary shares	200 'B' shares
Proportion held	100%	20%

The financial statements of Best Nursing Homes Limited are made up to 30 May 1994 and are not coterminous with the company's year end. The results of Best Nursing Homes Limited included in the group accounts are based on the management accounts for 30th September 1994.



# MATRIX HEALTH 2 PLC

## 12 STOCKS

	1994 £'000	1993 £'000
Group:		
Consumables and medical supplies	<u>3</u>	<u>3</u>

## 13 DEBTORS

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Trade debtors	42	26	-	-
Amounts owed from subsidiary undertakings	-	-	594	594
Other debtors	6	1	-	-
Advance corporation tax recoverable	4	4	13	-
Prepayments	6	12	-	-
	<u>58</u>	<u>43</u>	<u>607</u>	<u>594</u>

## 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Bank loan and overdraft	104	80	-	-
Trade creditors	6	7	-	-
Other taxes and social security costs	8	8	-	-
Accruals	29	18	-	-
Corporation tax	3	43	-	-
Advance corporation tax payable	13	31	13	-
	<u>163</u>	<u>187</u>	<u>13</u>	<u>-</u>

The bank loan and overdraft are secured by a fixed charge on the nursing home at St Mary's Road, Bradford and a floating charge over the assets of the Company.

## 15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1994 £'000	1993 £'000
Group:		
Bank loan (see note 16)	<u>673</u>	<u>764</u>

# MATRIX HEALTH 2 PLC

## 16 BANK LOAN

	1994 £'000	1993 £'000
Group:		
The Bank loan is repayable as follows:		
Within one year	<u>90</u>	<u>80</u>
Between one and two years	100	90
Between two and five years	357	329
In five years or more	<u>216</u>	<u>345</u>
	<u>673</u>	<u>764</u>

The interest rate on the bank loan is 2% above LIBOR.

## 17 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax £'000
Group movement in deferred tax provision	
1st October 1993	16
Transfer for the year	(7)
Advance corporation tax recoverable	(9)
30th September 1994	<u>-</u>

## 18 DEFERRED TAX

	Potential and fully provided 1994 £'000	Potential and fully provided 1993 £'000
Group:		
Accelerated capital allowances	9	16
Advance corporation tax available for off set	<u>(9)</u>	<u>(11)</u>
	<u>-</u>	<u>5</u>

# MATRIX HEALTH 2 PLC

## 19 CALLED UP SHARE CAPITAL

	1994 £'000	1993 £'000
(a) Authorised 787,502 (1993: 787,502) ordinary shares of 50p each	<u>394</u>	<u>394</u>
(b) Allotted and fully paid 661,500 (1993: 661,500) ordinary shares of 50p each	<u>331</u>	<u>331</u>

## 20 RESERVES

	Share Premium £'000	Profit & Loss Account £'000
(a) Group		
1st October 1993	263	117
Retained profit for year	-	13
30th September 1994	<u>263</u>	<u>130</u>
(b) Company		
1st October 1993 and 30th September 1994	<u>263</u>	<u>-</u>

## 21 RECONCILIATION OF SHAREHOLDERS' FUNDS

	1994 £'000	1993 £'000
Opening shareholders' funds	711	651
Profit for the year	13	60
Closing shareholders' funds	<u>724</u>	<u>711</u>

## 22 PROFITS OF PARENT COMPANY

The profit on ordinary activities after taxation dealt with in the financial statements of the Parent Company was £50,000 (1993: £50,000). As permitted by the Companies Act 1985, a separate Profit and Loss Account for the Parent Company has not been presented.

## 23 EARNINGS PER SHARE

Earnings per share have been calculated by dividing the profit on ordinary activities after taxation by 661,500 (1993: 661,500) being the weighted average number of shares in issue during the year.

# MATRIX HEALTH 2 PLC

## 24 CONSOLIDATED CASH FLOW STATEMENT

	1994 £'000	1993 £'000
Net cash inflow from operating activities:		
Operating profit	116	199
Depreciation and amortisation	56	54
Increase in stocks	-	(1)
Increase in debtors	(15)	(3)
Decrease in creditors	(10)	(29)
Net cash inflow from operating activities	<u>147</u>	<u>220</u>

## 25 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1994 £'000	1993 £'000
Balance 1st October 1993	241	236
Net cash (outflow)/inflow for the year	(106)	5
Balance at 30th September 1994	<u>135</u>	<u>241</u>

## 26 ANALYSIS OF BALANCES OF CASH & CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1994 £'000	1993 £'000
Cash at bank and in hand	149	241
Bank overdraft	(14)	-
	<u>135</u>	<u>241</u>