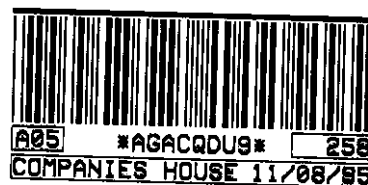


Cleveland Healthcall Services Limited

Directors' report and financial statements

31 December 1994

Registered number 2469671



Cleveland Healthcall Services Limited

Directors' report and financial statements

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Cleveland Healthcall Services Limited

Directors' report

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 1994.

Principal activity

The principal activity of the company during the year was the provision of medical services for doctors.

Review of business and results of year

The results for the year are shown in the profit on loss account on page 5.

Dividends

Dividends of £100,000 were paid in the year (1993: £Nil).

Tangible fixed assets

The movement in tangible fixed assets is shown in note 8 to the financial statements.

Directors and directors' interests

The directors who served during the year were as follows:

Mr JE Ditchburn
Mr TM Parrott (resigned on 15 April 1994)
Mr GH Tainsh
Dr C Kaiper-Holmes
Mr E Peel
Dr RS Sagoo
Dr D Oldroyd
Dr P Bhandary
Dr A McLean (died on 8 May 1994)
Dr DB Acquilla
Dr M Hodgson (appointed on 14 July 1994)
Mr D Spink (appointed on 14 July 1994)

Except as referred to below, no director had any interest in the shares of the company or any group undertaking at any time during the year.

Dr Kaiper-Holmes is a director of the company's ultimate parent undertaking, Healthcall Group PLC, and his interests in shares are shown in the financial statements of that company.

Cleveland Healthcall Services Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

As at 31 December 1994, the other directors held interests in the shares of the company's ultimate parent company, Healthcall Group PLC, as follows:

	At 31 December 1994		At 31 December 1993 or date of appointment	
	Ordinary shares of 5p each	Share options (Approved scheme)	Ordinary shares of 10p each	Share options (Unapproved scheme)
Mr GH Tainsh	269,000	66,667	28,625	8,000
Mr E Peel	24,000	22,619	4,388	2,000
Mr D Spink	51,250	57,143	-	-
Dr D Oldroyd	500	-	-	-
Mr J Ditchburn	2,000	-	-	-

On 5 May 1994 Healthcall Group PLC was floated on the London Stock Exchange, immediately prior to which there was a capital restructuring of that company. Particulars of this restructuring are given in the annual report and financial statements of Healthcall Group PLC.

Further details of the share option scheme are given in the annual report and financial statements of Healthcall Group PLC.

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 company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

Cleveland Healthcall Services Limited

Directors' report *(continued)*

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on its behalf by:


D Spink
Secretary

401 South Row
Central Milton Keynes
MK9 2PH

24 March 1995



2 Cornwall Street
Birmingham B3 2DL

Auditors' report to the members of Cleveland Healthcall Services Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 2, 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 affairs of the company as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

24th March 1995

Chartered Accountants
Registered Auditors



Cleveland Healthcall Services Limited

Profit and loss account for the year ended 31 December 1994

	<i>Note</i>	1994 £	1993 £
Turnover - continuing operations	2	1,824,059	1,663,269
Cost of sales		(1,255,011)	(1,175,756)
Gross profit		569,048	487,513
Distribution costs		(41,987)	(43,692)
Administrative expenses		(127,693)	(135,463)
Operating profit - continuing operations	4	399,368	308,358
Profit on sale of fixed assets		-	6,149
Net interest receivable/(payable)	6	11,714	(1,842)
Profit on ordinary activities before taxation		411,082	312,665
Tax on profit on ordinary activities	7	(134,464)	(100,746)
Profit on ordinary activities after taxation		276,618	211,919
Dividends paid in year		(100,000)	-
Retained profit for the financial year		176,618	211,919
Accumulated profit/(deficit) brought forward		148,305	(63,614)
Accumulated profit carried forward		324,923	148,305

A reconciliation in the movements in shareholders' funds is shown in note 15 to the financial statements.

There are no recognised gains or losses in either the current or preceding years other than those shown in the profit and loss account.

Cleveland Healthcall Services Limited

Balance sheet
at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	8		20,008		45,182
Current assets					
Debtors	9	571,646		329,504	
Cash in hand		38,774		-	
		<u>610,420</u>		<u>329,504</u>	
Creditors: Amounts falling due within one year	10	<u>(333,367)</u>		<u>(254,243)</u>	
Net current assets			<u>277,053</u>		<u>75,261</u>
Net assets			<u>297,061</u>		<u>120,443</u>
Capital and reserves					
Called up share capital	13		467,531		467,531
Goodwill write off reserve	14		(495,393)		(495,393)
Profit and loss account			324,923		148,305
			<u>297,061</u>		<u>120,443</u>

The financial statements were approved by the board of directors on 24 March 1995 and signed on its behalf by:

 JE Ditchburn

D Spink
Directors

Cleveland Healthcall Services Limited

Cash flow statement

for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
Net cash inflow from operating activities	12a	278,998		154,929	
Returns on investments and servicing of finance					
Interest paid		(2,321)		(11,732)	
Dividends paid		<u>(100,000)</u>		<u>-</u>	
Net cash outflow from returns on investments and servicing of finance		(102,321)		(11,732)	
UK Corporation tax paid		(100,746)		-	
Investing activities					
Purchase of fixed assets		-		(41,689)	
Receipts from sale of fixed assets		-		16,500	
Other cash outflows from investing activities		<u>(36,947)</u>		<u>(26,919)</u>	
Net cash outflow from investing activities		(36,947)		(52,108)	
Net cash inflow before financing		<u>38,984</u>		<u>91,089</u>	
Financing					
Decrease in borrowings		<u>-</u>		<u>(100,000)</u>	
Net cash outflow from financing		-		(100,000)	
Increase/(decrease) in cash and cash equivalents	12b	<u>38,984</u>		<u>(8,911)</u>	

Cleveland Healthcall Services Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Depreciation

Depreciation is provided to write-off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	- 3 years
Fixtures and fittings	- 3 and 7 years
Plant and equipment	- 3 and 5 years

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Operating leases

Rentals under operating leases are charged to the profit and loss account as they arise.

Goodwill

Purchased goodwill is written off directly to reserves.

2 Turnover

Turnover represents sales of goods and services and is exclusive of value added tax, to third party customers during the year. All the turnover is applicable to the UK market.

Cleveland Healthcall Services Limited

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the company, excluding directors, during the year was as follows:

	Number of employees	
	1994	1993
Office and management	4	5
Operators	22	21
Drivers	43	42
	<u>69</u>	<u>68</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	340,386	330,512
Social security costs	19,067	21,404
Other pension costs	5,676	3,906
	<u>365,129</u>	<u>355,822</u>

4 Operating profit

	1994	1993
	£	£
<i>Operating profit is stated after charging</i>		
Payments under operating leases on properties	9,650	9,650
Depreciation of tangible fixed assets	25,174	27,386
Directors' emoluments	19,091	18,880
Auditors' remuneration - audit services	<u>2,600</u>	<u>2,500</u>

Auditors' remuneration in respect of other services amounted to £700 (1993: £700).

Cleveland Healthcall Services Limited

Notes (continued)

5 Directors' emoluments

The directors received the following emoluments, excluding pension contributions, in the year:

	1994	1993
	£	£
Fees	<u>19,091</u>	<u>18,880</u>
Emoluments of the chairman and highest paid director	<u>5,455</u>	<u>5,560</u>

The emoluments of the directors were in the following ranges:

	Number of directors	
	1994	1993
£0 - £5,000	11	9
£5,001 - £10,000	<u>1</u>	<u>1</u>

6 Net interest receivable/(payable)

	1994	1993
	£	£
Interest payable to group undertakings	-	(4,312)
Hire purchase interest	(2,321)	(1,732)
Interest receivable from group undertakings	<u>14,035</u>	<u>4,202</u>
	<u>11,714</u>	<u>(1,842)</u>

7 Tax on profit on ordinary activities

	1994	1993
	£	£
Based on the profit on ordinary activities for the year:		
Corporation tax payable at 33 % (1993: 33 %)	<u>134,464</u>	<u>100,746</u>

Cleveland Healthcall Services Limited

Notes (continued)

8 Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At beginning and end of year	<u>36,807</u>	<u>3,596</u>	<u>51,722</u>	<u>92,125</u>
Depreciation				
At beginning of year	25,064	3,112	18,767	46,943
Charge for the year	<u>5,113</u>	<u>106</u>	<u>19,955</u>	<u>25,174</u>
At end of year	<u>30,177</u>	<u>3,218</u>	<u>38,722</u>	<u>72,117</u>
Net book value				
At 31 December 1994	<u>6,630</u>	<u>378</u>	<u>13,000</u>	<u>20,008</u>
At 31 December 1993	<u>11,743</u>	<u>484</u>	<u>32,955</u>	<u>45,182</u>

Legal title to the motor vehicles rests with a third party finance company.

9 Debtors

	1994 £	1993 £
Trade debtors	166,937	216,631
Amounts owed by fellow subsidiary undertakings	399,271	109,374
Prepayments and accrued income	<u>5,438</u>	<u>3,499</u>
	<u>571,646</u>	<u>329,504</u>

Cleveland Healthcall Services Limited

Notes (continued)

10 Creditors: Amounts falling due within one year

	1994	1993
	£	£
Bank overdraft	-	210
Trade creditors	11,528	14,047
Amount owed to group undertakings	49,986	-
Other creditors including taxation and social security	142,309	100,746
Accruals and deferred income	129,544	139,240
	<u>333,367</u>	<u>254,243</u>

Other creditors including taxation and social security comprises:

Corporation tax	134,464	100,746
Other taxes and social security	7,845	-
	<u>142,309</u>	<u>100,746</u>

11 Obligations under operating leases

At 31 December 1994, the company had annual commitments under non-cancellable operating leases as set out below:

	Properties 1994	Properties 1993
	£	£
Leases which expire: In more than five years	<u>9,650</u>	<u>9,650</u>

Cleveland Healthcall Services Limited

Notes (continued)

12 Cash flow statement notes

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

	1994	1993
	£	£
Operating profit	399,368	308,358
Depreciation	25,174	27,386
Increase in debtors	(228,107)	(195,767)
Increase in creditors	82,563	14,952
	<u>278,998</u>	<u>154,929</u>
Net cash inflow from operating activities		

(b) Analysis of cash and cash equivalents

	1994	1993
	£	£
Cash in hand/bank overdrafts		
At beginning of year	(210)	8,701
Movement in year	38,984	(8,911)
	<u>38,774</u>	<u>(210)</u>
At end of year		

13 Called up share capital

	1994	1993
	£	£
<i>Authorised:</i>		
Ordinary shares of £1 each	467,531	467,531
	<u>467,531</u>	<u>467,531</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	467,531	467,531
	<u>467,531</u>	<u>467,531</u>

Cleveland Healthcall Services Limited

Notes (continued)

14 Goodwill write off reserve

The goodwill arose on the acquisition of the businesses of Cleveland Deputising Services Limited and the Cleveland branch of Healthcall Services Limited in the period to 31 March 1991, together with that arising in respect of the business of DOCS Limited acquired in the year ended 31 December 1993.

	£
At beginning and end of year	<u>495,393</u>

15 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Shareholders' funds at the start of the year	120,443	(24,296)
Profit for the financial year	276,618	211,919
Dividends	(100,000)	-
Goodwill written off in the year	-	(67,180)
	<u>297,061</u>	<u>120,443</u>
Shareholders' funds at the end of the year		

16 Capital commitments

Capital commitments at 31 December 1994, for which no provision has been made in these financial statements, were as follows:

	1994 £	1993 £
Contracted for	Nil	Nil
Authorised but not contracted for	<u>120,000</u>	<u>150,000</u>

17 Transactions with directors

During the year, the company was charged £28,770 (1993: £28,202) in respect of paging and radio services provided by Autocall Limited, a company of which Mr J Ditchburn is a director.

18 Ultimate parent undertaking

The company's ultimate parent undertaking is Healthcall Group PLC, a company incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of Healthcall Group PLC can be obtained from its registered office at 401 South Row, Central Milton Keynes, MK9 2PH.