

Lanemile Limited

Directors' report and financial statements

30 September 1994

Registered number 2571516



Lanemile Limited

Directors' report and financial statements

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Lanemile Limited

Directors' report

The directors present their annual report and the audited financial statements for the year to 30 September 1994.

Principal activities

The company's principal activity is that of the development and operation of nursing homes and provision of care for the elderly.

Business review

Both of the company's nursing homes have traded profitably during the year, and the directors expect this to continue.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (1993:£Nil).

The profit for the year retained in the company is £376,494.

Significant changes in fixed assets

Movements in fixed assets during the year are shown in note 7 on page 11.

Directors and directors' interests

The directors who held office during the year were as follows:

PB Edmondson
RS Clough
S Kenney
GC Lomer
DL Gee

None of the directors who held office at the end of the financial year had any interest in the shares of the company.

Lanemile Limited

Directors' report *(continued)*

Mr RS Clough's interests in the shares of the ultimate parent company, Care UK plc are shown in the financial statements of that company.

The other directors' beneficial interests in the ordinary share capital of Care UK plc were:

| | Ordinary shares of 1p each | Warrants |
|--------------|-------------------------------|----------|
| PB Edmondson | 2,550,332 | 402,753 |
| S Kenney | - | - |
| GC Lomer | - | 4,438 |
| DL Gee | - | - |

Options have been granted to directors under the Care UK plc Employee Share Option Scheme as follows:

| | Date of grant | Number of ordinary shares of 1p | Exercise price (p) |
|----------|------------------|------------------------------------|--------------------|
| S Kenney | 4 March 1994 | 2,009,600 | 4.25p |
| GC Lomer | 4 March 1994 | 1,205,760 | 4.25p |
| GC Lomer | 22 February 1990 | 18,420 | 58.63p |
| DL Gee | 4 March 1994 | 1,004,800 | 4.25p |

The options are generally exercisable between the third and seventh anniversaries of the date of grant.

Lanemile Limited

Directors' report *(continued)*

Employees

It is company policy to give fair consideration to the employment needs of disabled people and to comply with legislation with regard to disabled persons.

Management regularly visit nursing homes and discuss matters of current interest and concern to the business with members of staff.

Political and charitable contributions

The group made no political or charitable contributions during the year.

Liability insurance

During the year the company purchased liability insurance for its officers.

Auditors

On 6 February our auditors changed the name under which they practice 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 reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

GC Lomer
Secretary



Crown House
Stephenson Road
Severalls Park
Colchester
CO4 4QR

23 March 1995

Lanemile Limited

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 of the company 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 maintaining 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.



6 Lower Brook Street
IPSWICH
Suffolk
IP4 1AP

Auditors' report to the members of Lanemile Limited

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

As described on page 4 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 30 September 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

WPMG

KPMG
Chartered Accountants
Registered Auditors

23 March 1995



Lanemile Limited

Profit and loss account for the year ended 30 September 1994

| | Note | 1994 £ | 1993 £ |
|--|------|--------------------------|------------------------|
| Turnover | | | |
| Cost of sales | 2 | 1,892,680 (1,206,035) | 1,243,978 (797,671) |
| Gross profit | | 686,645 | 446,307 |
| Administrative expenses | | (70,175) | (5,222) |
| Trading profit | | 616,470 | 441,085 |
| Interest receivable | | 34,147 | 20,082 |
| Interest payable | 5 | (130,347) | (112,861) |
| Profit on ordinary activities before taxation | 3 | 520,270 | 348,306 |
| Tax on profit on ordinary activities | 6 | (143,776) | (83,213) |
| Retained profit for the financial year | | 376,494 | 265,093 |
| Retained profit brought forward | | 303,561 | 38,468 |
| Retained profit carried forward | | 680,055 | 303,561 |

All of the company's operations are classed as continuing.

The company had no movements on reserves or recognised gains or losses other than the profit for the year.

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Balance sheet at 30 September 1994

| | Note | 1994 | | 1993 | |
|--|------|-----------|-----------|-----------|-----------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 7 | | 2,702,866 | | 2,725,389 |
| Current assets | | | | | |
| Stocks | 8 | 4,490 | | 6,863 | |
| Debtors | 9 | 412,898 | | 21,756 | |
| Cash at bank and in hand | | 734,914 | | 948,572 | |
| | | | 1,152,302 | | 977,191 |
| Creditors: amounts falling due within one year | 10 | 943,147 | | 996,146 | |
| Net current assets/(liabilities) | | | 209,155 | | (18,955) |
| Total assets less current liabilities | | | 2,912,021 | | 2,706,434 |
| Creditors: amounts falling due after more than one year | 11 | 2,153,652 | | 2,401,873 | |
| Provisions for liabilities and charges | 12 | 77,314 | | - | |
| Capital and reserves | | | | | |
| Called up share capital | 13 | 1,000 | | 1,000 | |
| Profit and loss account | | 680,055 | | 303,561 | |
| Equity shareholders' funds | | | 681,055 | | 304,561 |
| | | | 2,912,021 | | 2,706,434 |

These financial statements were approved by the board of directors on 23 March 1995 and were signed on its behalf by:


RS Clough
Director

Lanemile 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 in accordance with applicable accounting standards and under the historical cost accounting rules.

Finance costs

Finance costs incurred on borrowings to fund the development of specific nursing homes are capitalised whilst the nursing home is in the course of construction. Capitalisation of interest ceases on the date of registration of the nursing home.

Fixed assets and depreciation

Depreciation is provided by the company 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:

| | | |
|-----------------------|---|---------------|
| Fixtures and fittings | - | 10% per annum |
|-----------------------|---|---------------|

No depreciation is provided on freehold land.

No depreciation is provided on freehold buildings. It is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of construction are so high that their depreciation is insignificant. It is the company's policy to make provision in the profit and loss account in respect of any permanent diminution in an individual property value.

Assets under construction are not depreciated until completed and available for operation.

Leases

Annual rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and consumables the FIFO method is used.

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Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers during the year.

3 Profit on ordinary activities before taxation

| | 1994 | 1993 |
|---|--------|--------|
| | £ | £ |
| <i>Profit on ordinary activities before taxation is stated after charging</i> | | |
| Depreciation and other amounts written off tangible fixed assets | 40,769 | 21,379 |
| Directors' remuneration | - | - |
| Auditors' remuneration | - | - |

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

| | Number of employees | |
|------------|---------------------|-------|
| | 1994 | 1993 |
| Care staff | 153 | 86 |
| Directors | 5 | 5 |
| | <hr/> | <hr/> |
| | 158 | 91 |
| | <hr/> | <hr/> |

Lanemile Limited

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

| | 1994 £ | 1993 £ |
|-----------------------------------|----------------|----------------|
| Wages and salaries | 798,289 | 549,845 |
| Social security costs | 55,621 | 39,507 |
| Other pension costs (see note 15) | 1,226 | 1,470 |
| | <u>855,136</u> | <u>590,822</u> |

5 Interest payable and similar charges

| | 1994 £ | 1993 £ |
|--|----------------|----------------|
| On bank loans, overdrafts and other loans wholly repayable within five years | 130,347 | 129,860 |
| Interest capitalised in respect of nursing homes in the course of construction | - | (16,999) |
| | <u>130,347</u> | <u>112,861</u> |

6 Taxation

| | 1994 £ | 1993 £ |
|----------------------|----------------|---------------|
| Group relief payable | 66,462 | 83,213 |
| Deferred taxation | 77,314 | - |
| | <u>143,776</u> | <u>83,213</u> |

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Notes (continued)

7 Tangible fixed assets

| | Freehold land and buildings | Fixtures and fittings | Total |
|-----------------------|-----------------------------------|-----------------------------|-----------|
| | £ | £ | £ |
| At beginning of year | 2,359,868 | 394,557 | 2,754,425 |
| Additions | 5,097 | 13,149 | 18,246 |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 2,364,965 | 407,706 | 2,772,671 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At beginning of year | - | 29,036 | 29,036 |
| Charge for year | - | 40,769 | 40,769 |
| | <hr/> | <hr/> | <hr/> |
| At end of year | - | 69,805 | 69,805 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 30 September 1994 | 2,364,965 | 337,901 | 2,702,866 |
| | <hr/> | <hr/> | <hr/> |
| At 30 September 1993 | 2,359,868 | 365,521 | 2,725,389 |
| | <hr/> | <hr/> | <hr/> |

The freehold land and buildings are not depreciated. They include capitalised interest of £35,824 (1993:£35,824).

Lanemile Limited

Notes (continued)

8 Stocks

| | 1994 | 1993 |
|-------------------------------|--------------|--------------|
| | £ | £ |
| Raw materials and consumables | <u>4,490</u> | <u>6,863</u> |

9 Debtors

| | 1994 | 1993 |
|--|----------------|---------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 7,912 | 11,387 |
| Amounts owed by group undertakings | - | 199 |
| Other debtors | 168 | 4,871 |
| Prepayments | <u>4,818</u> | <u>5,299</u> |
| | 12,898 | 21,756 |
| Amount falling due after more than one year: | | |
| Amount owed by group undertakings | <u>400,000</u> | <u>-</u> |
| | <u>412,898</u> | <u>21,756</u> |

10 Creditors: amounts falling due within one year

| | 1994 | 1993 |
|---|----------------|----------------|
| | £ | £ |
| Bank loans (see note 11) | 248,000 | 248,000 |
| Trade creditors | 18,594 | 13,441 |
| Amounts owed to group undertakings | 72,718 | 95,309 |
| Other creditors including taxation and social security: | | |
| Taxation and social security | 21,517 | 19,506 |
| Other creditors | 4,421 | 231 |
| Accruals | 131,172 | 184,466 |
| Deferred income | <u>446,725</u> | <u>435,193</u> |
| | <u>943,147</u> | <u>996,146</u> |

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Notes (continued)

11 Creditors: amounts falling due after more than one year

| | 1994 £ | 1993 £ |
|------------------------------------|------------------|------------------|
| Bank loans - due in 2 to 5 years | 1,316,142 | 1,564,363 |
| Amounts owed to group undertakings | 837,510 | 837,510 |
| | <u>2,153,652</u> | <u>2,401,873</u> |

The bank loans referred to in notes 10 and 11 above are repayable by instalments within five years. The company has a contingent option whereby the loans may be extended for a further period of two years. The loans are secured by fixed and floating charges over assets of the company.

12 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided at the full UK Corporation Tax rate of 33% are set out below:

| | 1994 | | 1993 | |
|--|---------------|-----------------|---------------|-----------------|
| | Provided £ | Unprovided £ | Provided £ | Unprovided £ |
| Capital allowances in excess of depreciation | 77,314 | (19,259) | - | 32,826 |
| Short-term timing differences | - | (3,912) | - | (10,473) |
| | <u>77,314</u> | <u>(23,171)</u> | <u>-</u> | <u>22,353</u> |

13 Called up share capital

| | 1994 £ | 1993 £ |
|---|--------------|--------------|
| <i>Authorised, allotted, called up and fully paid</i> | | |
| 500 'A' Ordinary shares of £1 each | 500 | 500 |
| 500 'H' Ordinary shares of £1 each | 500 | 500 |
| | <u>1,000</u> | <u>1,000</u> |

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Notes *(continued)*

14 Commitments

There were no capital commitments at the end of the financial year.

15 Pension scheme

The company contributes to a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £1,226 (1993:£1,470).

16 Parent companies

The company is a wholly owned subsidiary of Haven Healthcare Holdings Limited, and its ultimate parent company is Care UK plc. Copies of the group financial statements of Haven Healthcare Holdings Limited and Care UK plc, both of which are registered in England and Wales are available from their registered offices at Crown House, Stephenson Road, Severalls Park, Colchester, Essex CO4 4QR.