

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 1993.

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

The construction of a second purpose built nursing home for operation under contract to local Health Authorities was completed during the year and the first residents were admitted during May 1993. Both 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 (1992: £Nil).
The profit for the year retained in the company is £265,093.

Significant changes in fixed assets

Movements in fixed assets during the year are shown in note 7 on page 10.

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.

The interests of the directors in the shares of the parent company Haven Healthcare Holdings Limited are shown in the financial statements of that company.

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

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick 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 CO1 4QR

Date 10 January 1994

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 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.

Auditors' report to the members of Lanemile Limited

We have audited the financial statements on pages 5 to 13.

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 affairs of the company as at 30 September 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Chartered Accountants
Registered Auditors

Date

10 JAN 1994

Lanemile Limited

Profit and loss account for the year ended 30 September 1993

	Note	1993 £	1992 £
Turnover	2	1,243,978	181,248
Cost of sales		(797,671)	(114,599)
Gross profit		445,307	66,649
Administrative expenses		(5,222)	-
Trading profit		441,085	66,649
Interest receivable		20,082	-
Interest payable	5	(112,861)	(18,669)
Profit on ordinary activities before taxation	3	348,306	47,980
Tax on profit on ordinary activities	6	(83,213)	(9,512)
Retained profit for the financial year		265,093	38,468
Retained profit brought forward		38,468	-
Retained profit carried forward		303,561	38,468

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

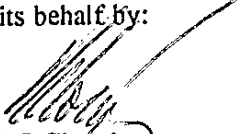
The company had no movements on reserves or recognised gains or losses other than the profit for the year.

Lanemile Limited

Balance sheet at 30 September 1993

	Note	1993 £	1992 £
Fixed assets			
Tangible assets	7	2,725,389	1,399,977
Current assets			
Stocks	8	6,863	5,038
Debtors	9	21,756	118,096
Cash at bank and in hand		948,572	258,032
		977,191	381,166
Creditors: amounts falling due within one year	10	996,146	421,997
Net current assets/(liabilities)		(18,955)	(40,831)
Total assets less current liabilities		2,706,434	1,359,146
Creditors: amounts falling due after more than one year	11	2,401,873	1,319,678
Capital and reserves			
Called up share capital	13	1,000	1,000
Profit and loss account		303,561	38,468
		304,561	39,468
		2,706,434	1,359,146

These financial statements were approved by the board of directors on 10 January 1994 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
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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.

Lanemile Limited

Notes (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

	1993	1992
	£	£

Profit on ordinary activities before taxation is stated

after charging

Depreciation and other amounts written off tangible fixed assets	21,379	7,657
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	
	1993	1992
Care staff	86	24
Directors	5	5
	<hr/>	<hr/>
	91	29
	<hr/>	<hr/>

Lanemile Limited

Notes (continued)

(continued...)

The aggregate payroll costs of these persons were as follows:

	1993 £	1992 £
Wages and salaries	549,845	74,603
Social security costs	39,507	5,646
Other pension costs (see note 15)	1,470	250
	<u>590,822</u>	<u>80,499</u>

5 Interest payable and similar charges

	1993 £	1992 £
On bank loans, overdrafts and other loans wholly repayable within five years	129,860	37,494
Interest capitalised in respect of nursing homes in the course of construction	(16,999)	(18,825)
	<u>112,861</u>	<u>18,669</u>

6 Taxation

	1993 £	1992 £
Group relief payable	<u>83,213</u>	<u>9,512</u>

Lanemile Limited

Notes (continued)

7 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Total
	£	£	£
At beginning of year	1,230,303	177,331	1,407,634
Additions	<u>1,129,565</u>	<u>217,226</u>	<u>1,346,791</u>
At end of year	<u>2,359,868</u>	<u>394,557</u>	<u>2,754,425</u>
<i>Depreciation</i>			
At beginning of year	4,110	3,547	7,657
Charge for year	<u>(4,110)</u>	<u>25,489</u>	<u>21,379</u>
At end of year	<u>-</u>	<u>29,036</u>	<u>29,036</u>
<i>Net book value</i>			
At 30 September 1993	<u>2,359,868</u>	<u>365,521</u>	<u>2,725,389</u>
At 30 September 1992	<u>1,226,193</u>	<u>173,784</u>	<u>1,399,977</u>

The freehold land and buildings are not depreciated. They include capitalised interest of £35,824 (1992:£18,825).

Lanemile Limited

Notes (continued)

8	Stocks	1993 £	1992 £
	Raw materials and consumables	<u>6,863</u>	<u>5,038</u>
9	Debtors	1993 £	1992 £
	Amounts falling due within one year:		
	Trade debtors	11,387	116,677
	Amounts owed by group undertakings	199	-
	Other debtors	4,871	-
	Prepayments	<u>5,299</u>	<u>1,419</u>
		<u>21,756</u>	<u>118,096</u>
10	Creditors: amounts falling due within one year	1993 £	1992 £
	Bank loans (see note 11)	248,000	88,000
	Trade creditors	13,441	8,791
	Amounts owed to group undertakings	95,309	19,512
	Other creditors including taxation and social security:		
	Taxation and social security	19,506	9,656
	Other creditors	231	5,502
	Accruals and deferred income	<u>619,659</u>	<u>290,536</u>
		<u>996,146</u>	<u>421,997</u>

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Notes (continued)

11 Creditors: amounts falling due after more than one year

	1993 £	1992 £
Bank loans - due in 2 to 5 years	1,564,363	881,678
Amounts owed to group undertakings	837,510	438,000
	<u>2,401,873</u>	<u>1,319,678</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 The amounts provided for deferred taxation and the amounts not provided at the full UK Corporation Tax rate of 33% are set out below:

	1993		1992	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation	-	32,826	-	-
Short-term timing differences	-	(10,473)	-	-
	<u>-</u>	<u>22,353</u>	<u>-</u>	<u>-</u>

13 Called up share capital

	1993 £	1992 £
<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>

Lanemile Limited

Notes (continued)

14 Commitments

Capital commitments at the end of the financial year for which no provision has been made.

	1993 £	1992 £
Contracted	-	15,194
Authorised but not contracted	-	7,000
	<hr/>	<hr/>
	-	22,194
	<hr/>	<hr/>

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 £1,470 (1992:£250).

16 Ultimate parent company

The company is a subsidiary undertaking of Haven Healthcare Holdings Limited which is the ultimate parent company registered in England and Wales. The group accounts can be obtained from The Registrar of Companies, Crown Way, Cardiff CF4 3UZ.