

EBBGATE NURSING HOMES LIMITED
REPORT AND ACCOUNTS
PERIOD ENDED 31 MARCH 2001

**HORWATH
CLARK WHITEHILL**

Chartered Accountants

A member of Horwath International

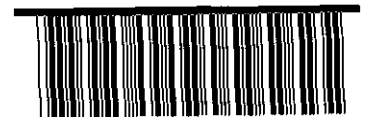
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EBBGATE NURSING HOMES LIMITED
DIRECTORS' REPORT
56 WEEKS ENDED 31 MARCH 2001

The directors present their report and the accounts for the 56 Weeks ended 31 March 2001.

RESULTS AND DIVIDENDS

The profit for the period after taxation, amounted to £147,338 (2000 - £121,223 as restated).

The profit included an exceptional write back of £77,415 in respect of the release of a provision against the amount due from its trading subsidiary.

ACTIVITIES

The company's principal activity continues to be that of a holding company and owner of freehold property .

REVIEW OF BUSINESS

The company acquired two nursing homes at a cost of £5,465,000 on 27 March 2001. The homes were acquired at valuation from Ebbgate Nursing Homes (London) Limited, a fellow subsidiary company. No significant change in the company's business is expected in the current year.

DIRECTORS' AND THEIR INTERESTS

The directors who served during the period were as follows:

Narinder Dhandra (resigned 23 March 2000)
Terence Tindall (resigned 8 March 2001)
Nicholas Salisbury (resigned 8 March 2001)
Frederick Sinclair-Brown
Geoffrey Daly (appointed 23 March 2000)

No director had any interest in the shares of the company. The interests of the directors holding office at the period end in the shares of ANS 2000 plc will be shown in the financial statements of that company.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution to reappoint Horwath Clark Whitehill as auditors, will be put forward at the Annual General Meeting.

Approved by the board on
and signed on its behalf.


Secretary

(JCC REYNOLDS LIMITED)

EBBGATE NURSING HOMES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish between the directors' responsibility for the accounts from those of the auditors as stated in their report.

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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**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
EBBGATE NURSING HOMES LIMITED**



We have audited the accounts on pages 4 to 14 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. 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 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.

Unqualified opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

HORWATH CLARK WHITEHILL
Chartered Accountants and
Registered Auditors

28 June 2001

EBBGATE NURSING HOMES LIMITED
PROFIT AND LOSS ACCOUNT
56 WEEKS ENDED 31 MARCH 2001

	Note	56 Weeks ended 31 March 2001 £	49 Weeks ended 4 March 2000 As restated £
TURNOVER	2	245,000	-
Administrative expenses		(31,844)	(27,011)
Exceptional administrative income	8	77,415	176,277
Other operating income		4,000	-
OPERATING PROFIT	3	294,571	149,266
Income from investments in group companies		-	106,984
Amounts written off investments		-	(73,067)
Interest receivable	5	-	999
Interest payable	6	(115,609)	(90,067)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		178,962	94,115
Taxation on profit on ordinary activities	7	(31,624)	27,108
RETAINED PROFIT FOR THE FINANCIAL PERIOD		147,338	121,223
RETAINED PROFIT BROUGHT FORWARD			
- as previously stated	582,311		455,755
Prior year adjustment (see note 9)	(119,063)		(113,730)
RETAINED PROFIT BROUGHT FORWARD - as restated		463,248	342,025
Transferred from Revaluation Reserve		11,583	-
RETAINED PROFIT CARRIED FORWARD		622,169	463,248

The notes on pages 7 to 14 form part of these accounts.

EBBGATE NURSING HOMES LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
56 WEEKS ENDED 31 MARCH 2001

	56 Weeks ended 31 March 2001	49 Weeks ended 4 March 2000 as restated
	£	£
Profit for the financial period after taxation	147,338	121,223
Unrealised surplus on revaluation of properties	-	665,780
Deferred tax on revaluation surplus	122,748	(122,748)
TOTAL GAINS AND LOSSES RELATING TO THE PERIOD	270,086	664,255
Prior year adjustment as explained in note 9	(119,063)	(113,730)
TOTAL GAINS AND LOSSES SINCE LAST ANNUAL REPORT	151,023	550,525

NOTE OF HISTORICAL COST PROFITS AND LOSSES
56 WEEKS ENDED 31 MARCH 2001

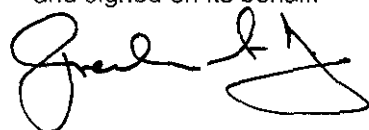
	56 Weeks ended 31 March 2001	49 Weeks ended 4 March 2000 as restated
	£	£
Reported profit on ordinary activities before taxation	178,962	94,115
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	11,583	-
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	190,545	94,115
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION	158,921	121,223

The notes on pages 7 to 14 form part of these accounts.

EBBGATE NURSING HOMES LIMITED
BALANCE SHEET
31 MARCH 2001

	Note	£	2001 £	2000 £ <i>As restated</i>
FIXED ASSETS				
Tangible fixed assets	10		8,333,338	2,900,000
Investments	11		6,280,480	6,280,480
			<u>14,613,818</u>	<u>9,180,480</u>
CURRENT ASSETS				
Debtors	12	114,709		125,690
Cash at bank and in hand		14,410		-
		<u>129,119</u>		<u>125,690</u>
CREDITORS: amounts falling due within one year	13	(12,494,516)		(8,057,979)
NET CURRENT LIABILITIES			<u>(12,365,397)</u>	<u>(7,932,289)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,248,421	1,248,191
CREDITORS: amounts falling due after more than one year	14		(832,413)	-
PROVISIONS FOR LIABILITIES AND CHARGES	15		(139,542)	(241,811)
NET ASSETS			<u>1,276,466</u>	<u>1,006,380</u>
CAPITAL AND RESERVES				
Called up share capital	16		100	100
Revaluation reserve	17		654,197	543,032
Profit and loss account			622,169	463,248
SHAREHOLDERS' FUNDS - all equity	18		<u>1,276,466</u>	<u>1,006,380</u>

Approved by the board on 28th June 2001
and signed on its behalf.



Director

The notes on pages 7 to 14 form part of these accounts.

EBBGATE NURSING HOMES LIMITED
NOTES TO THE ACCOUNTS
56 WEEKS ENDED 31 MARCH 2001

1. ACCOUNTING POLICIES

a) Basis of preparation of accounts

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

b) Turnover

Turnover comprises the invoiced value of services supplied by the company.

c) Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, excluding the amount relating to freehold land, less their estimated residual value, over their expected useful lives in equal annual instalments. The estimated useful life of the freehold properties is 50 years. The residual value of the nursing homes have been estimated to be 30% of the value of the property.

d) Deferred taxation

The company has adopted FRS 19: Deferred Tax during the year which has required a prior year adjustment in respect of deferred tax liabilities arising in prior years. In accordance with the standard, full provision is made, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of all timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. Deferred tax is measured on a non-discounted basis.

In accordance with Financial Reporting Standard 19, no deferred tax has been provided for on revalued amounts, as no binding agreements to sell any property have been entered into prior to the balance sheet date or to the extent that any gain on any property contracted to be sold will be rolled over on to replacement assets.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

Change of Accounting Policy

In the previous year deferred tax was provided only to the extent that, in the opinion of the directors, there was a reasonable probability that a liability or asset would crystallise in the near future. The directors have decided to adopt the new standard early. As this new policy differs from that previously adopted by the company, changes have been made where necessary and the effect of these changes in accounting policy is disclosed in note 9.

e) Interest Payable

Interest on loans and financing costs relating to major construction works are capitalised until the date of completion of the construction of that new building. All other interest payable, including that on loans to finance the acquisition of properties, is written off to the Profit and Loss account as incurred.

EBBGATE NURSING HOMES LIMITED
NOTES TO THE ACCOUNTS
56 WEEKS ENDED 31 MARCH 2001

1. ACCOUNTING POLICIES (Continued)

f) Revaluation reserve

Surpluses and deficits arising from the professional valuations of properties are taken direct to the revaluation reserve. Where a diminution in the value of an asset is identified, the deficit is eliminated first against any revaluation reserve in respect of that asset with any excess being charged to the profit and loss account. Surpluses or deficits realised on the disposal of an asset are transferred from the revaluation reserve to the profit and loss account reserve. A transfer equal to the excess depreciation charged on the revalued amounts over the historical cost amounts is made annually between the revaluation reserve and the profit and loss account reserve.

2. TURNOVER

The whole of the turnover, comprising rental income, is attributable to the one principal activity of the company being a holding company and owner of freehold property .

All turnover arose within the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging:

	56 Weeks ended 31 March 2001 £	49 Weeks ended 4 March 2000 £
Depreciation of freehold buildings	31,662	-
Audit fees	3,100	3,000
Auditors' remuneration - non-audit services	<u>7,964</u>	<u>14,655</u>
No director received any emoluments (2000 - £Nil)		

4. STAFF COSTS

The average monthly number of employees, including directors, during the period was as follows:

	56 Weeks ended 31 March No.	49 Weeks ended 4 March No.
Directors	<u>4</u>	<u>4</u>
	<u>4</u>	<u>4</u>

EBBGATE NURSING HOMES LIMITED
NOTES TO THE ACCOUNTS
56 WEEKS ENDED 31 MARCH 2001

5. INTEREST RECEIVABLE

	56 Weeks ended 31 March 2001 £	49 Weeks ended 4 March 2000 £
Other interest receivable	-	999
	<u>-</u>	<u>999</u>

6. INTEREST PAYABLE

	56 Weeks ended 31 March 2001 £	49 Weeks ended 4 March 2000 £
On bank loans and overdrafts	87,799	67,696
On other loans	27,810	22,371
	<u>115,609</u>	<u>90,067</u>

EBBGATE NURSING HOMES LIMITED
NOTES TO THE ACCOUNTS
56 WEEKS ENDED 31 MARCH 2001

7. TAXATION

	56 Weeks ended 31 March 2001 £	49 Weeks ended 4 March 2000 As restated £
(a) Analysis of tax charge		
Current year taxation		
UK Corporation Tax at 20% (2000 - 20%)	11,145	-
Deferred tax: Origination and reversal of timing differences	20,479	(630)
	<u>31,624</u>	<u>(630)</u>
Prior years		
UK corporation tax	-	(26,478)
	<u>31,624</u>	<u>(27,108)</u>
(b) Factors affecting the tax charge for the period		
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:		
Profit on ordinary tax before tax	<u>178,962</u>	<u>94,115</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2000 - 30%)	53,689	28,235
Effects of:		
Differential between standard and actual rates	(5,572)	-
Group relief	(1,363)	16,284
Non-taxable group income	(23,225)	(84,978)
Other items	-	(6,577)
Capital allowances in excess of depreciation	-	5,333
Non-taxable group expenses	-	21,920
Income not taxable	-	(300)
Permanent differences	8,095	-
Losses carried back	-	25,416
Adjustments to prior years	-	(32,441)
Current tax charge (Note 1(a))	<u>31,624</u>	<u>(27,108)</u>

(c) Factors affecting future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £221,424. At present it is not envisaged that any tax will become payable in the foreseeable future in respect of gains on property sales.

8. EXCEPTIONAL ADMINISTRATIVE INCOME

The exceptional credit relates to the write back of a provision no longer required against a debt of a subsidiary company.

EBBGATE NURSING HOMES LIMITED
NOTES TO THE ACCOUNTS
56 WEEKS ENDED 31 MARCH 2001

9. PRIOR YEAR ADJUSTMENT

The effect of the change in accounting policy as detailed in Note 1(d) on the comparative profit and loss account is that the profit retained for the year of £126,556, as previously stated, has been reduced by the increase in the deferred tax charge of £5,333 to £121,223. The effect on the current years results is a deferred tax charge of £20,479.

10. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £
Cost or valuation	
At 5 March 2000	2,900,000
Additions	5,465,000
	<u>8,365,000</u>
At 31 March 2001	<u>8,365,000</u>
Depreciation	
Charge for period	31,662
	<u>31,662</u>
At 31 March 2001	<u>31,662</u>
Net Book Value	
At 31 March 2001	<u>8,333,338</u>
At 4 March 2000	<u>2,900,000</u>

Included in land and buildings is freehold land valued at £2,250,000 (2000 - £800,000) which is not depreciated.

Analysis of cost or valuation of land and buildings :	£
At valuation	2,900,000
At cost	5,465,000
	<u>8,365,000</u>
At 31 March 2001	<u>8,365,000</u>

The revaluation made in 2000 comprised a valuation on an existing use basis, this valuation being carried out by Jarvis Healthcare, Manchester. Expected selling costs have not been deducted in arriving at the valuation. The directors have not updated the valuation because they are not aware of any material change in value.

Included in land and buildings is capitalised interest of £398,016 (2000 - £398,016).

On the historical cost basis, land and buildings would have been included as follows:

	2001 £	2000 £
Cost	7,699,220	2,234,220
Cumulative depreciation	(20,079)	-
	<u>7,679,141</u>	<u>2,234,220</u>
Net book amount	<u>7,679,141</u>	<u>2,234,220</u>

The company's freehold properties have been provided as security for the liabilities of the ultimate parent company.

EBBGATE NURSING HOMES LIMITED
NOTES TO THE ACCOUNTS
56 WEEKS ENDED 31 MARCH 2001

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost	
At 5 March 2000	7,552,081
At 31 March 2001	<u>7,552,081</u>
Provisions	
At 5 March 2000	1,271,601
At 31 March 2001	<u>1,271,601</u>
Net Book Value	
At 31 March 2001	<u>6,280,480</u>
At 4 March 2000	<u>6,280,480</u>

The company owns 100% of the issued ordinary share capital of Chestnut Court Limited, a company with a principal activity of the operation of a nursing home in the United Kingdom. The company also owns 100% of the issued ordinary share capital of : Braid Hills Limited; Hillside One Limited; Hillside Two Limited; and Hillside Three limited which were all dormant throughout the period.

12. DEBTORS

	2001 £	2000 £
Due within one year		
Amounts owed by group undertakings	7,437	43,553
Other debtors	107,272	81,319
Prepayments and accrued income	-	818
	<u>114,709</u>	<u>125,690</u>

13. CREDITORS:

Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	-	899,055
Trade creditors	-	17,384
Amounts owed to group undertakings	12,477,436	7,051,536
Corporation tax	11,145	55,047
Other creditors	-	16,489
Accruals and deferred income	5,935	18,468
	<u>12,494,516</u>	<u>8,057,979</u>

Included within the amount due to group companies above is a loan of £320,000 on which interest is payable at 2.25% above the inter-bank market rate.

EBBGATE NURSING HOMES LIMITED
NOTES TO THE ACCOUNTS
56 WEEKS ENDED 31 MARCH 2001

14. CREDITORS:

Amounts falling due after more than one year

	2001 £	2000 £
Amounts owed to group undertakings	<u>832,413</u>	<u>-</u>

The amounts owed to group undertakings are subject to an interest rate charge of 1.625% over LIBOR, and are repayable as follows: £52,852 within 2 to 5 years ; and £779,561 in over 5 years.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £
At 5 March 2000 (as restated)	241,811
Charge to profit and loss	20,479
Amounts reversed	<u>(122,748)</u>
At 31 March 2001	<u>139,542</u>

Deferred tax

The amount reversed shown above is reflected in the Statement of Recognised Gains and Losses for the period.

The amounts of deferred taxation provided and unprovided are as follows:

	Provided		Unprovided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	81,678	-	-	-
Deferred tax on revalued properties	-	122,748	221,424	-
Capitalised interest	57,864	-	-	-
	<u>139,542</u>	<u>122,748</u>	<u>221,424</u>	<u>-</u>

16. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised		
500 ordinary 'A' shares of £1 each	500	500
500 ordinary 'B' shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
50 ordinary 'A' shares of £1 each	50	50
50 ordinary 'B' shares of £1 each	50	50
	<u>100</u>	<u>100</u>

EBBGATE NURSING HOMES LIMITED
NOTES TO THE ACCOUNTS
56 WEEKS ENDED 31 MARCH 2001

17. RESERVES

	£
Revaluation Reserve	
At 5 March 2000	543,032
Transfer to Profit and Loss account	(11,583)
Deferred tax movement on revaluation	(122,748)
At 31 March 2001	<u>654,197</u>

18. SHAREHOLDERS' FUNDS

Reconciliation of movements on shareholders' funds

	2001 £	2000 as restated £
Profit for the financial period	147,338	121,223
Other recognised gains and losses during period	122,748	543,032
	<u>270,086</u>	<u>664,255</u>
Opening shareholders' funds (Originally £1,125,443 before deducting prior year item of £119,603)	1,006,380	342,125
Closing shareholders' funds	<u>1,276,466</u>	<u>1,006,380</u>

19. RELATED PARTIES

The company transacts with other group companies in the normal course of business. These transactions are not disclosed if they are eliminated on consolidation in the group financial statements of the parent company.

During the period interest of £87,799 and £26,364 was charged in respect of loans from Barclays Bank plc and ANS plc respectively.

20. CONTROLLING PARTY

The directors consider that at 31 March 2001 the company was controlled by its ultimate parent company, ANS 2000 plc, whereas throughout the period to 3 March 2001 the company was jointly controlled by Barclays Bank plc and ANS plc.

21. PARENT COMPANY

The company's parent company is ANS plc and its ultimate parent company is ANS 2000 plc. Copies of the accounts of the parent companies can be obtained from Companies House.