



**CHEADLE ROYAL HEALTHCARE  
LIMITED**

**Report and Financial Statements**

**30 June 1999**

**Deloitte & Touche  
Chartered Accountants  
66 Queen's Road  
Aberdeen  
AB15 4YE**



**REPORT AND FINANCIAL STATEMENTS 1999**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Statement of total recognised gains and losses</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Cashflow statement</b>	<b>8</b>
<b>Notes to the cashflow statement</b>	<b>9</b>
<b>Notes to the accounts</b>	<b>10</b>



**REPORT AND FINANCIAL STATEMENTS 1999**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P F Batchelor  
E D Burling  
D Chappell (Chairman)  
S F Hemsley  
S P McKeown  
R Russell  
J P Ward

**SECRETARY**

P F Batchelor

**REGISTERED OFFICE**

100 Wilmslow Road  
Cheadle  
Cheshire

**SOLICITORS**

Hammond Suddards  
Trinity Court  
16 John Dalton Street  
Manchester

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
66 Queen's Road  
Aberdeen

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 June 1999.

### **ACTIVITIES**

Cheadle Royal Healthcare Limited is engaged in the provision of private healthcare.

### **RESULTS, DIVIDENDS AND TRANSFER TO RESERVES**

The company made a profit before taxation of £1,317,756 (1998: £123,968). The retained profit after tax and dividends of £629,160 (1998: loss £10,484) has been transferred to/(from) reserves.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company has traded successfully during the year and the directors are optimistic about the long term prospects for continued growth.

### **YEAR 2000**

A group of senior managers, reporting regularly to the Board of Directors, has carried out an assessment of the potential effect of this issue on our business. Consideration has been given to the effect on our relationships with our customers and suppliers as well as our internal operations. This assessment has identified areas where it was necessary to carry out risk reduction measures and drawing up of contingency plans to deal with any potential interruption to our services. An independent review of our plans has been commissioned and is in process. These measures did not involve significant expenditure.

### **DIRECTORS**

The present membership of the Board is set out on page 1. Their beneficial interests in the shares of the company were as follows:

	<b>Ordinary Shares of £1 each</b>		<b>Cumulative Preference Shares of £1 each</b>	
	<b>30 June 1999</b>	<b>30 June 1998</b>	<b>30 June 1999</b>	<b>30 June 1998</b>
P F Batchelor	8	8	-	-
E D Burling	8	8	-	-
D Chappell	-	-	-	-
S F Hemsley	8	8	-	-
S P McKeown	8	8	-	-
R Russell	-	-	-	-
J P Ward	8	8	-	-

The directors' beneficial interests in the parent company, Healthcare Scotland Limited at the start of the year were as follows:

	<b>Ordinary Shares of £1 each 30 June 1998</b>	<b>Cumulative Preference Shares of £1 each 30 June 1998</b>
P F Batchelor	-	-
E D Burling	-	-
D Chappell	137,500	1,112,500
S F Hemsley	-	-
S P McKeown	-	-
R Russell	137,500	1,112,500
J P Ward	-	-

**DIRECTORS' REPORT**

During the year a new holding company, Bonnymuir Limited, was incorporated. The directors' beneficial interests in this ultimate parent company at the year end were as follows:

**Ordinary Shares  
of £0.001 each****30 June 1999**

P F Batchelor	-
E D Burling	-
D Chappell	75,001
S F Hemsley	-
S P McKeown	-
R Russell	75,001
J P Ward	-

**AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board 4 November 1999

Secretary

**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 as at the end of the financial year 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;
- 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. 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

### CHEADLE ROYAL HEALTHCARE LIMITED

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on page 10.

#### 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 the company's affairs at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

16 November 1999


**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 June 1999**

	Note	1999 £	1998 £
<b>TURNOVER: continuing operations</b>	2	7,129,328	4,467,179
Cost of sales		(4,048,916)	(2,949,746)
Gross profit		3,080,412	1,517,433
Administrative expenses		(1,739,739)	(1,342,383)
<b>OPERATING PROFIT: continuing operations</b>		1,340,673	175,050
Interest receivable and similar items		32,434	9,128
Interest payable and similar charges	4	(55,351)	(60,210)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	1,317,756	123,968
Tax on profit on ordinary activities	6	(398,884)	(54,357)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		918,872	69,611
Dividends payable (including non equity)	7	(289,712)	(80,095)
<b>PROFIT/(LOSS) TRANSFERRED TO/ (FROM) RESERVES</b>	18	629,160	(10,484)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 30 June 1999**

	1999 £	1998 £
Profit / (loss) for financial year	1,317,756	123,968
Unrealised surplus on revaluation of property	3,134,369	-
<b>Total recognised gains and losses relating to the year</b>	4,452,125	123,968




**BALANCE SHEET**  
**30 June 1999**

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Intangible assets	8	12,461	13,170
Tangible assets	9	5,750,000	2,064,630
Investments	10	2	2
		<u>5,762,463</u>	<u>2,077,802</u>
<b>CURRENT ASSETS</b>			
Stocks	11	17,722	10,615
Debtors	12	673,813	514,385
Cash at bank and in hand		405,970	-
		<u>1,097,505</u>	<u>525,000</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(1,533,416)</u>	<u>(651,102)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(435,911)</u>	<u>(126,102)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,326,552	1,951,700
<b>CREDITORS: amounts falling due after more than one year</b>	16	(676,895)	(756,550)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	17	<u>(57,771)</u>	<u>(93,460)</u>
<b>TOTAL NET ASSETS</b>		<u>4,591,886</u>	<u>1,101,690</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	685,901	907,300
Profit and loss account	20	337,417	(18,410)
Share premium	20	212,800	212,800
Capital redemption reserve	20	221,399	-
Revaluation reserve	20	3,134,369	-
<b>SHAREHOLDERS' FUNDS</b>		<u>4,591,886</u>	<u>1,101,690</u>
Amounts attributable to equity shareholders		558,916	(18,310)
Amounts attributable to non equity shareholders		<u>4,032,970</u>	<u>1,120,000</u>

 These financial statements were approved by the Board of Directors on *November 4 1999*

Signed on behalf of the Board of Directors

Director


**CASH FLOW STATEMENT**  
**Year ended 30 June 1999**

	Note	1999 £	1998 £
<b>Net cash inflow from operating activities</b>	1	1,537,657	74,366
<b>Returns on investments and servicing of finance</b>			
Interest received		32,434	9,000
Interest paid		(55,351)	(60,082)
Preference dividends paid		(94,205)	
<b>Net cash outflow from returns on investments and servicing of finance</b>		(117,122)	(51,082)
<b>Taxation</b>		(36,772)	-
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(619,251)	(406,949)
<b>Net cash outflow from capital expenditure</b>		(619,251)	(406,949)
<b>Equity dividends paid</b>			
Ordinary dividends		(225,000)	-
<b>Net cash inflow (outflow) before the use of liquid resources and financing</b>		539,512	(383,665)
<b>Financing</b>			
Redemption of shares		(273,333)	-
Repayment of capital element of finance leases		-	(13,364)
New borrowings		230,000	247,000
Repayment of capital element of loans		(89,281)	
<b>Net cash outflow</b>		(132,614)	233,636
<b>Net cash increase / (decrease) in cash</b>		406,898	(150,029)
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash in the period		406,898	(150,029)
Capital element of finance lease repayments		-	13,364
Capital element of loan repayments		89,281	-
Cash inflow increase in debt		(230,000)	(247,000)
		266,179	(383,665)
<b>Net debt at 1 July 1998</b>		(747,928)	(364,263)
<b>Net debt at 30 June 1999</b>		(481,749)	(747,928)


**NOTES TO THE CASH FLOW STATEMENT**  
**Year ended 30 June 1999**
**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating profit	1,340,673	175,050
Depreciation charges	68,250	56,049
Amortisation and goodwill	709	
Increase/(decrease) in stocks	(7,106)	1,441
Increase in debtors	(159,428)	(180,996)
Increase in creditors	344,559	22,822
Decrease in provisions	(50,000)	-
<b>Net cash inflow from operating activities</b>	<b>1,537,657</b>	<b>74,366</b>

**2. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 July 1998 £	Cashflow £	At 30 June 1999 £
Cash at bank and in hand	-	405,970	405,970
Bank overdraft	(928)	928	-
	(928)	406,898	405,970
 Bank loans	 (747,000)	 (140,719)	 (887,719)
	(747,928)	266,179	(481,749)

**NOTES TO THE ACCOUNTS****Year ended 30 June 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Goodwill**

Goodwill arising on acquisition of trade and assets is amortised over 20 years, being the estimated useful economic life of that asset.

**Tangible fixed assets**

Depreciation is not provided on freehold property. The directors consider that the economic lives and the residual value of these properties are such that depreciation is not significant because they are maintained in a continual state of good repair. On other assets it is provided on cost or revalued amounts in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and motor vehicles over 7 years

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rate on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**Pension costs**

The company operates both defined benefit and defined contribution schemes. Pension costs charged to the profit and loss account represent amounts payable by the company to the defined contribution schemes

**2. TURNOVER**

Turnover and profit on activities before taxation are attributable to one activity, the provision of healthcare services. *Turnover is all derived from work done in the United Kingdom.*



**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1999**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1999 £	1998 £
Directors' emoluments (excluding pension contributions)	403,813	329,317
Directors' pension contributions	13,878	13,835
	<u>417,691</u>	<u>343,152</u>
	No	No
Number of directors who are members of a defined benefit scheme	<u>1</u>	<u>1</u>
Number of directors for whom contributions are made into a private pension scheme	<u>3</u>	<u>3</u>
	£	£
Highest paid director		
Remuneration	82,847	83,210
Pension contributions	<u>7,615</u>	<u>7,572</u>

R Russell and D Chappell are directors of the ultimate holding company, Bonnymuir Limited and are also directors of Healthcare Scotland Limited, Albyn Hospital Limited, Fernbrae Hospital Limited, UK Private Healthcare Limited and Cheadle Royal Healthcare Limited. It is not practical to allocate their total remuneration for the year, which was received from Healthcare Scotland Limited, between their services as directors of Healthcare Scotland Limited and of its subsidiaries.

	£	£
Employee costs during the period:		
Wages and salaries	3,189,972	2,421,952
Social security costs	256,505	186,232
Other pension costs	33,212	19,870
	<u>3,479,689</u>	<u>2,628,054</u>
	No	No
Average number of persons employed:		
Administrative	17	22
Professional	176	142
Technical and support	<u>28</u>	<u>29</u>
	<u>221</u>	<u>193</u>


**NOTES TO THE ACCOUNTS**
**Year ended 30 June 1999**
**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1999 £	1998 £
Bank loan, overdrafts and other loans	55,351	60,210

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1999 £	1998 £
Profit on ordinary activities before taxation is after charging:		
Depreciation		
Own assets	68,250	55,340
Auditors' remuneration	3,700	3,600
Goodwill amortisation	709	709

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £	1998 £
UK corporation tax at 30.75% (1997: 31%) based on profit for the year	384,573	22,283
Prior year adjustment	-	(8,776)
Deferred taxation		
Current year	14,311	35,824
Prior year adjustment	-	5,026

**7. DIVIDENDS**

	1999 £	1998 £
<b>Equity shares:</b>		
Ordinary dividends paid	225,000	-
<b>Non Equity Shares:</b>		
Cumulative redeemable preference dividend paid	64,712	80,095


**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1999**
**8. INTANGIBLE FIXED ASSETS**

	<b>Total £</b>
<b>Goodwill</b>	
<b>Cost</b>	
At 1 July 1998 and at 30 June 1999	14,174
<b>Accumulated depreciation</b>	
At 1 July 1998	1,004
Charge for the year	709
At 30 June 1999	1,713
<b>Net book value</b>	
At 30 June 1999	12,461
At 1 July 1998	13,170

**9. TANGIBLE FIXED ASSETS**

	<b>Land and Buildings £</b>	<b>Fixtures and Fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 July 1998	1,529,005	598,449	-	2,127,454
Additions	-	609,161	10,090	619,251
Transfers	131,040	(131,040)	-	-
Revaluation	3,134,369	-	-	3,134,369
At 30 June 1999	4,794,414	1,076,570	10,090	5,881,074
<b>Accumulated Depreciation</b>				
At 1 July 1998	-	62,824	-	62,824
Charge for the year	-	67,028	1,222	68,250
At 30 June 1999	-	129,852	1,222	131,074
<b>Net book value</b>				
At 30 June 1999	4,794,414	946,718	8,868	5,750,000
At 1 July 1998	1,529,005	535,625	-	2,064,630

The freehold property trading as Cheadle Royal Hospital was valued on an open market basis for a continuation of the existing use by Weatherall Green & Smith, Chartered Surveyors on 30 June 1999 in the sum of £5,750,000 of which £955,586 can be attributed to fixtures and fittings and motor vehicles. The surplus arising on revaluation has been taken to the revaluation reserve.

## NOTES TO THE ACCOUNTS

**Year ended 30 June 1999**

## 10. INVESTMENTS HELD AS FIXED ASSETS

		<b>Shares in subsidiary under-Takings £</b>
<b>Cost and net book value</b>		
At 1 July 1998 and 30 June 1999		2
		<hr/> <hr/>
	<b>Country of Incorporation and registration</b>	<b>Proportion of ordinary shares held</b>
<b>Subsidiary undertaking</b>		
Cheadle Royal Hospital Limited	England	Dormant 100%

## 11. STOCKS

	1999 £	1998 £
Raw materials and consumables	17,722	10,615

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Trade debtors	586,567	459,736
Prepayments and accrued income	72,142	32,117
Other debtors	15,104	22,532
	<u>673,813</u>	<u>514,385</u>




**NOTES TO THE ACCOUNTS**
**Year ended 30 June 1999**
**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank overdraft (Note 15)	-	928
Bank loans (Note 15)	110,824	105,922
Trade creditors	410,845	121,910
Other creditors including taxation and social security (Note 14)	105,236	84,808
Corporation tax	357,673	9,877
Accruals and deferred income	462,859	309,876
Amounts due to Group Companies	-	17,781
Dividends payable	85,979	-
	<u>1,533,416</u>	<u>651,102</u>

**14. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	1999 £	1998 £
This heading includes:		
Taxation and social security	<u>103,210</u>	<u>84,808</u>

**15. BORROWINGS**

	1999 £	1998 £
Bank loans	<u>887,719</u>	<u>747,928</u>
	<u>887,719</u>	<u>747,928</u>
Due within one year	210,824	106,850
Due after one year	676,895	641,078
	<u>887,719</u>	<u>747,928</u>
Analysis of repayments:		
Within one year	210,824	106,850
Between one and two years	240,824	110,824
Between two and five years	267,471	319,471
Over five years	168,600	210,783
	<u>887,719</u>	<u>747,928</u>

The bank loans and overdraft are secured by a bond and floating charge over the assets of the company. The term loan bears interest at 1-1.5% above the bank's base rate.


**NOTES TO THE ACCOUNTS**
**Year ended 30 June 1999**
**16. CREDITORS FALLING DUE IN MORE THAN ONE YEAR**

	1999 £	1998 £
Bank loans and overdraft	676,895	641,078
Proposed dividend	-	115,472
	<u>676,895</u>	<u>756,550</u>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred Tax £	Other £
At 1 July 1998	43,460	50,000
Profit and Loss account charge/(credit) for the year	<u>14,311</u>	<u>(50,000)</u>
At 30 June 1999	<u>57,771</u>	<u>-</u>

The amounts of the deferred taxation liability provided and the total potential liability:

	1999 £	1998 £
Capital allowances in excess of depreciation	58,402	35,603
Other timing differences	<u>(631)</u>	<u>7,857</u>
	<u>57,771</u>	<u>43,460</u>

Capital gains tax would arise in the event of the disposal of the company's land and buildings at the revalued amount in circumstances in which rollover relief was unavailable. As the likelihood of this is remote, the amount of such tax has not been quantified.

**18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
Profit for the financial year	918,872	69,611
Dividends	(289,712)	(80,095)
Redemption of shares	(273,333)	-
Other recognised gains for the year	<u>3,134,369</u>	<u>-</u>
Net addition / (reduction in) to shareholders' funds	3,490,196	(10,484)
Opening shareholders' funds	<u>1,101,690</u>	<u>1,112,174</u>
Closing shareholders' funds	<u>4,591,886</u>	<u>1,101,690</u>



**NOTES TO THE ACCOUNTS**

**Year ended 30 June 1999**

**19. CALLED UP SHARE CAPITAL**

	1999 £	1998 £
<b>Authorised</b>		
60 "A" ordinary shares of £1 each	60	60
40 "B" ordinary shares of £1 each	40	40
1,120,000 Cumulative redeemable preference shares of £0.81 each	907,200	907,200
	<u>907,300</u>	<u>907,300</u>
<b>Called up, allotted and fully paid</b>		
60 "A" ordinary shares of £1 each	60	60
40 "B" ordinary shares of £1 each	40	40
846,667 (1998: 1,120,000) Cumulative redeemable preference shares of £0.81 each	685,801	907,200
	<u>685,901</u>	<u>907,300</u>

273,333 preference shares were redeemed at £1 per share during the year.

**"A" and "B" Preference Shares**

Holders of "A" and "B" ordinary shares rank *pari passu* in respect of distributions of profit.

**Cumulative Redeemable Preference Shares**

The Cumulative Redeemable Preference Shares of £0.81 each entitle the holder to receive a cumulative preference dividend at the rate of 6.15% per annum on the subscription price accruing from 1 July 1998 and payable half yearly on 30 June and 31 December in each year. In addition the Cumulative Redeemable Preference Shares entitle the holder to a special preference dividend of 7.466% per annum on the subscription price per preference share (£1.00) accruing from the date of subscription to 1 July 1998 and payable on 30 June 2000. The Cumulative Redeemable Preference Shares of £0.81 are redeemable at £1 per share in four tranches. The first tranche of £273,333 was redeemed early, during this year. The remaining tranches are redeemable as follows: £273,333 on 31 December 2001, £273,334 on 31 December 2002 and £300,000 on 30 June 2004.

Non equity shareholders' funds excludes dividends proposed and provided in liabilities.

**Voting Rights**

The "A" Ordinary Shares entitle the holders to one vote per share. The "B" Ordinary Shares entitle the holders to one vote per share on limited matters such as termination of the holder's directorship or employment with the company or amendment to the rights of the holder of such shares. The Cumulative Redeemable Preference Shares carry no voting rights.

**Winding Up**

On winding up, the assets of the company shall be applied firstly to the Cumulative Redeemable Preference Shareholders. The balance of the assets shall be distributed amongst the holders of the "A" and "B" Ordinary Shares (*pari passu*).



**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1999**

**20. RESERVES**

	<b>Revaluation Reserve £</b>	<b>Capital Redemption Reserve £</b>	<b>Share Premium Account £</b>	<b>Profit and Loss Account £</b>
Balance as at 1 July 1998	-	-	212,800	(18,410)
Profit for the year	-	-	-	918,872
Dividends	-	-	-	(289,712)
Redemption of shares	-	221,399	-	(273,333)
Movement in year	3,134,369	-	-	-
Balance as at 30 June 1999	<u>3,134,369</u>	<u>221,399</u>	<u>212,800</u>	<u>337,417</u>

**21. PENSION SCHEMES**

**Defined Benefit Scheme**

The company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company in a trustee administered fund. The scheme is closed to new members.

At the date of the latest actuarial valuation, 31 March 1998, the market value of the assets of the scheme was £27,439,000. The actuarial value of the assets was sufficient to cover 154% of the value of benefits which had accrued to members, after allowing for future increases in earnings and pensions.

The scheme's independent actuary had assessed the excess of the amount funded over the accumulated pension cost using the aggregate method. Taking into account the actuary's advice and assessment of the excess, the company did not make any contributions during the period.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rate of equity dividend growth, and the rates of increase of salaries and pensions. It was assumed (a) the return on investments would exceed the annual increase in earnings by 4.7% (b) a rate of future pension increase of 2.7% per annum and (c) a rate of equity dividend growth of 5.9% per annum.

**Defined Contribution Schemes**

The assets of these schemes are held separately from those of the company in independently administered funds. The pension costs charged to the profit and loss account in the period in respect of private pension schemes amounted to £33,212 (1998: £19,870).

**22. RELATED PARTY TRANSACTIONS**

The company had no related party transactions for the year ended 30 June 1999.

**23. ULTIMATE PARENT COMPANY**

The ultimate parent company until 11 May 1999 was Healthcare Scotland Limited, a company incorporated in Scotland. Copies of the financial statements of the parent company may be obtained from Healthcare Scotland Limited, 35 Albert Street, Aberdeen, AB25 1XU. On 11 May 1999 the ultimate parent company became Bonnymuir Limited which will not prepare consolidated accounts until 30 June 2000.