

CROMWELL CLINIC LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2002



SINCLAIRS LEIGH SORENE
Registered Auditors
32 Queen Anne Street
London
W1G 8HD

CROMWELL CLINIC LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

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CROMWELL CLINIC LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mrs M Galan J C Goodman B Galan
Company secretary	Mrs M Galan
Registered office	32 Queen Anne Street London W1G 8HD
Auditors	Sinclairs Leigh Sorene Registered Auditors 32 Queen Anne Street London W1G 8HD

CROMWELL CLINIC LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a medical nursing home.

No significant change in the nature of this activity occurred during the year.

The directors are satisfied with the performance of the company during the year under review.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 September 2002	At 1 October 2001
Mrs M Galan	—	—
J C Goodman	—	—
B Galan	—	—
	<u>—</u>	<u>—</u>

FUTURE DEVELOPMENTS

Current trends indicate that the company will remain profitable.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors are continuing to monitor the developments on the introduction of the single European currency and are satisfied that no specific action is required.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

CROMWELL CLINIC LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2002

DONATIONS

During the year the company made the following contributions:

	2002	2001
	£	£
Charitable	<u>270</u>	<u>605</u>

AUDITORS

A resolution to re-appoint Sinclairs Leigh Sorene as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
32 Queen Anne Street
London
W1G 8HD

Signed by order of the directors



MRS M GALAN
Company Secretary

Approved by the directors on 5 December 2002

CROMWELL CLINIC LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 15, together with the financial statements of the company for the year ended 30 September 2002 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

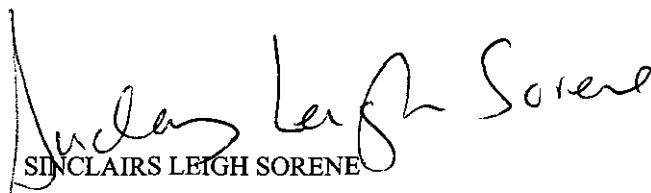
OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 15 are properly prepared in accordance with those provisions.

32 Queen Anne Street
London

W1G 8HD

5 December 2002


SINCLAIRS LEIGH SORENE

Registered Auditors

CROMWELL CLINIC LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
GROSS PROFIT		1,673,102	1,596,077
Administrative expenses		(1,438,963)	(1,373,260)
OPERATING PROFIT	2	234,139	222,817
Income from fixed asset investments	5	3,708	—
Interest receivable	6	22,512	28,425
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		260,359	251,242
Tax on profit on ordinary activities	7	(53,336)	(53,027)
RETAINED PROFIT FOR THE FINANCIAL YEAR		207,023	198,215

All of the activities of the company are classed as continuing.

The notes on pages 9 to 15 form part of these financial statements.

CROMWELL CLINIC LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 SEPTEMBER 2002

	2002	2001
	£	£
Profit for the financial year attributable to the shareholders	207,023	198,215
Unrealised profit on revaluation of certain fixed assets	1,422,042	—
Total gains and losses recognised since the last annual report	<u>1,629,065</u>	<u>198,215</u>

NOTE OF HISTORICAL COST PROFITS

	2002	2001
	£	£
Reported profit on ordinary activities before taxation	260,359	251,242
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	13,733	—
Historical cost profit on ordinary activities before taxation	<u>274,092</u>	<u>251,242</u>
Historical cost profit for the year retained after taxation and dividends	<u>220,756</u>	<u>198,215</u>

The notes on pages 9 to 15 form part of these financial statements.

CROMWELL CLINIC LIMITED

ABBREVIATED BALANCE SHEET

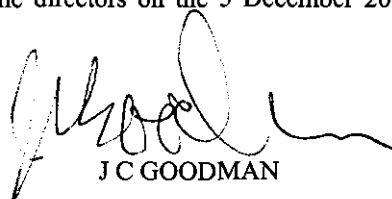
30 SEPTEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	3,190,892	1,769,504
Investments	9	776,423	725,324
		<u>3,967,315</u>	<u>2,494,828</u>
CURRENT ASSETS			
Stocks	10	29,300	21,750
Debtors	11	189,354	158,434
Cash at bank and in hand		779,435	598,979
		<u>998,089</u>	<u>779,163</u>
CREDITORS: Amounts falling due within one year	12	<u>265,200</u>	<u>204,482</u>
NET CURRENT ASSETS		<u>732,889</u>	<u>574,681</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,700,204</u>	<u>3,069,509</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	22,232	20,602
		<u>4,677,972</u>	<u>3,048,907</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	10,000	10,000
Revaluation reserve	16	1,422,042	—
Profit and Loss Account	17	3,245,930	3,038,907
SHAREHOLDERS' FUNDS	18	<u>4,677,972</u>	<u>3,048,907</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 5 December 2002 and are signed on their behalf by:


MRS M GALAN


J C GOODMAN

The notes on pages 9 to 15 form part of these financial statements.

CROMWELL CLINIC LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	300,551	258,962
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from other fixed asset investments		3,708	—
Interest received		22,512	28,425
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		26,220	28,425
TAXATION		(54,159)	(54,874)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(42,547)	(5,306)
Acquisition of Investments		(62,484)	(542,982)
Disposal of Investments		12,875	88,477
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(92,156)	(459,811)
INCREASE/(DECREASE) IN CASH	20	180,456	(227,298)

The notes on pages 9 to 15 form part of these financial statements.

CROMWELL CLINIC LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% on cost
Fixtures & Fittings	-	15% on Reducing balance
Motor Vehicles	-	20% on Reducing balance

No depreciation is charged on freehold land.

The company has adopted a policy of revaluation in respect of land and buildings under FRS 15.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

* provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

* provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

* deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

CROMWELL CLINIC LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss when received.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Depreciation	43,201	47,076
Profit on disposal of fixed assets	(1,490)	(16,056)
Auditors' remuneration		
- as auditors	20,211	20,088

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Medical and ancillary staff	118	115

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	1,047,547	1,003,121
Social security costs	71,494	68,349
	1,119,041	1,071,470

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	40,000	40,000

5. INCOME FROM FIXED ASSET INVESTMENTS

	2002	2001
	£	£
Income from fixed asset investments	3,708	-

6. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest receivable	22,479	28,425
Other loan interest receivable	33	-
	22,512	28,425

CROMWELL CLINIC LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20% (2001 - 20%)	51,706	54,159
Total current tax	51,706	54,159
Deferred tax:		
Increase/(decrease) in deferred tax provision	1,630	(1,132)
	1,630	(1,132)
Total deferred tax (note 13)	1,630	(1,132)
Tax on profit on ordinary activities	53,336	53,027

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 October 2001	1,626,759	517,541	14,150	2,158,450
Additions	—	42,547	—	42,547
Revaluation	1,373,241	—	—	1,373,241
At 30 September 2002	3,000,000	560,088	14,150	3,574,238
DEPRECIATION				
At 1 October 2001	32,534	344,073	12,339	388,946
Charge for the year	16,267	26,572	362	43,201
Revaluation adjustment	(48,801)	—	—	(48,801)
At 30 September 2002	—	370,645	12,701	383,346
NET BOOK VALUE				
At 30 September 2002	3,000,000	189,443	1,449	3,190,892
At 30 September 2001	1,594,225	173,468	1,811	1,769,504

CROMWELL CLINIC LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

8. TANGIBLE FIXED ASSETS *(continued)*

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2002 £	2001 £
NBV of revalued property:		
Historical cost	1,626,759	—
Depreciation:		
At 1 October 2001	32,534	—
Aggregate depreciation on assets revalued in year	16,267	—
At 30 September 2002	48,801	—
Net historical cost value:		
At 30 September 2002	1,577,958	—
At 1 October 2001	1,594,225	—

In November 2002, the freehold property was revalued to a figure of £3,000,000, being its open market value at 30 September 2002, by Messrs Barker Storey Matthews, Chartered surveyors.

9. INVESTMENTS

Other investments

	£
COST:	
At 1 October 2001	725,324
Additions	62,484
Disposals	(11,385)
At 30 September 2002	776,423
NET BOOK VALUE:	
At 30 September 2002	776,423
At 30 September 2001	725,324

Listed investments of net book value of £552,844 held by the company had a market value of £422,218 at 30 September 2002.

10. STOCKS

	2002 £	2001 £
Stock	29,300	21,750

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

11. DEBTORS

	2002 £	2001 £
Trade debtors	159,924	141,756
Other debtors	600	3,200
Prepayments and accrued income	28,830	13,478
	189,354	158,434

CROMWELL CLINIC LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

12. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Trade creditors	32,242	21,671
Corporation tax	51,706	54,159
Other taxation and social security	21,262	20,174
Other creditors	63,167	63,489
Accruals and deferred income	96,823	44,989
	<u>265,200</u>	<u>204,482</u>

13. DEFERRED TAXATION

	2002	2001
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	20,602	21,734
Profit and Loss Account movement arising during the year	1,630	(1,132)
Provision carried forward	<u>22,232</u>	<u>20,602</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002	2001
	£	£
Other timing differences	22,232	20,602
	<u>22,232</u>	<u>20,602</u>

In the opinion of the directors, no provision is required for deferred tax on the revaluation of the freehold property. They believe that the property is held for long term and they have no intention of disposing it in the near future.

14. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2002	2001
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>6,449</u>	<u>-</u>

15. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
	2002	2001
	£	£
Ordinary share capital	<u>10,000</u>	<u>10,000</u>

CROMWELL CLINIC LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

16. REVALUATION RESERVE

	2002 £	2001 £
Revaluation of fixed assets	1,422,042	—
Balance carried forward	<u>1,422,042</u>	<u>—</u>

17. PROFIT AND LOSS ACCOUNT

	2002 £	2001 £
Balance brought forward	3,038,907	2,840,692
Retained profit for the financial year	207,023	198,215
Balance carried forward	<u>3,245,930</u>	<u>3,038,907</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	207,023	198,215
Other net recognised gains and losses	1,422,042	—
Net addition to funds	<u>1,629,065</u>	<u>198,215</u>
Opening shareholders' equity funds	3,048,907	2,850,692
Closing shareholders' equity funds	<u>4,677,972</u>	<u>3,048,907</u>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	234,139	222,817
Depreciation	43,201	47,076
Profit on disposal of fixed assets	(1,490)	(16,056)
Increase in stocks	(7,550)	(5,850)
Increase in debtors	(30,920)	(1,245)
Increase in creditors	63,171	12,220
Net cash inflow from operating activities	<u>300,551</u>	<u>258,962</u>

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £	2001 £
Increase/(Decrease) in cash in the period	180,456	(227,298)
Movement in net funds in the period	<u>180,456</u>	<u>(227,298)</u>
Net funds at 1 October 2001	598,979	826,277
Net funds at 30 September 2002	<u>779,435</u>	<u>598,979</u>

CROMWELL CLINIC LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

21. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Oct 2001 £	Cash flows £	At 30 Sep 2002 £
Net cash:			
Cash in hand and at bank	598,979	180,456	779,435
Net funds	<u>598,979</u>	<u>180,456</u>	<u>779,435</u>