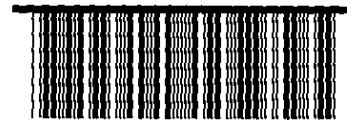


GATE HEALTHCARE LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2000



SCT SC6WDUMZ 0500
COMPANIES HOUSE 10/10/00

GATE HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	G W S Kennedy R R Williamson A C Mundell
Secretary	R R Williamson
Company Number	106549
Registered Office	Westwood House 1 East Milton Grove Westwood East Kilbride G75 8SN
Auditors	Pannell Kerr Forster 78 Carlton Place Glasgow G5 9TH
Solicitors	Munn & Company 40 St Enoch Square Glasgow G1 4DH
Bankers	Clydesdale Bank plc 14 Bothwell Street Glasgow G2 6QY

GATE HEALTHCARE LIMITED

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The following pages do not form part of the statutory accounts:

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

GATE HEALTHCARE LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2000

The directors submit their report and the financial statements for the year ended 31 March 2000.

Results and dividends

The profit for the year, after taxation, amounted to **£159,762** (1999 - £96,970).

No dividends were declared for the year. (1999- £Nil)

Principal activity and review of business

The principal activity of the company during the year continued to be that of the provision of nursing and residential home facilities for the elderly and disabled.

The directors are satisfied with the results for the year and anticipate that profitability will be maintained in the current year.

Directors

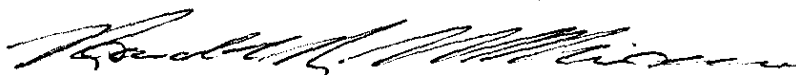
The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary £1 shares	
	2000	1999
G W S Kennedy	55	55
R R Williamson	45	45
A C Mundell	-	-

Auditors

The auditors, Pannell Kerr Forster, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board



R R Williamson
Secretary

3 October 2000

GATE HEALTHCARE 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 SHAREHOLDERS OF
GATE HEALTHCARE LIMITED**

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 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 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

6/10/00
Glasgow



Registered Auditors

GATE HEALTHCARE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2000

	Notes	2000 £	1999 £
TURNOVER	2	1,738,735	1,627,506
Cost of sales		(1,040,388)	(970,710)
GROSS PROFIT		698,347	656,796
Administrative expenses		(316,700)	(319,307)
OPERATING PROFIT	3	381,647	337,489
Interest receivable and similar items		5,305	-
Interest payable and similar items	6	(187,855)	(217,282)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		199,097	120,207
TAXATION	7	(39,335)	(23,237)
PROFIT FOR THE FINANCIAL YEAR	15	159,762	96,970

All amounts relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2000

	2000 £	1999 £
Profit for the financial year	159,762	96,970
Unrealised loss on revaluation of properties	(12,381)	-
Total recognised gains and losses relating to the year	147,381	96,970

GATE HEALTHCARE LIMITED

BALANCE SHEET

31 MARCH 2000

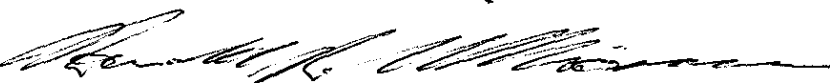
	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible	8	3,084,399	3,008,175
CURRENT ASSETS			
Debtors	9	74,539	87,741
Cash at bank and in hand		122,807	164,022
		<u>197,346</u>	<u>251,763</u>
CREDITORS: amounts falling due within one year	10	<u>(263,104)</u>	<u>(260,359)</u>
NET CURRENT LIABILITIES		<u>(65,758)</u>	<u>(8,596)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,018,641</u>	<u>2,999,579</u>
CREDITORS: amounts falling due after more than one year	11	<u>(2,005,083)</u>	<u>(2,133,402)</u>
NET ASSETS		<u><u>1,013,558</u></u>	<u><u>866,177</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Revaluation reserve	15	627,500	639,881
Profit and loss account	15	385,958	226,196
SHAREHOLDERS' FUNDS	16	<u><u>1,013,558</u></u>	<u><u>866,177</u></u>

The financial statements were approved by the board on 3 October 2000

Signed on behalf of the board of directors

R R Williamson

Director



G W S Kennedy

Director



GATE HEALTHCARE LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2000

	2000 £	1999 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	381,647	337,489
Depreciation of tangible fixed assets	25,731	25,731
Decrease in debtors	13,202	35,912
Increase/(decrease) in creditors	553	(15,648)
Net cash inflow from operating activities	<u>421,133</u>	<u>383,484</u>
CASH FLOW STATEMENT (note 17)		
Net cash inflow from operating activities	421,133	383,484
Returns on investments and servicing of finance	(197,521)	(217,282)
Taxation	(22,172)	(98)
Capital expenditure	(114,336)	(8,783)
	<u>87,104</u>	<u>157,321</u>
Financing	<u>(123,764)</u>	<u>269,919</u>
(Decrease)/increase in cash	<u>(36,660)</u>	<u>427,240</u>
Reconciliation of net cash flow to movement in net debt (note 18)		
(Decrease)/increase in cash in the period	(36,660)	427,240
Cash outflow/ (inflow) from decrease/ (increase) in debt	123,764	(269,919)
Change in net debt	<u>87,104</u>	<u>157,321</u>
Net debt at 1 April 1999	(2,110,936)	(2,268,257)
Net debt at 31 March 2000	<u>(2,023,832)</u>	<u>(2,110,936)</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold buildings	2 % straight line
Plant and equipment	15 % straight line
Freehold land is not depreciated.	

The company has adopted a policy of revaluation in respect of freehold land and buildings in line with Financial Reporting Standard No. 15, as disclosed in note 8 to these financial statements.

(d) Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No. 19 (SSAP 19) and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company .

(e) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(f) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

(g) Pensions

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	25,731	25,731
Audit fees	3,900	3,900
Operating lease rentals:		
- plant & machinery	11,302	37,938
Rental income	(1,050)	-
	<u>25,731</u>	<u>37,938</u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2000	1999
	£	£
Directors' emoluments	87,692	73,079
Contributions to money purchase pension schemes	9,739	1,539
	<u>97,431</u>	<u>74,618</u>

The numbers of directors who were members of company pension schemes were:

	No	No
Money purchase schemes	2	2
	<u>2</u>	<u>2</u>

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2000	1999
	£	£
Wages and salaries	963,286	884,522
Social security costs	53,030	51,118
Other pension costs	9,739	1,539
	<u>1,026,055</u>	<u>937,179</u>

The average monthly number of employees, including executive directors, during the year was:

	No.	No.
Nursing and ancillary staff	133	135
Administration	5	5
	<u>138</u>	<u>140</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

6 INTEREST PAYABLE AND SIMILAR ITEMS

	2000 £	1999 £
Bank loan	164,326	194,317
Other loans	23,529	22,965
	<u>187,855</u>	<u>217,282</u>

7 TAXATION

	2000 £	1999 £
Current year taxation		
UK corporation tax at 20% (1999 - 21%)	39,335	23,237
	<u>39,335</u>	<u>23,237</u>

8 TANGIBLE FIXED ASSETS

	Investment Property £	Freehold land & buildings £	Plant & equipment £	Total £
Cost or valuation				
At 1 April 1999	-	2,929,017	171,542	3,100,559
Additions	25,972	88,364	-	114,336
Revaluations	-	(12,381)	-	(12,381)
	<u>25,972</u>	<u>3,005,000</u>	<u>171,542</u>	<u>3,202,514</u>
At 31 March 2000	25,972	3,005,000	171,542	3,202,514
Depreciation				
At 1 April 1999	-	-	92,384	92,384
Charge for year	-	-	25,731	25,731
	<u>-</u>	<u>-</u>	<u>118,115</u>	<u>118,115</u>
At 31 March 2000	-	-	118,115	118,115
Net book amount				
At 31 March 2000	25,972	3,005,000	53,427	3,084,399
At 31 March 1999	<u>-</u>	<u>2,929,017</u>	<u>79,158</u>	<u>3,008,175</u>

On 6 June 2000 the company's freehold land and buildings were revalued to £3,005,000 on the basis of existing use value by Christie & Co Surveyors, Valuers and Agents.

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

	2000 £	1999 £
Cost	2,377,501	2,289,136

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

9 DEBTORS

	2000	1999
	£	£
Due within one year		
Trade debtors	71,668	84,051
Other debtors	2,871	3,690
	<u>74,539</u>	<u>87,741</u>

10 CREDITORS:

Amounts falling due within one year

	2000	1999
	£	£
Bank loan	141,556	141,556
Trade creditors	58,862	54,921
Corporation tax	40,400	23,237
Other tax and social security	16,013	15,004
Other creditors	723	-
Accruals and deferred income	5,550	25,641
	<u>263,104</u>	<u>260,359</u>

11 CREDITORS:

Amounts falling due after more than one year

	2000	1999
	£	£
Bank loan (note 12)	1,839,773	1,963,537
Other creditors	165,310	169,865
	<u>2,005,083</u>	<u>2,133,402</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

12 LOANS

Loans fall due for payment as follows:

	2000 £	1999 £
Bank loan		
Within one year	141,556	141,556
Between one and two years	152,173	152,173
Between two and five years	528,482	528,482
After more than five years	1,159,118	1,282,882
	<u>1,981,329</u>	<u>2,105,093</u>

The bank loan is secured by a bond and floating charge and a standard security over the company's properties. The directors, G W S Kennedy and R R Williamson, have also provided a guarantee for £250,000 and unpaid interest.

The bank loan is repayable by monthly instalments over the period to 30 August 2011. Interest is payable on this loan at 2.5% over base rate.

13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is analysed as follows:

	Provided		Not provided	
	2000	1999	2000	1999
	£	£	£	£
Accelerated capital allowances	-	-	62,854	64,521
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

No provision has been made for the potential liability to taxation in respect of accelerated capital allowances as the directors do not expect this liability to crystallise in the foreseeable future.

No provision has been made in these accounts for the potential liability to taxation of £33,000 (1999 - £39,000) on capital gains, which would arise if the properties were to be sold at the amounts at which they have been revalued and included in these accounts.

14 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	£	No.	£
At 1 April 1999 and 31 March 2000			
Ordinary shares of £1 each	1,000	100	100
	<u> </u>	<u> </u>	<u> </u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

15 RESERVES

Revaluation reserve	£
At 1 April 1999	639,881
Revaluation during the year	(12,381)
At 31 March 2000	627,500
Profit and loss account	£
At 1 April 1999	226,196
Profit for the year	159,762
At 31 March 2000	385,958

16 SHAREHOLDERS' FUNDS

	2000 £	1999 £
Shareholders' funds at 1 April 1999	866,177	769,207
Profit for the year	159,762	96,970
Other recognised gains and losses	(12,381)	-
Shareholders' funds at 31 March 2000	1,013,558	866,177

17 GROSS CASH FLOWS

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	5,305	-
Interest paid	(202,826)	(217,282)
	(197,521)	(217,282)
Taxation		
Corporation tax paid	(22,172)	(98)
Capital expenditure		
Payments to acquire tangible fixed assets	(114,336)	(8,783)
Financing		
New loans	-	2,175,000
Loans repaid	(123,764)	(1,905,081)
	(123,764)	269,919

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1999 £	Cash flows £	Other changes £	At 31 March 2000 £
Cash at bank and in hand	164,022	(41,215)	-	122,807
Debt due within 1 year	(141,556)	-	-	(141,556)
Debt due after 1 year	(2,133,402)	128,319	-	(2,005,083)
Total	<u>(2,110,936)</u>	<u>87,104</u>	<u>-</u>	<u>(2,023,832)</u>

19 CAPITAL COMMITMENTS

At 31 March 2000 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to approximately **£NIL** (1999 - £22,000).

20 OTHER COMMITMENTS

At 31 March 2000 the company had annual commitments under operating leases as follows:

	2000 £	Other 1999 £
Expiry date: Within 1 year	5,693	35,553

21 TRANSACTIONS WITH DIRECTORS

During the year Gate Healthcare Limited purchased a flat from G W S Kennedy and R R Williamson, the directors for £24,000. The transaction was carried out at market value.

22 PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is shown in note 5.

23 CONTROLLING PARTY

The company is controlled by G W S Kennedy.