

GATE HEALTHCARE LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2001



SCT SQ2CF4U9 0132
COMPANIES HOUSE 12/10/01

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	PKF 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 Northern Rock plc North of England House Doxford International Business Park Sunderland SR3 3XG

GATE HEALTHCARE LIMITED

CONTENTS

	Page
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	4
BALANCE SHEET	5
CASH FLOW STATEMENT	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 14

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 2001

The directors submit their report and the financial statements for the year ended 31 March 2001.

Results and dividends

The profit for the year, after taxation, amounted to **£89,544** (2000 - £159,762).

No dividends were declared for the year. (2000- £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	
	2001	2000
G W S Kennedy	55	55
R R Williamson	45	45
A C Mundell	-	-

Auditors

Pannell Kerr Forster changed its name to PKF on 1 November 2000 and has signed its audit report in its new name. PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board



R R Williamson
Secretary

9 October 2001

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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with Company Law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GATE HEALTHCARE LIMITED

We have audited the financial statements of Gate Healthcare Limited for the year ended 31 March 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 judgments 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 as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

10 October 2001

Glasgow, UK

PKF

PKF
Registered Auditors

GATE HEALTHCARE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
TURNOVER	2	1,822,731	1,738,735
Cost of sales		(1,086,219)	(1,040,388)
GROSS PROFIT		736,512	698,347
Administrative expenses		(434,069)	(316,700)
OPERATING PROFIT	3	302,443	381,647
Interest receivable and similar items		6,143	5,305
Interest payable and similar items	6	(179,302)	(187,855)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		129,284	199,097
TAXATION	7	(39,740)	(39,335)
PROFIT FOR THE FINANCIAL YEAR	15	89,544	159,762

All amounts relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2001

	2001 £	2000 £
Profit for the financial year	89,544	159,762
Unrealised loss on revaluation of properties	-	(12,381)
Total recognised gains and losses relating to the year	89,544	147,381

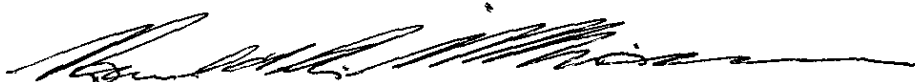
GATE HEALTHCARE LIMITED
BALANCE SHEET
31 MARCH 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible	8	3,009,413	3,084,399
CURRENT ASSETS			
Debtors	9	77,121	74,539
Cash at bank and in hand		268,532	122,807
		<u>345,653</u>	<u>197,346</u>
CREDITORS: amounts falling due within one year	10	(231,271)	(263,104)
NET CURRENT ASSETS/(LIABILITIES)		<u>114,382</u>	<u>(65,758)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,123,795</u>	<u>3,018,641</u>
CREDITORS: amounts falling due after more than one year	11	(2,020,693)	(2,005,083)
NET ASSETS		<u><u>1,103,102</u></u>	<u><u>1,013,558</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Revaluation reserve		627,500	627,500
Profit and loss account	15	475,502	385,958
SHAREHOLDERS' FUNDS	16	<u><u>1,103,102</u></u>	<u><u>1,013,558</u></u>

The financial statements were approved by the board on

9 October 2001

Signed on behalf of the board of directors

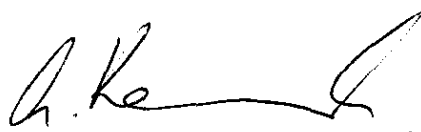


R R Williamson

Director

G W S Kennedy

Director



GATE HEALTHCARE LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2001

	2001 £	2000 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	302,443	381,647
Depreciation of tangible fixed assets	75,731	25,731
(Increase)/decrease in debtors	(5,193)	13,202
Increase in creditors	33,181	553
Net cash inflow from operating activities	<u>406,162</u>	<u>421,133</u>
CASH FLOW STATEMENT (note 17)		
Net cash inflow from operating activities	406,162	421,133
Returns on investments and servicing of finance	(209,218)	(197,521)
Taxation	(39,144)	(22,172)
Capital expenditure	(745)	(114,336)
	<u>157,055</u>	<u>87,104</u>
Financing	(11,330)	(123,764)
Increase/(decrease) in cash	<u>145,725</u>	<u>(36,660)</u>
Reconciliation of net cash flow to movement in net debt (note 18)		
Increase/(decrease) in cash in the period	145,725	(36,660)
Cash outflow from decrease in debt	11,330	123,764
Change in net debt	<u>157,055</u>	<u>87,104</u>
Net debt at 1 April 2000	(2,023,832)	(2,110,936)
Net debt at 31 March 2001	<u>(1,866,777)</u>	<u>(2,023,832)</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

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 buildings are revalued fully every 5 years with an interim valuation after 3 years in accordance with Financial Reporting Standard No. 15. Depreciation is provided in the interim years at the rate stated above.

Freehold land is not depreciated.

(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 2001

3 OPERATING PROFIT

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

	2001 £	2000 £
Depreciation of tangible fixed assets:		
- owned by the company	75,731	25,731
Audit fees	4,600	4,500
Operating lease rentals:		
- plant & machinery	8,189	11,302
Rental income	(2,450)	(1,050)
	<u>75,731</u>	<u>25,731</u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2001 £	2000 £
Directors' emoluments	101,307	87,692
Contributions to money purchase pension schemes	11,619	9,739
	<u>101,307</u>	<u>87,692</u>

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

	No	No
Money purchase schemes	3	3
	<u>3</u>	<u>3</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

5 STAFF COSTS

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

	2001	2000
	£	£
Wages and salaries	1,025,199	963,286
Social security costs	51,080	53,030
Other pension costs	11,619	9,739
	<u>1,087,898</u>	<u>1,026,055</u>

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

	No.	No.
Nursing and ancillary staff	140	133
Administration	5	5
	<u>145</u>	<u>138</u>

6 INTEREST PAYABLE AND SIMILAR ITEMS

	2001	2000
	£	£
Bank loan	161,618	164,326
Other loans	17,684	23,529
	<u>179,302</u>	<u>187,855</u>

7 TAXATION

	2001	2000
	£	£
Current year taxation		
UK corporation tax at 20% (2000 - 20%)	38,386	39,335
Adjustments in respect of prior periods		
Corporation tax	1,354	-
	<u>39,740</u>	<u>39,335</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

8 TANGIBLE FIXED ASSETS

	Investment Property £	Freehold land & buildings £	Plant & equipment £	Total £
Cost or valuation				
At 1 April 2000	25,972	3,005,000	171,542	3,202,514
Additions	745	-	-	745
At 31 March 2001	26,717	3,005,000	171,542	3,203,259
Depreciation				
At 1 April 2000	-	-	118,115	118,115
Charge for year	-	50,000	25,731	75,731
At 31 March 2001	-	50,000	143,846	193,846
Net book amount				
At 31 March 2001	26,717	2,955,000	27,696	3,009,413
At 31 March 2000	25,972	3,005,000	53,427	3,084,399

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:

	2001 £	2000 £
Cost	2,377,500	2,377,500
Cumulative depreciation	(39,550)	-
Net book amount	2,337,950	2,377,500

9 DEBTORS

	2001 £	2000 £
Due within one year		
Trade debtors	76,163	71,668
Other debtors	958	2,871
	77,121	74,539

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

10 CREDITORS:

Amounts falling due within one year

	2001	2000
	£	£
Bank loan (note 12)	78,557	141,556
Trade creditors	82,364	58,862
Corporation tax	38,386	40,400
Other tax and social security	29,254	16,013
Other creditors	-	723
Accruals and deferred income	2,710	5,550
	<u>231,271</u>	<u>263,104</u>

11 CREDITORS:

Amounts falling due after more than one year

	2001	2000
	£	£
Bank loan (note 12)	1,885,384	1,839,773
Other creditors	135,309	165,310
	<u>2,020,693</u>	<u>2,005,083</u>

12 LOANS

Loans fall due for payment as follows:

	2001	2000
	£	£
Loan		
Within one year	78,557	141,556
Between one and two years	78,557	152,173
Between two and five years	235,671	528,482
After more than five years	1,571,156	1,159,118
	<u>1,963,941</u>	<u>1,981,329</u>

The 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.

The bank loan is repayable by monthly instalments over the period to February 2026. Interest is payable on this loan at 2% over base rate.

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is analysed as follows:

	Provided		Not provided	
	2001	2000	2001	2000
	£	£	£	£
Accelerated capital allowances	-	-	49,239	62,854

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 **£9,753** (2000 - £33,000) 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 2000 and 31 March 2001 Ordinary shares of £1 each	1,000	100	100

15 RESERVES

Profit and loss account	£
At 1 April 2000	385,958
Profit for the year	89,544
At 31 March 2001	475,502

16 SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Shareholders' funds at 1 April 2000	1,013,558	866,177
Profit for the year	89,544	159,762
Other recognised gains and losses	-	(12,381)
Shareholders' funds at 31 March 2001	1,103,102	1,013,558

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

17 GROSS CASH FLOWS

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	6,143	5,305
Interest paid	(177,404)	(202,826)
Finance costs paid	(37,957)	-
	<u>(209,218)</u>	<u>(197,521)</u>
 Taxation		
Corporation tax paid	<u>(39,144)</u>	<u>(22,172)</u>
 Capital expenditure		
Payments to acquire tangible fixed assets	<u>(745)</u>	<u>(114,336)</u>
 Financing		
New loans	2,000,000	-
Loans repaid	(2,011,330)	(123,764)
	<u>(11,330)</u>	<u>(123,764)</u>

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2000 £	Cash flows £	Other changes £	At 31 March 2001 £
Cash at bank and in hand	122,807	145,725	-	268,532
Debt due within 1 year	(141,556)	2,011,330	(1,969,774)	(100,000)
Debt due after 1 year	(2,005,083)	(2,000,000)	1,969,774	(2,035,309)
Total	<u>(2,023,832)</u>	<u>157,055</u>	<u>-</u>	<u>(1,866,777)</u>

19 OTHER COMMITMENTS

At 31 March 2001 the company had annual commitments under operating leases as follows:

	Equipment 2001 £	2000 £
Expiry date:		
Within 1 year	-	3,998
Between 1 and 5 years	1,695	1,695
	<u>1,695</u>	<u>3,998</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2001

20 TRANSACTIONS WITH DIRECTORS

During the previous 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.

21 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.

22 CONTROLLING PARTY

The company is controlled by G W S Kennedy.

GATE HEALTHCARE LIMITED
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2001
MANAGEMENT INFORMATION SCHEDULE 'A'

	2001 £	2000 £
TURNOVER	1,822,731	1,738,735
Cost of sales (Schedule B)	<u>(1,086,219)</u>	<u>(1,040,388)</u>
GROSS PROFIT	736,512	698,347
Administrative expenses (Schedule B)	<u>(434,069)</u>	<u>(316,700)</u>
OPERATING PROFIT	302,443	381,647
Interest receivable and similar items	6,143	5,305
Interest payable and similar items	<u>(179,302)</u>	<u>(187,855)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u><u>129,284</u></u>	<u><u>199,097</u></u>

GATE HEALTHCARE LIMITED
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2001
MANAGEMENT INFORMATION SCHEDULE 'B'

	2001 £	2000 £
COST OF SALES		
Food and catering facilities	94,768	86,514
Staff wages	964,221	928,357
Cleaning	27,230	25,517
	<u>1,086,219</u>	<u>1,040,388</u>
 ADMINISTRATIVE EXPENSES		
Directors' remuneration	112,058	87,692
Directors' pension contributions	11,619	9,739
Medical supplies and services	11,328	11,115
Equipment leasing	8,189	11,302
Repairs and maintenance	69,185	54,215
Light and heat	38,382	26,179
Insurance	17,165	16,542
Telephone	4,917	4,428
Motor and travelling expenses	23,971	14,966
Advertising, postage and stationery	13,890	10,592
Residents' entertainment	9,767	8,851
Audit and accountancy	7,643	8,594
Legal and professional fees	10,975	9,668
Bank charges	379	3,960
General expenses	12,909	9,202
Depreciation of tangible fixed assets	75,731	25,731
Bad debts	2,890	-
Training	3,072	3,924
	<u>434,069</u>	<u>316,700</u>

