



Company Number: 106549

GATE HEALTHCARE LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2002



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COMPANIES HOUSE 09/08/02

PKF

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 - 16

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

DETAILED PROFIT AND LOSS ACCOUNT

GATE HEALTHCARE LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2002

The directors submit their report and the financial statements for the year ended 31 March 2002.

Results and dividends

The profit for the year, after taxation, amounted to **£168,563** (2001 - £94,136).

No dividends were declared for the year (2001 - £Nil).

Principal activity and review of the business

The principal activity of the company during the year was 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 Shares of £1 each	
	2002	2001
G W S Kennedy	55	55
R R Williamson	45	45
A C Mundell	-	-

Post balance sheet event

On 21 June 2002 the company acquired a portfolio of fully let residential apartments at a cost of £1,085,000, primarily financed by bank borrowings.

Auditors

The auditors, 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

30 July 2002

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 2002 which comprise the Profit and Loss Account, the Balance Sheet, 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 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 as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

7 August 2002
Glasgow, UK


PKF
Registered Auditors

GATE HEALTHCARE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £ (As restated)
TURNOVER	2	1,996,065	1,822,731
Cost of sales		<u>(1,198,263)</u>	<u>(1,086,219)</u>
GROSS PROFIT		797,802	736,512
Administrative expenses		<u>(428,982)</u>	<u>(434,069)</u>
OPERATING PROFIT	3	368,820	302,443
Interest receivable and similar income		8,561	6,143
Interest payable and similar charges	6	<u>(155,848)</u>	<u>(179,302)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		221,533	129,284
TAXATION	7	<u>(52,970)</u>	<u>(35,148)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>168,563</u>	<u>94,136</u>

All amounts relate to continuing operations.

GATE HEALTHCARE LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2002

	2002 £	2001 £ (As restated)
Profit for the financial year	<u>168,563</u>	<u>94,136</u>
Total recognised gains and losses relating to the year	<u>168,563</u>	<u>94,136</u>
Prior period adjustment - deferred taxation for 2001 (note 14)	<u>(58,262)</u>	<u></u>
Total gains and losses recognised since last annual report	<u>110,301</u>	

GATE HEALTHCARE LIMITED

BALANCE SHEET

31 MARCH 2002

	Notes	2002 £	2001 £ (As restated)
FIXED ASSETS			
Tangible	8	3,155,315	3,009,413
Investments	9	7,186	-
		<u>3,162,501</u>	<u>3,009,413</u>
CURRENT ASSETS			
Debtors	10	170,157	77,121
Cash at bank and in hand		155,953	268,532
		<u>326,110</u>	<u>345,653</u>
CREDITORS: amounts falling due within one year	11	<u>(214,788)</u>	<u>(231,271)</u>
NET CURRENT ASSETS		<u>111,322</u>	<u>114,382</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,273,823</u>	<u>3,123,795</u>
CREDITORS: amounts falling due after more than one year	12	(1,997,234)	(2,020,693)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(63,186)</u>	<u>(58,262)</u>
NET ASSETS		<u><u>1,213,403</u></u>	<u><u>1,044,840</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Revaluation reserve		627,500	627,500
Profit and loss account	16	585,803	417,240
SHAREHOLDERS' FUNDS	17	<u><u>1,213,403</u></u>	<u><u>1,044,840</u></u>

The financial statements were approved by the board on

30 July 2002

Signed on behalf of the board of directors

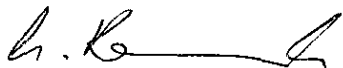
R R Williamson

Director



G W S Kennedy

Director



GATE HEALTHCARE LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2002

	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	368,820	302,443
Depreciation of tangible fixed assets	59,415	75,731
Loss on sale of fixed assets	7,217	-
Increase in debtors	(93,036)	(5,193)
Increase in creditors	18,953	33,181
Net cash inflow from operating activities	<u>361,369</u>	<u>406,162</u>
 CASH FLOW STATEMENT (note 18)		
Net cash inflow from operating activities	361,369	406,162
Returns on investments and servicing of finance	(147,287)	(173,159)
Taxation	(37,502)	(39,144)
Capital expenditure	(219,720)	(745)
	<u>(43,140)</u>	193,114
Financing	<u>(69,439)</u>	(11,330)
(Decrease)/increase in cash	<u>(112,579)</u>	<u>181,784</u>
 Reconciliation of net cash flow to movement in net debt (note 19)		
(Decrease)/increase in cash in the year	(112,579)	181,784
Cash outflow from decrease in debt	69,439	11,330
	<u>(43,140)</u>	193,114
Change in net debt	<u>(1,830,718)</u>	(2,023,832)
Net debt at 1 April 2001	<u>(1,830,718)</u>	<u>(1,830,718)</u>
Net debt at 31 March 2002	<u>(1,873,858)</u>	<u>(1,830,718)</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

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, and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(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

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 bases:

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) Investments

Investments are stated at cost.

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

1 ACCOUNTING POLICIES (continued)

(g) Deferred taxation

The charge for taxation is based on the profit for the year as adjusted for tax purposes. The group has adopted Financial Reporting Standard 19: Deferred Tax during 2002 which has required a change in accounting policy and a prior year adjustment in respect of deferred tax liabilities arising in prior years. In accordance with the standard, full provision is made at current rates for taxation deferred in respect of all timing differences. Deferred tax balances are not discounted.

(h) 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.

3 OPERATING PROFIT

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

	2002 £	2001 £
Depreciation of tangible fixed assets:		
- owned by the company	59,415	75,731
Audit fees	4,750	4,600
Operating lease rentals:		
- plant & machinery	1,783	8,189
Rental income	-	(2,450)
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2002 £	2001 £
Directors' emoluments	112,556	101,307
Contributions to money purchase pension schemes	9,340	11,619
	<u> </u>	<u> </u>

The number of directors accruing benefits under pension schemes were:

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

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

5 STAFF COSTS

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

	2002	2001
	£	£
Wages and salaries	1,090,335	1,025,199
Social security costs	65,652	51,080
Other pension costs	9,340	11,619
	<u>1,165,327</u>	<u>1,087,898</u>

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

	No	No
Nursing and ancillary staff	127	140
Administration	5	5
	<u>132</u>	<u>145</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank loans and overdrafts	133,848	161,618
Other loans	22,000	17,684
	<u>155,848</u>	<u>179,302</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

7 TAXATION

(a) Analysis of charge in year	2002	2001
	£	£
UK corporation tax		
Current tax on income for the year	48,930	38,386
Adjustments in respect of prior periods	(884)	1,354
Total UK taxation	48,046	39,740
Deferred tax		
Changes in deferred tax balances arising from:		
Origination or reversal of timing differences	4,924	(4,592)
Tax on profit on ordinary activities	<u>52,970</u>	<u>35,148</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is greater than would be expected by multiplying profit on ordinary activities by the effective small company tax rate of 20%. The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	221,533	129,284
Profit on ordinary activities multiplied by the effective small company corporation tax rate of 20% (2001: 20%)	44,307	25,857
Effects of:		
Expenses not deductible for tax purposes	337	2,562
Depreciation for year in excess of capital allowances	4,286	9,967
Current tax charge for the year	<u>48,930</u>	<u>38,386</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

8 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant & equipment £	Investment Property £	Total £
Cost or valuation				
At 1 April 2001	3,005,000	171,542	26,717	3,203,259
Additions	215,070	16,964	-	232,034
Disposals	-	-	(26,717)	(26,717)
At 31 March 2002	<u>3,220,070</u>	<u>188,506</u>	<u>-</u>	<u>3,408,576</u>
Depreciation				
At 1 April 2001	50,000	143,846	-	193,846
Charge for year	54,298	5,117	-	59,415
At 31 March 2002	<u>104,298</u>	<u>148,963</u>	<u>-</u>	<u>253,261</u>
Net book amount				
At 31 March 2002	<u>3,115,772</u>	<u>39,543</u>	<u>-</u>	<u>3,155,315</u>
At 31 March 2001	<u>2,955,000</u>	<u>27,696</u>	<u>26,717</u>	<u>3,009,413</u>

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

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

	2002 £	2001 £
Cost	2,592,570	2,377,500
Cumulative depreciation	<u>(83,401)</u>	<u>(39,550)</u>
Net book amount	<u>2,509,169</u>	<u>2,337,950</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

9 FIXED ASSET INVESTMENTS

	Shares in group undertaking £	Total £
Cost		
At 1 April 2001	-	-
Additions	7,186	7,186
At 31 March 2002	7,186	7,186

Investments include an investment in a subsidiary undertaking, Hullabaloo Yacht Charter Co Ltd, a company incorporated in Scotland, comprising a holding of 51% of its issued ordinary share capital. The principal activity of the subsidiary undertaking is the chartering of a yacht.

During its latest financial period to 30 November 2001, Hullabaloo Yacht Charter Co Ltd made a profit after tax of **£3,257** (2001 - £NIL) and at the end of that period the aggregate of its capital and reserves was **£3,359** (2001 - £NIL).

10 DEBTORS

	2002 £	2001 £
Due within one year		
Trade debtors	141,873	76,163
Other debtors	166	958
Prepayments & accrued income	260	-
	142,299	77,121
Due after one year		
Other debtors	27,858	-
	170,157	77,121

11 CREDITORS

	2002 £	2001 £
Amounts falling due within one year		
Bank loan (note 13)	32,577	78,557
Trade creditors	104,196	82,364
Corporation tax	48,930	38,386
Other tax and social security	26,806	29,254
Accruals and deferred income	2,279	2,710
	214,788	231,271

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

12 CREDITORS

	2002 £	2001 £
Amounts falling due after more than one year		
Bank loan (note 13)	1,899,925	1,885,384
Other creditors	97,309	135,309
	<u>1,997,234</u>	<u>2,020,693</u>

13 LOANS

Loans fall due for payment as follows:

	2002 £	2001 £
Bank loans		
Within one year	32,577	78,557
Between one and two years	32,577	78,557
Between two and five years	97,731	235,671
After more than five years	1,769,617	1,571,156
	<u>1,932,502</u>	<u>1,963,941</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.

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 2001	
As previously reported	-
Prior period adjustment	58,262
	<u>58,262</u>
As restated	58,262
Charged to profit and loss	4,924
At 31 March 2002	<u><u>63,186</u></u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

14 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred tax is analysed as follows:

	Provided		Not provided	
	2002	2001	2002	2001
	£	£	£	£
Accelerated capital allowances	<u>63,186</u>	<u>58,262</u>	<u>-</u>	<u>-</u>

No provision has been made in these accounts for the potential liability to taxation of £25,465 (2001 - £9,753) 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.

15 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	£	No	£
At 1 April 2001 and 31 March 2002			
Ordinary shares of £1 each	<u>1,000</u>	<u>100</u>	<u>100</u>

16 RESERVES

Profit and loss account	£
At 1 April 2001 as previously reported	475,502
Prior period adjustment	<u>(58,262)</u>
At 1 April 2001 as restated	417,240
Profit for the year	<u>168,563</u>
At 31 March 2002	<u>585,803</u>

17 SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Shareholders' funds at 1 April 2001 (originally £1,103,102 before deducting prior period adjustment of £58,262)	1,044,840	1,013,558
Profit for the year	168,563	94,136
Prior year adjustment	<u>-</u>	<u>(62,854)</u>
Shareholders' funds at 31 March 2002	<u>1,213,403</u>	<u>1,044,840</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

18 GROSS CASH FLOWS

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	8,561	6,143
Interest paid	(155,848)	(179,302)
	<u>(147,287)</u>	<u>(173,159)</u>
 Capital expenditure		
Payments to acquire tangible fixed assets	(232,034)	(745)
Payments to acquire fixed asset investments	(7,186)	-
Receipts from sales of tangible fixed assets	19,500	-
	<u>(219,720)</u>	<u>(745)</u>
 Financing		
New loans	-	2,000,000
Loans repaid	(69,439)	(2,011,330)
	<u>(69,439)</u>	<u>(11,330)</u>

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2001 £	Cash flows £	Other changes £	At 31 March 2002 £
Cash at bank and in hand	268,532	(112,579)	-	155,953
Debt due within 1 year	(78,557)	45,980	-	(32,577)
Debt due after 1 year	(2,020,693)	23,459	-	(1,997,234)
Total	<u>(1,830,718)</u>	<u>(43,140)</u>	<u>-</u>	<u>(1,873,858)</u>

20 CAPITAL COMMITMENTS

At 31 March 2002 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to approximately **£25,000** (2001 - £NIL).

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

21 OTHER COMMITMENTS

At 31 March 2002 the company had annual commitments under operating leases as follows:

	Land and buildings		Equipment	
	2002	2001	2002	2001
	£	£	£	£
Expiry date:				
Between one and five years	4,500	-	1,695	1,695
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 TRANSACTIONS WITH RELATED PARTIES

Included within other creditors are loans of £58,138 and £39,171 (2001 - £78,138 and £57,171) from G Kennedy and R Williamson respectively, the directors of the company. Interest of £9,016 (2001 - £9,016) and £8,668 (2001 - £8,668) was payable to G Kennedy and R Williamson respectively on these loans.

Included within other debtors falling due after one year is a loan of £27,858 (2001 - £Nil) to Hullabaloo Yacht Charter Co Ltd, a subsidiary undertaking. The maximum amount outstanding during the year was £27,858.

During the financial year £27,329 was paid to G Kennedy, a director of the company, in relation to building consultancy services.

23 POST BALANCE SHEET EVENTS

On the 21 June 2002 the company acquired a portfolio of fully let residential apartments at a cost of £1,085,000, primarily financed by bank borrowings.

24 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.

25 PRIOR YEAR ADJUSTMENT

As a result of the adoption of Financial Reporting Standard Number 19 - Deferred Tax, a prior year adjustment has been made in respect of the recognition of a deferred tax liability. This adjustment has resulted in the reduction of current year's profits of £4,924 (2001 - £4,592 increase). A deferred tax liability of £63,186 has reduced net assets at 31 March 2002 by this amount (2001 - £58,262). Analysis of deferred tax liability is included in note 14.

26 CONTROLLING PARTY

The company is controlled by G W S Kennedy.