



Company Number: 106549

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GATE HEALTHCARE LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2003



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	The Royal Bank of Scotland plc 29 Kilmarnock Road Glasgow G41 3YP Northern Rock plc North of England House Doxford International Business Park Sunderland SR3 3XG

GATE HEALTHCARE LIMITED

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GATE HEALTHCARE LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2003

The directors submit their report and the financial statements for the year ended 31 March 2003.

Results and dividends

The profit for the year, after taxation, amounted to **£91,906** (2002 - £168,563).

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 care home facilities for the elderly and disabled. During the year, the company acquired a portfolio of tenanted residential apartments at a cost of almost £1.1 million and revalued existing freehold land and buildings to £3.7 million.

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

Directors

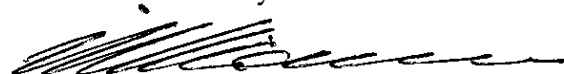
The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary Shares of £1 each	
	2003	2002
G W S Kennedy	55	55
R R Williamson	45	45
A C Mundell	-	-

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

11 November 2003

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 MEMBERS OF

GATE HEALTHCARE LIMITED

We have audited the financial statements of Gate Healthcare Limited for the year ended 31 March 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Glasgow, UK

19 December 2003



PKF
Registered Auditors

GATE HEALTHCARE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
TURNOVER	2	2,305,113	1,996,065
Cost of sales		<u>(1,390,548)</u>	<u>(1,198,263)</u>
GROSS PROFIT		914,565	797,802
Administrative expenses		<u>(632,024)</u>	<u>(428,982)</u>
OPERATING PROFIT	3	282,541	368,820
Interest receivable and similar income		6,404	8,561
Interest payable and similar charges	6	<u>(180,354)</u>	<u>(155,848)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		108,591	221,533
TAXATION	7	<u>(16,685)</u>	<u>(52,970)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>91,906</u>	<u>168,563</u>

All amounts relate to continuing operations.

GATE HEALTHCARE LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2003

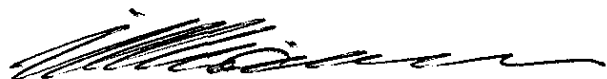
	2003 £	2002 £
Profit for the financial year	91,906	168,563
Unrealised surplus on revaluation of properties	863,949	-
Prior period adjustment - deferred taxation for 2001	-	(58,262)
Total recognised gains and losses since the last annual report	<u>955,855</u>	<u>110,301</u>

GATE HEALTHCARE LIMITED
BALANCE SHEET
31 MARCH 2003

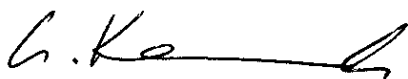
	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible	8	5,122,616	3,155,315
Investments	9	7,186	7,186
		<u>5,129,802</u>	<u>3,162,501</u>
CURRENT ASSETS			
Debtors	10	152,393	170,157
Cash at bank and in hand		34,065	155,953
		<u>186,458</u>	<u>326,110</u>
CREDITORS: amounts falling due within one year	11	<u>(195,756)</u>	<u>(214,788)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(9,298)</u>	<u>111,322</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,120,504</u>	<u>3,273,823</u>
CREDITORS: amounts falling due after more than one year	12	(2,899,928)	(1,997,234)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(51,318)</u>	<u>(63,186)</u>
NET ASSETS		<u><u>2,169,258</u></u>	<u><u>1,213,403</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Revaluation reserve	16	1,491,449	627,500
Profit and loss account	16	677,709	585,803
SHAREHOLDERS' FUNDS	17	<u><u>2,169,258</u></u>	<u><u>1,213,403</u></u>

The financial statements were approved by the board on 11 November 2003

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 2003

	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	282,541	368,820
Depreciation of tangible fixed assets	77,286	59,415
Loss on sale of fixed assets	-	7,217
Decrease/(increase) in debtors	17,764	(93,036)
(Decrease)/increase in creditors	(40,650)	18,953
Net cash inflow from operating activities	<u>336,941</u>	<u>361,369</u>
 CASH FLOW STATEMENT (note 18)		
Net cash inflow from operating activities	336,941	361,369
Returns on investments and servicing of finance	(173,950)	(147,287)
Taxation	(50,429)	(37,502)
Capital expenditure	(1,180,638)	(219,720)
	<u>(1,068,076)</u>	<u>(43,140)</u>
Financing	946,188	(69,439)
Decrease in cash	<u>(121,888)</u>	<u>(112,579)</u>
 Reconciliation of net cash flow to movement in net debt (note 19)		
Decrease in cash in the year	(121,888)	(112,579)
Cash (inflow)/outflow from (increase)/decrease in debt	(946,188)	69,439
Change in net debt	<u>(1,068,076)</u>	<u>(43,140)</u>
Net debt at 1 April 2002	(1,873,858)	(1,830,718)
Net debt at 31 March 2003	<u>(2,941,934)</u>	<u>(1,873,858)</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

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.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts and rent receivable from investment properties.

(c) Tangible fixed assets

Tangible fixed assets except investment properties 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.
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.

(g) Deferred taxation

The charge for taxation is based on the profit for the year as adjusted for tax purposes. In accordance with Financial Reporting Standard 19 : Deferred Tax, 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.

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

2 TURNOVER

An analysis of turnover by class of business is given below:

	2003 £	2002 £
Provision of care home facilities	2,250,702	1,996,065
Property rental	54,411	-
Total	<u>2,305,113</u>	<u>1,996,065</u>

All turnover arose within the United Kingdom.

3 OPERATING PROFIT

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

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	77,286	59,415
Audit fees	5,000	4,750
Operating lease rentals:		
- plant & machinery	2,910	1,783
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2003 £	2002 £
Directors' emoluments	143,009	112,556
Contributions to money purchase pension schemes	36,472	9,340
	<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 2003

5 STAFF COSTS

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

	2003	2002
	£	£
Wages and salaries	1,261,951	1,090,335
Social security costs	73,268	65,652
Other pension costs	36,472	9,340
	<u>1,371,691</u>	<u>1,165,327</u>

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

	No	No
Nursing and ancillary staff	153	127
Administration	5	5
	<u>158</u>	<u>132</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank loan	158,248	133,848
Other loans	22,106	22,000
	<u>180,354</u>	<u>155,848</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

7 TAXATION

(a) Analysis of charge in year	2003	2002
	£	£
UK corporation tax		
Current tax on income for the year	27,054	48,930
Adjustments in respect of prior periods	1,499	(884)
Total UK taxation	<u>28,553</u>	<u>48,046</u>
Deferred tax		
Changes in deferred tax balances arising from:		
Origination or reversal of timing differences	(11,868)	4,924
Tax on profit on ordinary activities	<u>16,685</u>	<u>52,970</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 standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	<u>108,591</u>	<u>221,533</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2002: 30%)	20,632	44,307
Effects of:		
Expenses not deductible for tax purposes	4,886	337
Depreciation for year in excess of capital allowances	1,536	4,286
Adjustment in respect of prior periods	1,499	(884)
Current tax charge for the year	<u>28,553</u>	<u>48,046</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

8 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant & machinery £	Investment properties £	Total £
Cost				
At 1 April 2002	3,220,070	188,506	-	3,408,576
Additions	56,002	26,000	1,098,636	1,180,638
Revaluations	452,537	-	251,364	703,901
At 31 March 2003	<u>3,728,609</u>	<u>214,506</u>	<u>1,350,000</u>	<u>5,293,115</u>
Depreciation				
At 1 April 2002	104,298	148,963	-	253,261
Charge for year	55,750	21,536	-	77,286
Revaluations	(160,048)	-	-	(160,048)
At 31 March 2003	<u>-</u>	<u>170,499</u>	<u>-</u>	<u>170,499</u>
Net book amount				
At 31 March 2003	<u>3,728,609</u>	<u>44,007</u>	<u>1,350,000</u>	<u>5,122,616</u>
At 31 March 2002	<u>3,115,772</u>	<u>39,543</u>	<u>-</u>	<u>3,155,315</u>

The company's freehold land and buildings were revalued as at 31 March 2003 to £3,700,000 by the directors after advice from independent professional advisers on the basis of existing use.

The company's investment properties were revalued as at 31 March 2003 to £1,350,000 by the directors after advice from independent professional advisers on the basis of open market value.

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

	2003 £	2002 £
Cost	2,648,572	2,592,570
Cumulative depreciation	(126,272)	(83,401)
Net book amount	<u>2,522,300</u>	<u>2,509,169</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

9 FIXED ASSET INVESTMENTS

	Shares in associated undertaking £	Total £
Cost		
At 1 April 2002 and 31 March 2003	7,186	7,186

Investments include an investment in an associated undertaking, Hullabaloo Yacht Charter Co Ltd, a company incorporated in Scotland, comprising a holding of 50% of its issued ordinary share capital. The principal activity of the associated undertaking is the chartering of yachts.

The latest financial statements available for Hullabaloo Yacht Charter Co Limited, for the year ended 31 March 2002, disclose a profit after tax of £3,257 and at the end of that year aggregate capital and reserves of £3,359.

10 DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	109,003	141,873
Other debtors	151	166
Prepayments & accrued income	260	260
	<u>109,414</u>	<u>142,299</u>
Due after one year		
Other debtors	42,979	27,858
	<u>152,393</u>	<u>170,157</u>

11 CREDITORS

	2003 £	2002 £
Amounts falling due within one year		
Bank loan (note 13)	76,071	32,577
Trade creditors	79,040	104,196
Corporation tax	27,054	48,930
Other tax and social security	-	26,806
Accruals and deferred income	13,591	2,279
	<u>195,756</u>	<u>214,788</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

12 CREDITORS

	2003 £	2002 £
Amounts falling due after more than one year		
Bank loans (note 13)	2,836,620	1,899,925
Other creditors	63,308	97,309
	<u>2,899,928</u>	<u>1,997,234</u>

13 LOANS

Loans fall due for payment as follows:

	2003 £	2002 £
Bank loans		
Within one year	76,071	32,577
Between one and two years	76,070	32,577
Between two and five years	228,210	97,731
After more than five years	2,532,340	1,769,617
	<u>2,912,691</u>	<u>1,932,502</u>

The loan is secured by a bond and floating charge and a standard security over the company's properties. Two of 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 2002	63,186
Credited to profit and loss	(11,868)
	<u>51,318</u>
At 31 March 2003	<u>51,318</u>

Deferred tax is analysed as follows:

	2003 £	2002 £
Capital allowances	51,318	63,186

No provision has been made in these accounts for the potential liability to taxation of £112,824 (2002 - £25,465) 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.

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

15 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 April 2002 and 31 March 2003 Ordinary shares of £1 each	1,000	100	100
	<u> </u>	<u> </u>	<u> </u>

16 RESERVES

Revaluation reserve	£
At 1 April 2002	627,500
Revaluation during the year	863,949
At 31 March 2003	<u>1,491,449</u>
 Profit and loss account	 £
At 1 April 2002	585,803
Profit for the year	91,906
At 31 March 2003	<u>677,709</u>

17 SHAREHOLDERS' FUNDS

	2003 £	2002 £
Shareholders' funds at 1 April 2002	1,213,403	1,044,840
Profit for the year	91,906	168,563
Other recognised gains and losses	863,949	(58,262)
Shareholders' funds at 31 March 2003	<u>2,169,258</u>	<u>1,213,403</u>

18 GROSS CASH FLOWS

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	6,404	8,561
Interest paid	(180,354)	(155,848)
	<u>(173,950)</u>	<u>(147,287)</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

18 GROSS CASH FLOWS (continued)

	2003 £	2002 £
Capital expenditure		
Payments to acquire tangible fixed assets	(1,180,638)	(232,034)
Payments to acquire intangible fixed assets	-	(7,186)
Receipts from sales of intangible fixed assets	-	19,500
	<u>(1,180,638)</u>	<u>(219,720)</u>
Financing		
New loans	1,039,200	-
Loans repaid	(93,012)	(69,439)
	<u>946,188</u>	<u>(69,439)</u>

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2002 £	Cash flows £	Other changes £	At 31 March 2003 £
Cash at bank and in hand	155,953	(121,888)	-	34,065
Debt due within 1 year	(32,577)	93,012	(136,506)	(76,071)
Debt due after 1 year	(1,997,234)	(1,039,200)	136,506	(2,899,928)
Total	<u>(1,873,858)</u>	<u>(1,068,076)</u>	<u>-</u>	<u>(2,941,934)</u>

20 CAPITAL COMMITMENTS

At 31 March 2003 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to **£NIL** (2002 - £25,000).

21 OTHER COMMITMENTS

At 31 March 2003 the company had annual commitments under operating leases as follows:

	Land and buildings 2003 £	2002 £	Other 2003 £	2002 £
Expiry date:				
Within one year	<u>4,500</u>	<u>4,500</u>	<u>2,820</u>	<u>1,695</u>

GATE HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

22 TRANSACTIONS WITH RELATED PARTIES

Included within other creditors are loans of £39,938 and £23,371 (2002 - £58,138 and £39,171) from G W S Kennedy and R R Williamson respectively, two of the directors of the company. Interest of £9,016 (2002 - £9,016) and £8,668 (2002 - £8,668) was payable to G W S Kennedy and R R Williamson respectively on these loans.

Included within other debtors falling due after one year is a loan of £42,979 (2002 - £27,858) to Hullabaloo Yacht Charter Co Limited, an associated undertaking. This is the maximum amount outstanding during the year.

During the financial year, G Kennedy Contract Management, a business controlled by G W S Kennedy, supplied project management services to Gate Healthcare Limited of £14,971 (2002 - £27,329). At 31 March 2003, £12,000 in relation to these services was included within accruals and deferred income.

23 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.

24 CONTROLLING PARTY

The company is controlled by G W S Kennedy.