



UK PRIVATE HEALTHCARE LIMITED

Report and Financial Statements

30 June 2000

**Deloitte & Touche
Chartered Accountants
2 Queens Terrace
Aberdeen
AB10 1LX**

REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D G Chappell
R Russell

SECRETARY

R Russell

REGISTERED OFFICE

35 Albert Street
Aberdeen

SOLICITORS

Paul & Williamsons
Investment House
6 Union Row
Aberdeen

BANKERS

Bank of Scotland
39 Albyn Place
Aberdeen

AUDITORS

Deloitte & Touche
Chartered Accountants
2 Queens Terrace
Aberdeen

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2000.

ACTIVITIES

UK Private Healthcare Limited is engaged in the provision of nursing agency services to hospitals and nursing homes.

RESULTS, DIVIDENDS AND TRANSFER FROM RESERVES

The company made a profit before taxation of £93,904 (1999: £90,249 loss). The directors do not recommend payment of dividend. The retained profit after tax of £68,734 (1999: £90,258 loss) has been transferred to/(from) reserves.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors have widened the scope of the company to provide agency services as well as healthcare consultancy and are optimistic about the future from both organic growth and acquisitions.

DIRECTORS

The present membership of the Board is set out on page 1.

The directors' interests in Healthcare Scotland Limited, the ultimate parent company, at the start and end of the year are as follows:

	Ordinary Shares of £0.001 each
D G Chappell	75,001
R Russell	75,001

The directors have no interests in the shares of group companies other than as shown above.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 29 January 2001
and signed on behalf of the Board



Secretary

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 as at the end of the financial year 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; and
- 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. 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 MEMBERS OF

UK PRIVATE HEALTHCARE LIMITED

We have audited the financial statements on pages 5 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 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

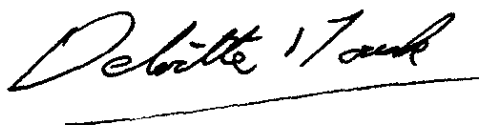
Basis of opinion

We conducted our audit in accordance with 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.

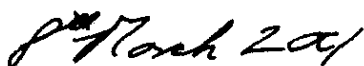
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 of the company's affairs at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors



PROFIT AND LOSS ACCOUNT
Year ended 30 June 2000

	Note	2000 £	1999 £
TURNOVER – continuing activities	2	737,415	736,450
Cost of sales		<u>(617,858)</u>	<u>(724,044)</u>
Gross profit		119,557	12,406
Administrative expenses		<u>(32,925)</u>	<u>(76,224)</u>
OPERATING PROFIT/(LOSS) – continuing activities		86,632	(63,818)
Interest receivable and similar income		7,272	651
Interest payable and similar charges	4	<u>-</u>	<u>(27,082)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	93,904	(90,249)
Tax charge on profit/(loss) on ordinary activities	6	<u>(25,170)</u>	<u>(9)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND TRANSFERRED TO/ (FROM) RESERVES	15	<u><u>68,734</u></u>	<u><u>(90,258)</u></u>

There are no recognised gains or losses for the current or preceding financial year other than as stated above.

BALANCE SHEET
As at 30 June 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	5,657	13,107
CURRENT ASSETS			
Debtors	8	102,259	112,549
Cash at bank and in hand		1,666,784	957,579
		1,769,043	1,070,128
CREDITORS: amounts falling due within one year	9	(1,657,944)	(1,034,590)
NET CURRENT ASSETS		111,099	35,538
TOTAL ASSETS LESS CURRENT LIABILITIES		116,756	48,645
PROVISIONS FOR LIABILITIES AND CHARGES	12	(641)	(1,264)
TOTAL NET ASSETS		116,115	47,381
CAPITAL AND RESERVES			
Called up share capital	14	350,003	350,003
Profit and loss account	15	(233,888)	(302,622)
Equity shareholders' funds		116,115	47,381

These financial statements were approved by the Board of Directors on 29 January 2001.

Signed on behalf of the Board of Directors

Director



NOTES TO THE ACCOUNTS

Year ended 30 June 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on asset cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and motor vehicles, over 7 years

Deferred taxation

Deferred taxation is provided at the anticipated tax rate on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Cash flow statement

The company has taken advantage of exemptions within FRS1 and has not prepared a cash flow statement on the grounds that the company is a wholly owned subsidiary of a parent undertaking which produces consolidated financial statements including a consolidated cash flow statement dealing with the cash flows of the group.

2. TURNOVER

Turnover is all derived from activities performed in the United Kingdom.

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Directors' remuneration	-	34,570

R Russell and D G Chappell are directors of the ultimate holding company, Healthcare Scotland Limited and are also both directors of Healthcare Scotland Management Limited, Fernbrae Hospital Limited, Albyn Hospital Limited, UK Private Healthcare Limited, and Cheadle Royal Healthcare Limited. R Russell is also a director of Cheadle Royal Hospital Limited. It is not practical to allocate their total remuneration for the year, which was received from Healthcare Scotland Management Limited, between their services as directors of these companies.

	2000 £	1999 £
Employee costs during the period:		
Wages and salaries	609,432	636,546
Social security costs	44,278	42,197
Pension costs	1,249	-
	<u>654,959</u>	<u>678,743</u>
	No	No
Average number of persons employed:		
Administrative	5	6
Professional	32	36
	<u>37</u>	<u>42</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank loan, overdrafts and other loans	-	27,082

NOTES TO THE ACCOUNTS**Year ended 30 June 2000****5. PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2000	1999
	£	£
Profit/ (loss) on ordinary activities before taxation is after charging:		
Depreciation	2,766	2,799
Auditors' remuneration	2,350	1,350
Loss on sale of tangible fixed assets	484	-
	<u> </u>	<u> </u>

6. TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Current year		
UK corporation tax	25,793	-
Deferred taxation	(623)	9
	<u> </u>	<u> </u>
	<u>25,170</u>	<u>9</u>

The disproportionate tax charge arises mainly due to the surrender of tax losses by way of group relief for which no credit has been taken.

NOTES TO THE ACCOUNTS
Year ended 30 June 2000**7. TANGIBLE FIXED ASSETS**

	Fixtures, fittings and motor vehicles £
Cost	
At 1 July 1999	20,252
Disposals	(10,635)
At 30 June 2000	9,617
Accumulated Depreciation	
At 1 July 1999	7,145
Charge for the year	2,766
Disposals	(5,951)
At 30 June 2000	3,960
Net book value	
At 30 June 2000	5,657
Net book value	
At 30 June 1999	13,107

NOTES TO THE ACCOUNTS**Year ended 30 June 2000****8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000	1999
	£	£
Trade debtors	101,784	107,157
Other debtors	-	4,753
Amounts owed by group companies	3	-
Prepayments and accrued income	472	639
	<u>102,259</u>	<u>112,549</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Bank overdrafts (note 11)	1,526,254	908,687
Trade creditors	1,742	8,081
Amounts owed to group companies	-	3
Other creditors including taxation and social security (note 10)	59,327	46,255
Accruals and deferred income	70,621	71,564
	<u>1,657,944</u>	<u>1,034,590</u>

10. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2000	1999
	£	£
This heading includes:		
Taxation and social security	<u>49,527</u>	<u>46,076</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

11. BORROWINGS

	2000 £	1999 £
Bank overdraft due within one year	<u>1,526,254</u>	<u>908,687</u>
Analysis of repayments		
Bank overdraft		
Within one year or on demand	<u>1,526,254</u>	<u>908,687</u>

The company is part of an arrangement with the group's bankers whereby cross-guarantees have been granted to enable balances in credit to be offset against overdrawn balances. The company's potential liability at 30 June 2000 under this arrangement amounted to £383,715 (1999: £65,490).

The bank overdraft is secured by a bond and floating charge over the assets of the company.

12. PROVISION FOR LIABILITIES AND CHARGES

Deferred Taxation	£
At 1 July 1999	1,264
Profit and loss account credit for the year	<u>(623)</u>
At 30 June 2000	<u>641</u>

The amounts of the deferred taxation liability provided and the total potential liability is as follows:

	2000 £	1999 £
Capital allowances in excess of depreciation	<u>641</u>	<u>1,264</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit/(loss) for the financial year	68,734	(90,258)
Issue of equity share capital	<u>-</u>	<u>350,000</u>
Net increase in shareholders' funds	68,734	259,742
Opening shareholders' funds	<u>47,381</u>	<u>(212,361)</u>
Closing shareholders' funds	<u>116,115</u>	<u>47,381</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

14. CALLED UP SHARE CAPITAL

Authorised	2000 £	1999 £
500,000 Ordinary Shares of £1 each	500,000	500,000
Called up, allotted and fully paid		
350,003 Ordinary Shares of £1 each	350,003	350,003

15. RESERVES

	Profit and loss account £
Balance at 1 July 1999	(302,622)
Profit for the year	68,734
Balance as at 30 June 2000	(233,888)

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Healthcare Scotland Limited, a company incorporated in Scotland. Copies of the financial statements of the parent company may be obtained from Healthcare Scotland, 35 Albert Street, Aberdeen, AB25 1XU.

The company has taken advantage of paragraph 3(c) of FRS8 (Related Party Disclosures) which allows exemption from disclosure of related party transactions with group companies.