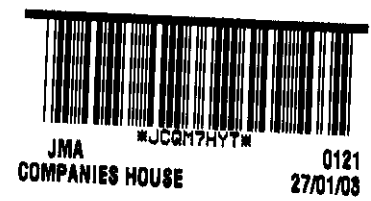


Registration Number 3179867

Marshmead Limited
Abbreviated Accounts
for the year ended 31 July 2002



Marshmead Limited

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Marshmead Limited

Director's Report for the year ended 31 July 2002

The director presents his report and the accounts for the year ended 31 July 2002.

Principal Activity and Review of the Business

The principal activity of the company during the period was operating a nursing home.

Results And Dividends

The results for the year are set out on page 4.

The director has paid an interim dividend amounting to £57,200 and he does not recommend payment of a final dividend.

Director and his Interest

The director who served during the year and his interest in the company are as stated below:

	Ordinary shares	
	2002	2001
J. Page	100	100

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. J. Morris & Co. will be deemed to be reappointed for each succeeding financial year.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

This report was approved by the Board on 19 December 2002 and signed on its behalf by

Mrs J. Page
Secretary



**Auditors' Report to Marshmead Limited
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 4 to 16 together with the financial statements of Marshmead Limited for the year ended 31 July 2002 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of director and auditors

The director is responsible for preparing abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31 July 2002, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with that provision.

Other information

On 19 December 2002 we reported as auditors of Marshmead Limited to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 July 2002 and our audit report was as follows:

'We have audited the financial statements on pages 3 to 13 which have been prepared under the historic cost convention and the accounting policies set out on page 6.

Respective responsibilities of director and auditors

As described on page 1 (see continuation page) the company's director is 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 director in the preparation of the financial statements, and 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.

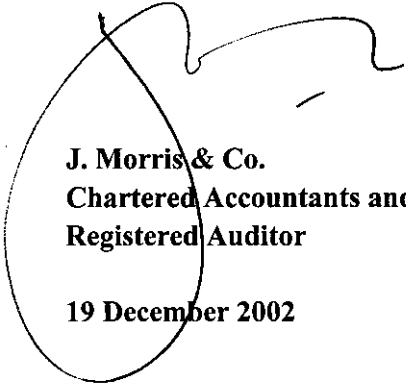
**Auditors' Report to Marshmead Limited
under Section 247B of the Companies Act 1985**

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the status of the negotiations with the company's bankers for facilities. In view of the significance of this uncertainty, we consider that this should be drawn to your attention. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'



**J. Morris & Co.
Chartered Accountants and
Registered Auditor**

19 December 2002

**3rd Floor, Lawrence Buildings
2 Mount Street
Manchester
M2 5WQ**

Marshmead Limited

Abbreviated Profit and Loss Account for the year ended 31 July 2002

		Continuing operations	
		2002	2001
	Notes	£	£
Gross profit		978,568	918,858
Administrative expenses		(788,436)	(791,535)
Operating profit	2	190,132	127,323
Interest receivable and similar income	3	2,832	-
Interest payable and similar charges	4	(96,610)	(121,357)
Profit on ordinary activities before taxation		96,354	5,966
Tax on profit on ordinary activities	6	(26,993)	-
Profit on ordinary activities after taxation		69,361	5,966
Dividends	7	(57,200)	(2,000)
Retained profit for the year		12,161	3,966
Retained profit brought forward		4,164	198
Retained profit carried forward		16,325	4,164

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 16 form an integral part of these financial statements.

Marshmead Limited

**Balance Sheet
as at 31 July 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	8		22,109		28,006
Tangible assets	9		1,706,541		1,604,970
			<u>1,728,650</u>		<u>1,632,976</u>
Current Assets					
Debtors	10	23,681		34,344	
Cash at bank and in hand		39,712		85,173	
		<u>63,393</u>		<u>119,517</u>	
Creditors: amounts falling due within one year	11	(447,427)		(383,468)	
Net Current Liabilities			<u>(384,034)</u>		<u>(263,951)</u>
Total Assets Less Current Liabilities			1,344,616		1,369,025
Creditors: amounts falling due after more than one year	12		(1,308,664)		(1,364,761)
Provisions for Liabilities and Charges	13		(19,527)		-
Net Assets			<u>16,425</u>		<u>4,264</u>
Capital and Reserves					
Called up share capital	15		100		100
Profit and loss account			16,325		4,164
Equity Shareholders' Funds	16		<u>16,425</u>		<u>4,264</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated accounts were approved by the Board on 19 December 2002 and signed on its behalf by

**J. Page
Director**



The notes on pages 7 to 16 form an integral part of these financial statements.

Marshmead Limited

Cash Flow Statement for the year ended 31 July 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		190,132	127,323
Depreciation		89,517	88,592
Decrease in debtors		10,663	3,005
Increase in creditors		56,909	(26,209)
Net cash inflow from operating activities		<u>347,221</u>	<u>192,711</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		347,221	192,711
Returns on investments and servicing of finance	19	(100,716)	(121,472)
Capital expenditure	19	(185,191)	1,626
		<u>61,314</u>	<u>72,865</u>
Equity dividends paid		(57,200)	-
		<u>4,114</u>	<u>72,865</u>
Financing	19	(47,575)	(24,867)
Decrease in cash in the year		<u>(43,461)</u>	<u>47,998</u>

Reconciliation of net cash flow to movement in net funds (Note 20)

Decrease in cash in the year	(43,461)	47,998
Cash outflow from increase in debts and lease financing	47,575	24,867
Change in net funds resulting from cash flows	4,114	72,865
Net debt at 1 August 2001	<u>(1,323,336)</u>	<u>(1,396,201)</u>
Net debt at 31 July 2002	<u>(1,319,222)</u>	<u>(1,323,336)</u>

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

1. Accounting Policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Basis of preparation of accounts

The company has loan facilities from its bankers of £1,350,542 which is subject to regular review.

The directors are satisfied that at the time of approval of the financial statements satisfactory agreement will be reached with the company's bankers so that it is appropriate for the financial statements to be prepared on a going concern basis.

1.4. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Freehold buildings	-	2% Straight Line
Leasehold properties	-	Straight Line over the life of the lease
Fixtures, fittings and equipment	-	20% Reducing Balance
Motor vehicles	-	25% Reducing Balance

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7. Deferred taxation

Provision is made for deferred taxation without discounting, at the expected corporation tax rate on all timing differences between the incidence of income and expenditure for taxation and accounting purposes that have originated but not reversed by the balance sheet date.

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

2. Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	5,897	5,897
Depreciation and other amounts written off tangible assets	83,231	82,695
Loss on disposal of tangible fixed assets	389	-
Operating lease rentals		
- Plant and machinery	3,044	4,059
Auditors' remuneration	1,763	1,763
	<u> </u>	<u> </u>
 3. Interest receivable and similar income	 2002	 2001
	£	£
Bank interest	2,832	-
	<u> </u>	<u> </u>
 4. Interest payable and similar charges	 2002	 2001
	£	£
On bank loans and overdrafts	-	4
On loans repayable in five years or more	95,449	120,192
Hire purchase interest	1,161	1,161
	<u> </u>	<u> </u>
	<u>96,610</u>	<u>121,357</u>

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

5. Employees

Number of employees

The average monthly numbers of employees
(including the director) during the year were:

	2002	2001
Office and management	3	3
Nursing	18	18
Care assistants	42	41
Ancillary	16	16
	<u>79</u>	<u>78</u>

Employment costs

	2002 £	2001 £
Wages and salaries	562,052	535,679
Social security costs	30,926	32,572
	<u>592,978</u>	<u>568,251</u>

5.1. Director's emoluments

	2002 £	2001 £
Remuneration and other emoluments	<u>9,611</u>	<u>12,075</u>

6. Taxation

	2002 £	2001 £
UK current year taxation		
UK Corporation Tax at 19% (2001 - 20%)	7,466	-
Transfer to deferred taxation	19,527	-
	<u>26,993</u>	<u>-</u>

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

7.	Dividends	2002	2001
		£	£
	Dividends on equity shares:		
	Ordinary shares - Interim paid	57,200	-
	Ordinary shares - Final proposed	-	2,000
		<u>57,200</u>	<u>2,000</u>
		<u>57,200</u>	<u>2,000</u>
8.	Intangible fixed assets		
		Goodwill	Total
		£	£
	At 1 August 2001		
	At 31 July 2002	<u>58,965</u>	<u>58,965</u>
	Provision for diminution in value		
	At 1 August 2001	30,959	30,959
	Charge for year	<u>5,897</u>	<u>5,897</u>
	At 31 July 2002	<u>36,856</u>	<u>36,856</u>
	Net book values		
	At 31 July 2002	<u>22,109</u>	<u>22,109</u>
	At 31 July 2001	<u>28,006</u>	<u>28,006</u>

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

9. Tangible fixed assets

	Land and buildings freehold	Long leasehold property	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2001	1,277,578	-	507,202	29,412	1,814,192
Additions	-	165,338	773	21,980	188,091
Disposals	-	-	-	(11,342)	(11,342)
At 31 July 2002	1,277,578	165,338	507,975	40,050	1,990,941
Depreciation					
At 1 August 2001	-	-	193,546	15,676	209,222
On disposals	-	-	-	(8,053)	(8,053)
Charge for the year	14,134	-	62,887	6,210	83,231
At 31 July 2002	14,134	-	256,433	13,833	284,400
Net book values					
At 31 July 2002	1,263,444	165,338	251,542	26,217	1,706,541
At 31 July 2001	1,277,578	-	313,656	13,736	1,604,970

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2002		2001	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	7,835	2,612	10,447	3,482

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

10. Debtors

	2002 £	2001 £
Trade debtors	15,718	28,505
Other debtors	687	621
Prepayments and accrued income	7,276	5,218
	<u>23,681</u>	<u>34,344</u>

11. Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loan	50,220	41,698
Net obligations under finance leases and hire purchase contracts	2,050	2,050
Trade creditors	13,098	10,079
Corporation tax	7,466	-
Other taxes and social security costs	4,995	7,295
Director's accounts	327,643	302,700
Other creditors	28,600	-
Accruals and deferred income	13,355	17,646
Proposed dividend	-	2,000
	<u>447,427</u>	<u>383,468</u>

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

12. Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank loan	1,300,322	1,354,369
Net obligations under finance leases and hire purchase contracts	8,342	10,392
	<u>1,308,664</u>	<u>1,364,761</u>
Loans		
Repayable in one year or less, or on demand (Note 11)	50,220	41,698
Repayable between one and two years	53,682	45,130
Repayable between two and five years	184,294	158,926
Repayable in five years or more	1,062,346	1,150,313
	<u>1,350,542</u>	<u>1,396,067</u>

The bank loans are secured by the assets of the company.
The hire purchase liabilities are secured by motor vehicles.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	2,050	2,050
Repayable between one and five years	8,342	10,392
	<u>10,392</u>	<u>12,442</u>

13 Provisions for liabilities and charges

	Deferred Taxation (Note 14) £	Total £
Charge for the year	<u>19,527</u>	<u>19,527</u>

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

14. Deferred Taxation

Deferred tax is analysed over the following timing differences:

	Provided	
	2002	2001
	£	£
Accelerated capital allowances	19,527	-

Movements on the provision for deferred taxation are:

	2002	2001
	£	£
At 1 August 2001	-	-
Transferred from profit and loss account	19,527	-
At 31 July 2002	19,527	-

15. Share capital

	2002	2001
	£	£
Authorised equity		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	100	100

16. Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Profit for the year	69,361	5,966
Dividends	(57,200)	(2,000)
	12,161	3,966
Opening shareholders' funds	4,264	298
	16,425	4,264

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

17. Financial commitments

At 31 July 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Other	
	2002	2001
	£	£
Expiry date:		
Within one year	<u>1,014</u>	<u>2,029</u>

18. Related party transactions

The director, James Page is the ultimate controlling party.

The director, James Page, has given a personal guarantee of £50,000 plus interest, to the bank, until the borrowings are repaid in full. The same guarantee has also been given by his wife, Julie Page.

There are also life assurance policies on the lives of James and Julie Page amounting to £1,000,000 each until the expiry of the facility.

Included in other creditors is a loan from James and Julie Page amounting to £327,643 (2001 £302,700). The loan is interest free and repayable on demand.

The leasehold property is rented to the director, James Page on a normal commercial rate.

Marshmead Limited

Notes to the Abbreviated Financial Statements for the year ended 31 July 2002

..... continued

19. Gross Cash Flows

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	2,832	-
Interest paid	(103,548)	(121,472)
	<u>(100,716)</u>	<u>(121,472)</u>
Capital expenditure		
Payments to acquire tangible assets	(188,091)	1,626
Receipts from sales of tangible assets	2,900	-
	<u>(185,191)</u>	<u>1,626</u>
Financing		
New long term bank loan	-	7,046
Repayment of long term bank loan	(45,525)	(29,863)
Capital element of finance leases and hire purchase contracts	(2,050)	(2,050)
	<u>(47,575)</u>	<u>(24,867)</u>

20. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	85,173	(45,461)		39,712
Debt due within one year	(41,698)	45,525	(54,047)	(50,220)
Debt due after one year	(1,354,369)	-	54,047	(1,300,322)
Finance leases and hire purchase contracts	(12,442)	2,050	-	(10,392)
	<u>(1,408,509)</u>	<u>47,575</u>	<u>-</u>	<u>(1,360,934)</u>
Net funds	<u>(1,323,336)</u>	<u>2,114</u>	<u>-</u>	<u>(1,321,222)</u>