

UGC HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR
30 APRIL 2000

Company Registration Number 2568219



WRIGHT HOGG EISEN
Chartered Accountants & Registered Auditors
7 Gladstone Terrace
Gateshead
Tyne & Wear
NE8 4DZ

UGC HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

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UGC HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2000

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 April 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be that of commercial and residential property lettings and the maintenance of the company's and other property. In addition, the company did some building contract work, in particular on a new nursing home. The company was also involved in a joint venture with the local health authority to develop a new hospital in India. This will generate income for the company in the future as the company is to operate the hospital on completion. During the year the company continued to develop an amusement arcade which is expected to commence operations in 2001. The principal activity of the company's subsidiary company, Bawi Homes Limited, is that of residential care for the elderly and infirm.

The Group has remained profitable during the year despite the closure of two of the subsidiary company's homes for part of the year due to flood and storm damage. The Directors note that the company and group balance sheets both reflect Net Current Liabilities positions. This is not a cause for concern as both group companies derive their income mainly from a form of accommodation and hold the majority of their value in fixed assets, with relatively insignificant current assets, whilst accounting convention requires the disclosure of all creditors existing at the balance sheet date and falling due within one year as current liabilities including those due after the balance sheet date. The company is easily able to settle these amounts out of income when they fall due.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 April 2000	At 1 May 1999
Mr J M Malhotra	75	75
Mrs M Malhotra	<u>25</u>	<u>25</u>

AUDITORS

A resolution to re-appoint Wright Hogg Eisen as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

UGC HOLDINGS LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 APRIL 2000

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Bawi
1 Runnymede Road
Darras Hall
Ponteland
NE90 9HE

Signed on behalf of the directors

Director
JM Malhotra



Approved by the directors on 2 July 2001

UGC HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 30 APRIL 2000

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 group at the end of the year and of the group's profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

UGC HOLDINGS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 APRIL 2000

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 and of the group as at 30 April 2000 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

7 Gladstone Terrace
Gateshead
Tyne & Wear
NE8 4DZ

25 July 2001

Wright Hogg Eisen
WRIGHT HOGG EISEN
Chartered Accountants
& Registered Auditors

UGC HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 APRIL 2000

	Note	2000 £	1999 £
GROUP TURNOVER	2	1,498,376	756,526
Administrative expenses		1,779,240	672,955
Other operating income		(564,681)	(210,364)
OPERATING PROFIT	3	283,817	293,935
Interest receivable		8	57
Interest payable and similar charges		(159,743)	(188,465)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		124,082	105,527
Tax on profit on ordinary activities	5	(37,570)	(19,712)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		86,512	85,815
Minority interests		284	486
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	6	86,228	85,329
RETAINED PROFIT FOR THE FINANCIAL YEAR		86,228	85,329

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Group Profit and Loss Account Profit and Loss Account.

The notes on pages 9 to 16 form part of these financial statements.

UGC HOLDINGS LIMITED

YEAR ENDED 30 APRIL 2000

NOTE OF HISTORICAL COST PROFITS

	2000 £	1999 £
Reported profit on ordinary activities before taxation	124,082	105,527
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	2,510	2,510
Historical cost profit on ordinary activities before taxation	<u>126,592</u>	<u>108,037</u>
Historical cost profit for the year retained after taxation, minority interests and dividends	<u>88,738</u>	<u>87,839</u>

The notes on pages 9 to 16 form part of these financial statements.

UGC HOLDINGS LIMITED

GROUP BALANCE SHEET

30 APRIL 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	7	4,813,241	4,156,068
CURRENT ASSETS			
Debtors	9	378,554	392,930
Cash at bank		<u>1,653</u>	<u>136</u>
		380,207	393,066
CREDITORS: Amounts falling due within one year	10	<u>(1,302,355)</u>	<u>(1,094,985)</u>
NET CURRENT LIABILITIES		<u>(922,148)</u>	<u>(701,919)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,891,093	3,454,149
CREDITORS: Amounts falling due after more than one year	11	<u>(2,030,544)</u>	<u>(1,681,267)</u>
		1,860,549	1,772,882
Minority interests		<u>(5,179)</u>	<u>(4,895)</u>
		<u>1,855,370</u>	<u>1,767,987</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	100	100
Revaluation reserve	16	1,175,196	1,174,041
Group Profit and Loss Account Profit and Loss Account	16	<u>680,074</u>	<u>593,846</u>
SHAREHOLDERS' FUNDS	17	<u>1,855,370</u>	<u>1,767,987</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 25 July 2000, and are signed on their behalf by:


MR J M MALHOTRA
Director

The notes on pages 9 to 16 form part of these financial statements.

UGC HOLDINGS LIMITED

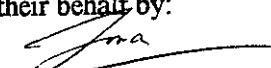
BALANCE SHEET

30 APRIL 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	7	3,041,630	3,053,636
Investments	8	99	99
		<u>3,041,729</u>	<u>3,053,735</u>
CURRENT ASSETS			
Debtors	9	83,241	247,433
Cash at bank		-	136
		<u>83,241</u>	<u>247,569</u>
CREDITORS: Amounts falling due within one year	10	<u>(667,799)</u>	<u>(929,160)</u>
NET CURRENT LIABILITIES		<u>(584,558)</u>	<u>(681,591)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,457,171</u>	<u>2,372,144</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(1,114,476)</u>	<u>(1,088,746)</u>
		<u>1,342,695</u>	<u>1,283,398</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	100	100
Revaluation reserve		1,059,689	1,059,689
Group Profit and Loss Account Profit and Loss Account	16	<u>282,906</u>	<u>223,609</u>
SHAREHOLDERS' FUNDS	17	<u>1,342,695</u>	<u>1,283,398</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 25 July 2001, and are signed on their behalf by:


MR J M MALHOTRA
Director

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UGC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the Group Profit and Loss Account Profit and Loss Account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property (Subsidiary)	- 2% straight line
Leasehold property	-over the term of the lease
Computer equipment	- 25% straight line
Fixtures and fittings	- 20% straight line
Motor vehicles	- 25% straight line

No depreciation is provided on freehold property as it is the company's policy to obtain regular revaluations and the building is maintained to a high standard. The building is not an investment property under the definition contained in SSAP 19 due to its partial use by the company, but the majority of the building's use is that of an investment property and the directors have therefore adopted the policies set out in SSAP 19.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

UGC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. TURNOVER

Overseas turnover amounted to Nil% (1999 - Nil%) of the total turnover for the year.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation	63,053	50,584
Loss on disposal of fixed assets	3,765	-
Profit on disposal of fixed assets	-	(1,000)
Auditors' fees	3,000	3,000
Operating lease costs:		
Plant and equipment	<u>1,119</u>	<u>1,585</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	<u>6,240</u>	<u>11,040</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

UGC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (1999 - 21%)	32,949	18,744
Adjustment in respect of previous years:		
Corporation Tax	4,621	968
	<u>37,570</u>	<u>19,712</u>

6. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £59,297 (1999 - £37,162).

7. TANGIBLE FIXED ASSETS

Group	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 May 1999	4,250,000	2,817	88,311	12,900	4,354,028
Additions	668,117	-	54,873	1,000	723,990
Disposals	-	-	-	(11,900)	(11,900)
At 30 April 2000	<u>4,918,117</u>	<u>2,817</u>	<u>143,184</u>	<u>2,000</u>	<u>5,066,118</u>
DEPRECIATION					
At 1 May 1999	154,460	2,224	32,890	8,385	197,959
Charge for the year	35,960	593	26,060	440	63,053
On disposals	-	-	-	(8,135)	(8,135)
At 30 April 2000	<u>190,420</u>	<u>2,817</u>	<u>58,950</u>	<u>690</u>	<u>252,877</u>
NET BOOK VALUE					
At 30 April 2000	<u>4,727,697</u>	-	<u>84,234</u>	<u>1,310</u>	<u>4,813,241</u>
At 30 April 1999	<u>4,095,540</u>	<u>593</u>	<u>55,421</u>	<u>4,515</u>	<u>4,156,069</u>

Revaluation of fixed assets

The company's freehold land and buildings were revalued during 1999 on the basis of open market value by Chestertons, International Property Consultants.

UGC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

7. TANGIBLE FIXED ASSETS *(continued)*

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2000 £	1999 £
NBV of revalued tangible fixed assets:		
Net book value at end of year	<u>3,605,010</u>	<u>3,616,500</u>
Historical cost	<u>3,214,804</u>	<u>3,214,804</u>
Depreciation:		
At 1 May 1999	68,940	57,450
Charge for year	<u>11,490</u>	<u>11,490</u>
At 30 April 2000	<u>80,430</u>	<u>68,940</u>
Net historical cost value:		
At 30 April 2000	<u>3,134,374</u>	<u>3,145,864</u>
At 1 May 1999	<u>3,145,864</u>	<u>3,157,354</u>

Company	Freehold & Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 May 1999	3,070,000	27,949	12,900	3,110,849
Additions	-	3,757	1,000	4,757
Disposals	-	-	(11,900)	(11,900)
At 30 April 2000	<u>3,070,000</u>	<u>31,706</u>	<u>2,000</u>	<u>3,103,706</u>
DEPRECIATION				
At 1 May 1999	42,160	6,668	8,385	57,213
Charge for the year	8,790	3,768	440	12,998
On disposals	-	-	(8,135)	(8,135)
At 30 April 2000	<u>50,950</u>	<u>10,436</u>	<u>690</u>	<u>62,076</u>
NET BOOK VALUE				
At 30 April 2000	<u>3,019,050</u>	<u>21,270</u>	<u>1,310</u>	<u>3,041,630</u>
At 30 April 1999	<u>3,027,840</u>	<u>21,281</u>	<u>4,515</u>	<u>3,053,636</u>

Revaluation of fixed assets

The company's freehold land and buildings were revalued during 1999 on the basis of open market value by Chestertons, International Property Consultants.

UGC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

7. TANGIBLE FIXED ASSETS *(continued)*

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2000 £	1999 £
NBV of revalued tangible fixed assets:		
Net book value at end of year	<u>3,000,000</u>	<u>3,000,000</u>
Historical cost	<u>2,640,311</u>	<u>2,640,311</u>

8. INVESTMENTS

Company	Total £
COST	
At 1 May 1999 and 30 April 2000	<u>99</u>
NET BOOK VALUE	
At 30 April 2000	<u>99</u>
At 30 April 1999	<u>99</u>

9. DEBTORS

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Trade debtors	76,214	15,068	2,644	15,068
Amounts owed by undertakings in which the company has a participating interest	121,322	74,923	79,597	74,923
VAT recoverable	-	8,623	-	8,623
Other debtors	181,018	294,316	1,000	148,819
	<u>378,554</u>	<u>392,930</u>	<u>83,241</u>	<u>247,433</u>

UGC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

10. CREDITORS: Amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	352,099	364,290	250,318	287,404
Trade creditors	31,958	52,551	-	35,932
Amounts owed to group undertakings and undertakings in which the company has a participating interest	143,053	102,407	179,931	274,852
Other creditors including taxation:				
Corporation Tax	58,299	64,774	44,449	33,856
PAYE and social security	82,191	25,369	-	-
VAT	65,761	-	65,761	-
Other creditors	263,216	144,002	99,383	27,972
Directors' current accounts	216,033	218,659	-	161,154
Accruals and deferred income	89,745	122,933	27,957	107,990
	<u>1,302,355</u>	<u>1,094,985</u>	<u>667,799</u>	<u>929,160</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	<u>352,099</u>	<u>391,121</u>	<u>250,318</u>	<u>287,404</u>

11. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	<u>2,030,544</u>	<u>1,681,267</u>	<u>1,114,476</u>	<u>1,088,746</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	<u>2,030,544</u>	<u>1,681,267</u>	<u>1,114,476</u>	<u>1,088,746</u>

UGC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

12. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
In one year or less, or on demand	244,919	148,748	181,349	122,402
Between one and two years	244,919	148,748	181,349	122,402
Between two and five years	734,766	594,992	544,056	489,608
In five years or more	869,510	1,076,293	207,722	615,502
	<u>2,094,114</u>	<u>1,968,781</u>	<u>1,114,476</u>	<u>1,349,914</u>

13. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2000 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Assets other than land and buildings	
	2000	1999
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>-</u>	<u>1,585</u>

14. RELATED PARTY TRANSACTIONS

Bawi Homes Limited is the company's 99%-owned subsidiary undertaking. During the course of the year certain transactions have been made between the companies relating to the incidental running costs of the group. The amount due to Bawi Homes Limited by the company at 30 April 2000 amounted to £179,931. (1999-£274,851)

Up To Date Limited is under the common control of the directors of UGC Holdings Limited. The amount due from Up To Date Limited at 30 April 2000 was £26,605 (1999-£26605).

Parrish Court Developments Limited is a company owned by Mr JM Malhotra, a director and shareholder of UGC Holdings Limited.

The amount due from Parrish Court Developments at 30 April 2000 was £52,992 (1999-£48,318).

UGC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2000

15. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
100 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>

After the end of this period a further issue of 149,900 Ordinary Shares was made via a bonus issue out of reserves.

16. RESERVES

Group	Profit and loss account £	Revaluation reserve £
Opening balance	593,846	1,175,196
Profit for the year	<u>86,228</u>	
Balance carried forward	<u>680,074</u>	<u>1,175,196</u>

Company	Profit and loss account £	Revaluation reserve £
Opening balance	223,609	1,059,689
Profit for the year	<u>59,297</u>	
Balance carried forward	<u>282,906</u>	<u>1,059,689</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	86,228	85,329
Other net recognised gains and losses	-	700,000
Net addition to funds	<u>86,228</u>	<u>785,329</u>
Opening shareholders' equity funds	1,769,142	982,658
Closing shareholders' equity funds	<u>1,855,370</u>	<u>1,767,987</u>