

Company no. 2077314

AARONCARE GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994



AARONCARE GROUP LIMITED

YEAR ENDED 30TH JUNE 1994

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DIRECTORS

J M Francis  
B R Camp  
M Paddock  
C Jarvis  
D L W Johnston

COMPANY SECRETARY

B R Camp

REGISTERED OFFICE

68 Argyle Street,  
Birkenhead,  
Wirral, Merseyside,  
L41 6AF

AUDITORS

McEwan Wallace  
68 Argyle Street,  
Birkenhead,  
Merseyside.

INDEX TO FINANCIAL STATEMENTS

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The following does not form part of the statutory accounts:

17	Trading and Profit and Loss Account
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**AARONCARE GROUP LIMITED.**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 30TH JUNE 1994**

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The directors have pleasure in presenting their annual report and financial statements for the year ended 30th June 1994.

**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 the affairs of the company and of the profit or loss of the company for that period. In preparing these 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;
- 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.

**Results and dividends**

The profit after tax for the year amounted to £129,337, as shown on page 4.

The directors do not recommend the payment of a dividend.

Transfers taken to reserve are shown on page 4.

**Review of the business**

The company is principally engaged in property development and as nursing home proprietors.

**Fixed assets**

Movements in fixed assets are shown in the notes to the financial statements.

AARONCARE GROUP LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH JUNE 1994

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**Directors**

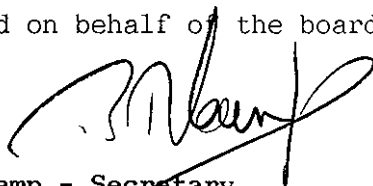
The directors during the year under review and the shares in the company in which they were interested at the beginning and end of the year were:

	Ordinary shares of £1 each	
	At 1st July 1993	At 30th June 1994
J M Francis	45,900	45,900
B R Camp	15,300	15,300
M Paddock	10,200	10,200
C Jarvis	5,100	5,100
D L W Johnston	25,500	25,500

**Auditors**

The auditors, Messrs. McEwan Wallace, are willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Signed on behalf of the board



B R Camp - Secretary

Date: 27th March 1995

## AUDITORS' REPORT TO THE SHAREHOLDERS OF

### AARONCARE GROUP LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 1 the company's directors are 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 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.

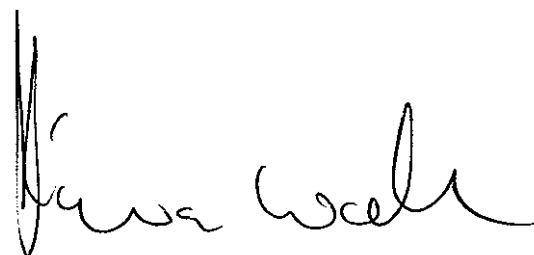
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 30th June 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

27th March 1995

Birkenhead, Merseyside.



MCEWAN WALLACE  
Registered Auditor  
Chartered Accountants

AARONCARE GROUP LIMITED

		Total	Total
PROFIT AND LOSS ACCOUNT		1994	1993
FOR THE YEAR ENDED			
30TH JUNE 1994			
		Notes	
TURNOVER	2	£ 1,557,613	£ 1,049,682
Cost of sales		<u>(897,581)</u>	<u>(754,330)</u>
GROSS PROFIT		660,032	295,352
Net operating expenses		<u>(340,526)</u>	<u>(114,572)</u>
OPERATING PROFIT	3	319,506	180,780
Profit (loss) on disposal of fixed assets		<u>(1,003)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES		318,503	180,780
Other interest receivable and similar income		<u>(140)</u>	<u>6,973</u>
		318,363	187,753
Interest payable	6	<u>(157,776)</u>	<u>(141,233)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		160,587	46,520
Tax on profit on ordinary activities	7	<u>(31,250)</u>	<u>(571)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>129,337</u>	<u>45,949</u>

The company has neither acquired or commenced any new business activities in the year nor discontinued any operations.

AARONCARE GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30TH JUNE 1994

	1994	1993
	£	£
Profit for the financial year	129,337	45,949
Revaluation during the year	<u>1,344,998</u>	<u>-</u>
Total gains and losses recognised since last annual report	<u>1,474,335</u>	<u>45,949</u>

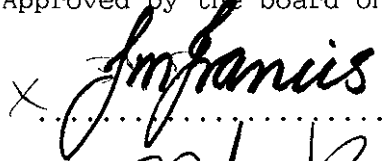

AARONCARE GROUP LIMITED

BALANCE SHEET

30TH JUNE 1994

	Notes	1994 £	1993 £
<b>FIXED ASSETS</b>			
Tangible assets	8	6,036,352	3,736,542
Investments	9	<u>18,289</u>	<u>18,289</u>
		6,054,641	3,754,831
<b>CURRENT ASSETS</b>			
Debtors	10	172,401	100,946
Investments	11	49,980	-
Cash at bank and in hand		<u>68,520</u>	<u>211,890</u>
		290,901	312,836
CREDITORS: Amounts falling due within one year	12	(1,172,118)	(873,174)
NET CURRENT LIABILITIES		(881,217)	(560,338)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,173,424	3,194,493
CREDITORS: Amounts falling due after more than one year	13	(1,827,558)	(1,322,963)
		<u>3,345,866</u>	<u>1,871,530</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	15	228,500	228,500
Revaluation reserve	16	2,326,203	981,205
Profit and loss account		<u>791,163</u>	<u>661,825</u>
		3,345,866	1,871,530

Approved by the board on: 27th March 1995

..... )  
 ..... )  
 ..... ) Directors

The notes set out on pages 8 to 16 form part of these financial statements



AARONCARE GROUP LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 1994

	1994 £	1993 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	643,305	<u>974,757</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	(140)	6,973
Interest paid	(157,316)	(140,717)
Hire purchase and finance lease interest paid	<u>(460)</u>	<u>(516)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(157,916)	<u>(134,260)</u>
TAXATION		
Tax payments	<u>-</u>	<u>(30,000)</u>
TAX PAYMENTS	-	<u>(30,000)</u>
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(1,021,415)	(1,285,679)
Receipts from sales of tangible fixed assets	<u>3,200</u>	<u>-</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,018,215)	(1,285,679)
NET CASH OUTFLOW BEFORE FINANCING	(532,826)	<u>(475,182)</u>
FINANCING		
Loans advanced to company	750,000	760,000
Loans repaid by company	(172,607)	(97,169)
Hire purchase and finance lease repayments	<u>(3,632)</u>	<u>(1,601)</u>
NET CASH INFLOW FROM FINANCING	<u>573,761</u>	<u>661,230</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>40,935</u>	<u>186,048</u>

The notes set out on pages 8 to 16 form part of these financial statements

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

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1 ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention. The accounts present information about the company as an individual undertaking and not about its group, on the basis that the group qualifies as a medium-sized group.

(b) Depreciation

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows:

Freehold property	- nil
Fixtures and equipment	- 25% on reducing balance
Crockery, cutlery and linen	- nil
Motor vehicles	- 25% written down value

(c) Deferred taxation

No provision is made for deferred taxation unless there is a reasonable probability of payment in the foreseeable future.

(d) Assets leased

Where the company enters into operating and/or finance leases, its policy is to regard leases as finance leases where their term give rights approximating to ownership.

Assets held under finance leases (including hire purchase contracts) are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after one year. Assets are depreciated over the shorter of the lease term and their useful economic life; in the case of assets held under hire purchase agreements they are depreciated over their useful economic life. Finance charges are allocated to accounting years over the life of each lease to produce a constant rate of charge on the outstanding balance.

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

2 TURNOVER

Turnover is the total amount receivable by the company in the ordinary course of business for goods supplied and for services provided as a principal.

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

3 OPERATING PROFIT

Operating profit is stated after charging:	1994 £	1993 £
Cost of sales including:		
Depreciation	<u>54,133</u>	<u>33,084</u>
Administrative expenses including:		
Depreciation	1,313	3,151
Loss on disposal of fixed assets	1,003	-
Directors' emoluments	239,455	47,169
Auditors' remuneration (including expenses)	<u>10,458</u>	<u>10,516</u>
and after crediting:		
Other operating income:		
Rents receivable, less outgoings	<u>116,400</u>	<u>79,200</u>

4 STAFF COSTS

The cost of employing staff, including directors, was:	1994 £	1993 £
Wages and salaries	890,016	457,768
Social security costs	<u>72,075</u>	<u>29,740</u>
	<u>962,091</u>	<u>487,508</u>
The average weekly number of employees during the year was:	1994	1993
Management	7	7
Nursing home staff	<u>118</u>	<u>90</u>
	<u>125</u>	<u>97</u>

5 DIRECTORS' EMOLUMENTS

	1994 £	1993 £
Fees	211,622	-
Management remuneration	<u>27,833</u>	<u>47,169</u>
	<u>239,455</u>	<u>47,169</u>

Details of directors' emoluments, excluding pension contributions, are:

The chairman	<u>112,004</u>	-
The highest paid director	<u>37,394</u>	<u>40,074</u>

Other directors were in the following bands of emoluments:

	Number	Number
£0 to £5,000	-	3
£5,001 to £10,000	-	1
£20,001 to £25,000	1	1
£25,001 to £30,000	1	-
£35,001 to £40,000	1	-

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

6	INTEREST PAYABLE	1994	1993
		£	£
	On bank loans, overdrafts and other loans wholly repayable within five years:		
	Bank overdraft interest	22,513	27,379
	Finance lease and hire purchase contracts payable by instalments	460	516
	Loans repayable by instalments	<u>134,803</u>	<u>113,338</u>
		<u>157,776</u>	<u>141,233</u>
7	TAXATION	1994	1993
		£	£
	UK corporation tax at 25% on the profit adjusted for tax purposes	<u>31,250</u>	<u>571</u>
		<u>31,250</u>	<u>571</u>

The company is a "close" company within the provisions of the Income and Corporation Taxes Act 1988.

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

8

TANGIBLE FIXED ASSETS

COST	Freehold property £	Fixtures and equipment £	Crockery, cutlery and linen £	Motor vehicles £	Total £
At 1st July 1993	3,621,028	143,987	6,955	16,962	3,788,932
Additions at cost	903,974	117,441	-	-	1,021,415
Applicable to disposals	-	-	-	(9,962)	(9,962)
Surplus on revaluation	1,344,998	-	-	-	1,344,998
Amounts written off	-	-	(6,955)	-	(6,955)
At 30th June 1994	<u>5,870,000</u>	<u>261,428</u>	<u>-</u>	<u>7,000</u>	<u>6,138,428</u>
DEPRECIATION					
At 1st July 1993	-	44,880	-	7,509	52,389
Charge for the year	-	54,133	-	1,313	55,446
Released by disposals	-	-	-	(5,759)	(5,759)
At 30th June 1994	<u>-</u>	<u>99,013</u>	<u>-</u>	<u>3,063</u>	<u>102,076</u>
NET BOOK VALUE					
At 30th June 1994	<u>5,870,000</u>	<u>162,415</u>	<u>-</u>	<u>3,937</u>	<u>6,036,352</u>
At 30th June 1993	<u>3,621,028</u>	<u>99,106</u>	<u>6,955</u>	<u>9,453</u>	<u>3,736,542</u>

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

Details of fixed assets held under finance leases and hire purchase contracts included above are as follows:

	Freehold property £	Fixtures and equipment £	Crockery, cutlery and linen £	Motor vehicles £	Total £
1994					
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,937</u>	<u>3,937</u>
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313</u>	<u>1,313</u>
1993					
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,453</u>	<u>9,453</u>
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,151</u>	<u>3,151</u>

During the year, the company's freehold property was revalued conservatively by the directors on the basis of existing build costs. The surplus arising has been transferred to revaluation reserve.

Details of freehold properties and related borrowings are as follows:

	Net book value £	Related bank loans £
Princes Road, Ellesmere Port	2,100,000	330,903
Marmaduke Street, Toxteth	1,440,000	691,250
Tanhouse Lane, Skelmersdale	1,250,000	729,682
The Grange, Huyton	900,000	263,383
Park Lane, Bootle	<u>180,000</u>	<u>-</u>
	<u>5,870,000</u>	<u>2,015,218</u>

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

9 INVESTMENTS

Investment in Group Undertakings	£
At 1st July 1993 and	
At 30th June 1994	<u>18,289</u>

Details of group undertakings at the balance sheet date are as follows:

Name of company and business	Class of Shares	Holding %	Year end
Aaroncare Limited			
Nursing home proprietors	Ords	100.00	30th June
Aggregate capital			
and reserves	£685,146		
Profit for year	£93,633		

The company is registered in England & Wales.

10 DEBTORS	1994	1993
	£	£
Trade debtors	89,841	19,490
Other debtors	6,326	719
Prepayments and accrued income	<u>76,234</u>	<u>80,737</u>
	<u>172,401</u>	<u>100,946</u>

11 INVESTMENTS HELD AS CURRENT ASSETS	Listed	Unlisted	Total
	£	£	£
Cost at 1st July 1993	-	-	-
Additions	<u>49,980</u>	-	<u>49,980</u>
Book value at 30th June 1994	<u>49,980</u>	-	<u>49,980</u>

12 CREDITORS: Amounts falling due within one year	1994	1993
	£	£
Bank loans and overdrafts	253,769	316,850
Net obligations under finance leases and hire purchase contracts	1,545	3,623
Trade creditors	3,600	1,962
Amounts owed to subsidiary undertakings	144,709	54,048
U.K. corporation tax	201,703	170,453
Tax and social security costs	135,397	14,036
Other creditors	382,768	287,612
Accruals and deferred income	<u>48,627</u>	<u>24,590</u>
	<u>1,172,118</u>	<u>873,174</u>

	1994	1993
	£	£
Secured creditors included above are as follows:		
Bank loans and overdrafts:		
secured by legal charges over freehold property and an unlimited cross-guarantee	253,769	316,850
Hire purchase instalments:		
secured on the assets concerned	<u>1,545</u>	<u>3,623</u>
	<u>255,314</u>	<u>320,473</u>

Included in other creditors is an amount owed to Aaroncare partnership of £37,497 (1993 - £38,530).

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

13 CREDITORS: Amounts falling due after more than one year

	1994 £	1993 £
Bank loans	1,827,558	1,321,408
Net obligations under finance leases and hire purchase contracts	-	1,555
	<u>1,827,558</u>	<u>1,322,963</u>

	1994 £	1993 £
Amounts payable by instalments:		
Bank loans-		
Between two and five years	709,824	444,181
In more than five years	<u>1,117,734</u>	<u>877,227</u>

	1994 £	1993 £
Secured creditors included above are as follows:		
Bank loans:		
secured by legal charges over freehold property and an unlimited cross-guarantee	1,827,558	1,321,408
Hire purchase instalments:		
secured on the assets concerned	-	1,555
	<u>1,827,558</u>	<u>1,322,963</u>

Terms of repayment and interest for each amount due, in whole or in part, more than five years hence are:

Loan no.1 (Huyton) amounting to £263,383 is repayable monthly over 15 years, interest charged at 2.25% above bank base rate.

Loan no.2 (Ellesmere Port) amounting to £330,903 is repayable monthly over 20 years, interest charged at 2.25% above bank base rate.

Loan no.3 (Marmaduke Street) amounting to £609,091 is repayable monthly over 15 years, interest charged at 2.5% above bank base rate.

Loan no.4 (Skelmersdale) amounting to £637,945 is repayable monthly over 15 years, interest charged at 2.5% above bank base rate.

14 LEASE COMMITMENTS

Net obligations under finance leases and hire purchase contracts

	1994 £	1993 £
Minimum lease payments due:		
Within one year	1,649	4,083
1-2 years	-	1,659
Gross obligations	<u>1,649</u>	<u>5,742</u>
Less: finance charges allocated to future periods	(104)	(564)
Net obligations	<u>1,545</u>	<u>5,178</u>



AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

15 SHARE CAPITAL

	Number 1994	Value 1994 £	Number 1993	Value 1993 £
Authorised:				
Ordinary shares of £1 each	102,000	102,000	102,000	102,000
Preference shares of £1 each	<u>126,500</u>	<u>126,500</u>	<u>126,500</u>	<u>126,500</u>
	<u>228,500</u>	<u>228,500</u>	<u>228,500</u>	<u>228,500</u>
Issued and fully paid:				
Ordinary shares of £1 each	102,000	102,000	102,000	102,000
Preference shares of £1 each	<u>126,500</u>	<u>126,500</u>	<u>126,500</u>	<u>126,500</u>
	<u>228,500</u>	<u>228,500</u>	<u>228,500</u>	<u>228,500</u>

Rights attaching to the non-equity shares:

The preference shares are non-voting and carry no automatic right to dividends.

16 REVALUATION RESERVE

	£
At 1st July 1993	981,205
Revaluation during the year	<u>1,344,998</u>
At 30th June 1994	<u>2,326,203</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit for the financial year	<u>129,337</u>	<u>45,949</u>
Other recognised gains and losses relating to the year ended 30th June 1994 (net)	<u>1,344,998</u>	<u>-</u>
Net addition to shareholders' funds	1,474,335	45,949
Opening shareholders' funds	<u>1,871,531</u>	<u>1,825,581</u>
Closing shareholders' funds	<u>3,345,866</u>	<u>1,871,530</u>

18 CONTINGENT LIABILITIES

The company has given a £200,000 guarantee in respect of all liabilities of Aaroncare Limited.

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1994

19 NOTES TO CASH FLOW STATEMENT

i) Reconciliation of operating profit to net cash inflow from operating activities

	1994 £	1993 £
Operating profit	319,506	180,780
Depreciation and amortisation charges	55,446	36,235
Amounts written off fixed assets	6,955	-
Decrease in stocks	-	790,152
(Increase) decrease in debtors	(71,455)	153,731
Increase (decrease) in creditors	332,853	(186,141)
Net cash inflow from operating activities	<u>643,305</u>	<u>974,757</u>

ii) Analysis of changes in cash and cash equivalents during the year

	1994 £	1993 £
Balance at 1st July 1993	11,457	(174,591)
Net cash inflow	<u>40,935</u>	<u>186,048</u>
Balance at 30th June 1994	<u>52,392</u>	<u>11,457</u>

iii) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	Cash at bank and in hand £	Bank overdrafts £	Short term investments £	Cash and cash equivalents £
At 1st July 1992	33,039	(207,630)	-	(174,591)
Movement in the year	<u>178,851</u>	<u>7,197</u>	-	<u>186,048</u>
At 30th June 1993	211,890	(200,433)	-	11,457
Movement in the year	<u>(143,370)</u>	<u>134,325</u>	<u>49,980</u>	<u>40,935</u>
At 30th June 1994	<u>68,520</u>	<u>(66,108)</u>	<u>49,980</u>	<u>52,392</u>

iv) Analysis of changes in financing during the year

Loans	1994 £	1993 £
Balance at 1st July 1993	1,437,825	774,994
Cash inflow from financing	<u>577,393</u>	<u>662,831</u>
Balance at 30th June 1994	<u>2,015,218</u>	<u>1,437,825</u>

Hire purchase and finance lease	1994 £	1993 £
Balance at 1st July 1993	5,177	5,666
Cash outflow from financing	<u>(3,632)</u>	<u>(489)</u>
Balance at 30th June 1994	<u>1,545</u>	<u>5,177</u>