

AARONCARE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008



CROUCH CHAPMAN
Chartered Accountants
62 Wilson Street
London EC2A 2BU

AARONCARE LIMITED

COMPANY INFORMATION

DIRECTORS

P. A. Warren
J. French
S. Pereira

COMPANY SECRETARY

S. Pereira

COMPANY NUMBER

02077314

REGISTERED OFFICE

62 Wilson Street
London
EC2A 2BU

AUDITORS

Crouch Chapman
Chartered Accountants & Registered Auditors
62 Wilson Street
London
EC2A 2BU

BANKERS

National Westminster Bank Plc
12 High Street
Dartford
Kent
DA1 1DD

AARONCARE LIMITED

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AARONCARE LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2008. This report has been prepared under applicable legislation, including those provisions of the Companies Act 2006, as enacted by the Companies Act 2006 (Commencement No. 1, Transitional Provisions and Savings) Order 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of operating a residential home for the elderly

BUSINESS REVIEW

The directors are pleased with the results for the period and are confident of the continued performance of the company in the future.

RESULTS

The profit for the year, after taxation, amounted to £463,644 (2007 - £498,111).

DIRECTORS

The directors who served during the year were:

P. A. Warren
J. French
S. Pereira

The Secretary who held office during the year was S. Pereira.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that 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.

AARONCARE LIMITED

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

The company values communication between senior management and employees on all matters affecting the welfare of the business. Regular management visits are made to each home and meetings are held between the local management and employees to allow a free flow of information and ideas.

DISABLED EMPLOYEES

It is the company's policy to give full and fair consideration to applications from people with disabilities, having regard to their particular aptitudes and abilities. If an employee becomes disabled, the company's objective is the continued provision of suitable employment, either in the same or an alternative position, with appropriate training being given if necessary. Employees with disabilities share in equal opportunities for training, promotion and career development.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

Under section 487 of the Companies Act 2006, Crouch Chapman will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

TAXATION STATUS

The close company provisions of the Income and Taxes Act 1988 apply to the company.

This report was approved by the board on

27 OCT 2009

and signed on its behalf.


.....
Director

62 Wilson Street
London
EC2A 2BU

AARONCARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AARONCARE LIMITED

We have audited the financial statements of Aaroncare Limited for the year ended 31 December 2008, set out on pages 5 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

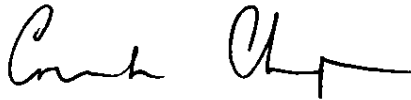
AARONCARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AARONCARE LIMITED

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.



CROUCH CHAPMAN

Chartered Accountants & Registered Auditors

62 Wilson Street
London
EC2A 2BU

Date:

AARONCARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
TURNOVER	1	6,411,612	6,147,235
Cost of sales		<u>(4,149,327)</u>	<u>(4,096,838)</u>
GROSS PROFIT		2,262,285	2,050,397
Administrative expenses		(835,900)	(722,509)
Other operating income		<u>27,000</u>	<u>57,320</u>
OPERATING PROFIT	2	1,453,385	1,385,208
Interest receivable		-	99
Interest payable	4	<u>(989,741)</u>	<u>(851,995)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		463,644	533,312
Tax on profit on ordinary activities	5	<u>-</u>	<u>(35,201)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		463,644	498,111
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		4,974,105	5,475,994
Dividends: Equity capital		<u>-</u>	<u>(1,000,000)</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u><u>5,437,749</u></u>	<u><u>4,974,105</u></u>

CONTINUING OPERATIONS

None of the company's activities have been acquired or discontinued during the above two financial periods.

STATEMENT OF RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than those disclosed in the profit and loss account above.

The notes on pages 7 to 15 form part of these financial statements.

AARONCARE LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Intangible fixed assets	6		524,808		553,697
Tangible fixed assets	7		8,453,124		8,428,381
			<u>8,977,932</u>		<u>8,982,078</u>
CURRENT ASSETS					
Debtors	8	1,029,871		1,408,976	
Cash at bank		542,786		52,194	
		<u>1,572,657</u>		<u>1,461,170</u>	
CREDITORS: amounts falling due within one year	9	(809,116)		(893,863)	
NET CURRENT ASSETS			<u>763,541</u>		<u>567,307</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,741,473</u>		<u>9,549,385</u>
CREDITORS: amounts falling due after more than one year	10		(2,261,021)		(2,532,577)
NET ASSETS			<u><u>7,480,452</u></u>		<u><u>7,016,808</u></u>
CAPITAL AND RESERVES					
Called up share capital	11		188,500		188,500
Revaluation reserve	12		2,196,203		2,196,203
Other reserves	12		(342,000)		(342,000)
Profit and loss account	12		5,437,749		4,974,105
SHAREHOLDERS' FUNDS	13		<u><u>7,480,452</u></u>		<u><u>7,016,808</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

27 OCT 2009


.....
Director

The notes on pages 7 to 15 form part of these financial statements.

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and property and in accordance with applicable accounting standards.

Turnover

Turnover represents fees received on behalf of the residents residing at the nursing homes. The company is exempt from charging value added tax.

Tangible fixed assets and depreciation

It is the company's policy to maintain freehold property in a continued state of sound repair so that the residual value of the property is at least equal to its book value. Having regard to this, it is the opinion of the directors that depreciation of freehold buildings would not be material.

Other fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over their expected useful life as follows:

Motor vehicles	-	25%	straight line
Fixtures & fittings	-	15%	straight line
Computer equipment	-	15%	straight line

Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at 30 June 1994 and will not update that valuation.

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 a constant periodic rate of charge on the net obligation outstanding in each period.

Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES (continued)

Intangible fixed assets and amortisation

Goodwill of £577,071 arose on the acquisition of the trade and assets of the Aaron Grange nursing home. It is amortised on a straight line basis over 20 years, being its estimated economic life, to the Profit and loss account.

Operating leases

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

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. It is the company's policy not to discount deferred tax to reflect the time value of money.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2008 £	2007 £
Amortisation - intangible fixed assets	28,889	24,074
Depreciation of tangible fixed assets:		
- owned by the company	80,765	76,465
- held under finance leases	6,155	-
Auditors' remuneration	16,482	8,467
Auditors' remuneration - non-audit	5,728	-

During the year, no director received any emoluments (2007 - £NIL).

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

3. STAFF COSTS

Staff costs were as follows:

	2008 £	2007 £
Wages and salaries	3,342,889	3,245,409
Social security costs	266,616	259,868
Other costs	97,186	229,404
	<u>3,706,691</u>	<u>3,734,681</u>

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

	2008 No.	2007 No.
Directors	2	2
Management	4	4
Staff	266	196
	<u>272</u>	<u>202</u>

4. INTEREST PAYABLE

	2008 £	2007 £
Hire purchase interest	1,706	-
Loan interest	986,980	851,995
Other interest	1,055	-
	<u>989,741</u>	<u>851,995</u>

5. TAXATION

	2008 £	2007 £
<u>Analysis of tax charge in the year</u>		
UK corporation tax charge on profit for the year	-	-
Adjustments in respect of prior periods	-	35,201
	<u>-</u>	<u>35,201</u>
<u>Tax on profit on ordinary activities</u>	<u>-</u>	<u>35,201</u>

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

5. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2007 - lower than) the standard rate of corporation tax in the UK (30% / 28%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	463,644	533,312
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% / 28% (2007 - 30%)	139,093	159,994
<u>Effects of:</u>		
Expenses not deductible for tax purposes	317	1,629
Depreciation for year in excess of capital allowances	13,735	7,963
Group relief	(145,045)	(169,586)
Non-taxable income	(8,100)	-
Adjustments to tax charge in respect of prior periods	-	35,201
<u>Current tax charge for the year (see note above)</u>	-	35,201

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

A deferred tax asset of £22,906 (2007 - £17,270) has not been provided for as the directors do not consider that it is material.

6. INTANGIBLE FIXED ASSETS

	Goodwill £
<u>Cost</u>	
At 1 January 2008 and 31 December 2008	577,771
<u>Amortisation</u>	
At 1 January 2008	24,074
Charge for the year	28,889
At 31 December 2008	52,963
<u>Net book value</u>	
At 31 December 2008	524,808
At 31 December 2007	553,697

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

7. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor vehicles £	Computer Equipment £	Total £
<u>Cost or valuation</u>					
At 1 January 2008	8,336,181	440,776	11,691	57,297	8,845,945
Additions	14,995	67,324	29,344	-	111,663
At 31 December 2008	8,351,176	508,100	41,035	57,297	8,957,608
<u>Depreciation</u>					
At 1 January 2008	-	373,402	8,601	35,561	417,564
Charge for the year	-	76,215	6,155	4,550	86,920
At 31 December 2008	-	449,617	14,756	40,111	504,484
<u>Net book value</u>					
At 31 December 2008	8,351,176	58,483	26,279	17,186	8,453,124
At 31 December 2007	8,336,181	67,374	3,090	21,736	8,428,381

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2008 £	2007 £
Motor vehicles	24,942	-

Cost or valuation at 31 December 2008 is as follows:

	Freehold Property £
<u>At cost</u>	6,154,972
<u>At valuation:</u>	
Revaluation in 1994	2,196,204
	8,351,176

The freehold property were revalued on 30 June 1994 by the directors on an existing build cost basis.

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7. TANGIBLE FIXED ASSETS (continued)

If the freehold property had not been included at valuation they would have been included under the historical cost convention as follows:

	2008 £	2007 £
Cost	6,154,972	6,139,977
Accumulated depreciation	-	-
Net book value	<u>6,154,972</u>	<u>6,139,977</u>

8. DEBTORS

	2008 £	2007 £
Trade debtors	391,957	599,149
Amounts owed by group undertakings	-	2,000
Other debtors	604,508	725,568
Prepayments and accrued income	33,406	82,259
	<u>1,029,871</u>	<u>1,408,976</u>

Included within other debtors is £586,480 (2007 - £693,781) due from companies with common directors/shareholders to this company.

9. CREDITORS:

Amounts falling due within one year

	2008 £	2007 £
Bank overdraft (secured)	22,152	46,139
Payments on account	48,486	197,622
Net obligations under finance leases and hire purchase contracts	9,069	-
Trade creditors	162,083	83,529
Corporation tax	-	35,201
Other creditors including taxation and social security	284,950	175,823
Accruals and deferred income	282,376	355,549
	<u>809,116</u>	<u>893,863</u>

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

10. CREDITORS:

Amounts falling due after more than one year

	2008 £	2007 £
Net obligations under finance leases and hire purchase contracts	10,426	-
Amounts owed to group undertakings	2,250,595	2,532,577
	<u>2,261,021</u>	<u>2,532,577</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2008 £	2007 £
Between one and five years	<u>10,426</u>	<u>-</u>

11. SHARE CAPITAL

	2008 £	2007 £
<u>Authorised</u>		
463,500 Ordinary shares of £1 each	463,500	463,500
126,500 Preference shares of £1 each	126,500	126,500
10,000 Ordinary 'A' shares of £1 each	10,000	10,000
	<u>600,000</u>	<u>600,000</u>
<u>Allotted, called up and fully paid</u>		
178,501 Ordinary shares of £1 each	178,501	178,501
9,999 Ordinary 'A' shares of £1 each	9,999	9,999
	<u>188,500</u>	<u>188,500</u>

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

12. RESERVES

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 January 2008	2,196,203	(342,000)	4,974,105
Profit for the year	-	-	463,644
At 31 December 2008	<u>2,196,203</u>	<u>(342,000)</u>	<u>5,437,749</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening shareholders' funds	7,016,808	7,518,697
Profit for the year	463,644	498,111
Dividends (Note 14)	-	(1,000,000)
Closing shareholders' funds	<u>7,480,452</u>	<u>7,016,808</u>

14. DIVIDENDS

	2008 £	2007 £
Dividends paid on equity capital	<u>-</u>	<u>1,000,000</u>

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within FRS 8 not to disclose related party transactions with other group companies as its voting rights are wholly-controlled within the group.

During the year New Century Property Developments Limited, a company with common directors and shareholders, charged £Nil (2007 - £28,000) with respect of costs incurred on behalf of this company.

The company provides security to its parent company, New Century Group Holdings Limited, in respect of group loan facilities secured over the whole assets and undertakings of all nursing homes within the group.

AARONCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly-owned subsidiary of New Century Group Holdings Limited (Company No 3652670), a company registered in England & Wales.

New Century Group Holdings Limited is controlled collectively by its shareholders with no one overall controlling party.