

2077314

Report of the Directors and
Financial Statements
for the Year Ended 30 June 2004
for
Aaroncare Plc



Contents of the Financial Statements
for the Year Ended 30 June 2004

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Cash Flow Statement	9
Notes to the Financial Statements	11

Aaroncare Plc

Company Information
for the Year Ended 30 June 2004

DIRECTORS:

J M Francis
B R Camp
M Paddock
Mrs C E Jarvis

SECRETARY:

B R Camp

REGISTERED OFFICE:

68 Argyle Street
Birkenhead
CH41 6AF

REGISTERED NUMBER:

2077314 (England and Wales)

AUDITORS:

McEwan Wallace
Chartered Accountants
Registered Auditors
68 Argyle Street
Birkenhead
CH41 6AF

Aaroncare Plc

Report of the Directors for the Year Ended 30 June 2004

The directors present their report with the financial statements of the company for the year ended 30 June 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of nursing home proprietors.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2004.

DIRECTORS

The directors during the year under review were:

J M Francis
B R Camp
M Paddock
Mrs C E Jarvis

The beneficial interests of the directors holding office on 30 June 2004 in the issued share capital of the company were as follows:

	30.6.04	1.7.03
Ordinary £1 shares		
J M Francis	101,900	101,900
B R Camp	40,900	40,900
M Paddock	23,800	23,800
Mrs C E Jarvis	11,900	11,900

Preference £1 shares

J M Francis	-	-
B R Camp	-	-
M Paddock	-	-
Mrs C E Jarvis	-	-

Ordinary 'A' £1 shares

J M Francis	6,000	-
B R Camp	2,000	-
M Paddock	1,333	-
Mrs C E Jarvis	666	-

SUPPLIER PAYMENT POLICY AND PRACTICE

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers provided that all trading terms and conditions are complied with.

At the year end the company had an average of 3 days purchases outstanding in trade creditors (10 days in 2003).

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

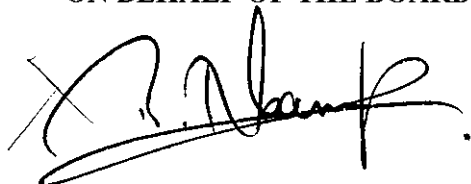
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The auditors, McEwan Wallace, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'B R Camp', is written over a horizontal line. The signature is stylized with a large initial 'B' and a long, sweeping underline.

B R Camp - Director

17 January 2005

Report of the Independent Auditors to the Shareholders of
Aaroncare Plc

We have audited the financial statements of Aaroncare Plc for the year ended 30 June 2004 on pages six to seventeen. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Report of the Directors 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 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.

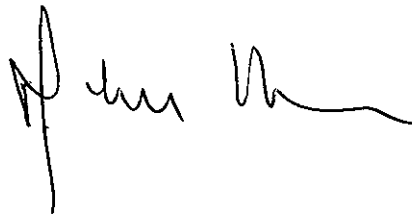
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the Independent Auditors to the Shareholders of
Aaroncare Plc

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

McEwan Wallace
Chartered Accountants
Registered Auditors
68 Argyle Street
Birkenhead
CH41 6AF



17 January 2005

Aaroncare Plc

Profit and Loss Account
for the Year Ended 30 June 2004

		30.6.04	30.6.03
	Notes	£	£
TURNOVER	2	4,278,292	3,796,491
Cost of sales		2,978,276	2,759,480
GROSS PROFIT		1,300,016	1,037,011
Administrative expenses		1,034,444	534,392
		265,572	502,619
Other operating income		89,562	87,435
OPERATING PROFIT	4	355,134	590,054
Interest receivable and similar income		1,282	454
		356,416	590,508
Interest payable and similar charges	5	45,819	67,750
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		310,597	522,758
Tax on profit on ordinary activities	6	59,548	116,970
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		251,049	405,788
Retained profit brought forward		3,989,121	3,583,333
RETAINED PROFIT CARRIED FORWARD		£4,240,170	£3,989,121

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

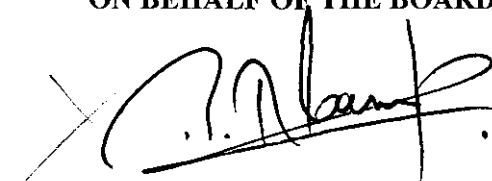
The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

Balance Sheet
30 June 2004

		30.6.04		30.6.03	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		8,455,027		8,399,168
CURRENT ASSETS:					
Debtors	8	41,136		79,854	
Cash at bank and in hand		776,159		22,453	
		817,295		102,307	
CREDITORS: Amounts falling due within one year	9	2,261,411		1,350,562	
NET CURRENT LIABILITIES:			(1,444,116)		(1,248,255)
TOTAL ASSETS LESS CURRENT LIABILITIES:			7,010,911		7,150,913
CREDITORS: Amounts falling due after more than one year	10		234,039		635,089
			£6,776,872		£6,515,824
CAPITAL AND RESERVES:					
Called up share capital	13		340,499		330,500
Revaluation reserve	14		2,196,203		2,196,203
Profit and loss account			4,240,170		3,989,121
SHAREHOLDERS' FUNDS:	17		£6,776,872		£6,515,824

ON BEHALF OF THE BOARD:



B R Camp - Director

Approved by the Board on 17 January 2005

Cash Flow Statement
for the Year Ended 30 June 2004

		30.6.04		30.6.03	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		808,542		694,419
Returns on investments and servicing of finance	2		(44,537)		(67,296)
Taxation			(122,706)		(57,996)
Capital expenditure	2		(112,146)		(77,060)
			529,153		492,067
Financing	2		(432,277)		(329,161)
Increase in cash in the period			£96,876		£162,906
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period			96,876		162,906
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing			(50,168)		39,300
Change in net funds resulting from cash flows			46,708		202,206
Movement in net funds in the period			46,708		202,206
Net funds/(debt) at 1 July			11,004		(191,202)
Net funds at 30 June			£57,712		£11,004

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 30 June 2004

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	30.6.04 £	30.6.03 £
Operating profit	355,134	590,054
Depreciation charges	42,581	33,374
Loss on sale of fixed assets	13,705	-
Decrease in debtors	35,862	147,058
Increase/(Decrease) in creditors	361,260	(76,067)
Net cash inflow from operating activities	<u>808,542</u>	<u>694,419</u>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	30.6.04 £	30.6.03 £
Returns on investments and servicing of finance		
Interest received	1,282	454
Interest paid	(45,819)	(67,750)
Net cash outflow for returns on investments and servicing of finance	<u>(44,537)</u>	<u>(67,296)</u>
Capital expenditure		
Purchase of tangible fixed assets	(112,846)	(77,060)
Sale of tangible fixed assets	700	-
Net cash outflow for capital expenditure	<u>(112,146)</u>	<u>(77,060)</u>
Financing		
New loan taken out in year	-	39,972
Loan repayments in year	(432,277)	(334,347)
Amount withdrawn by directors	-	(34,786)
Net cash outflow from financing	<u>(432,277)</u>	<u>(329,161)</u>

Notes to the Cash Flow Statement
for the Year Ended 30 June 2004

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.03 £	Cash flow £	At 30.6.04 £
Net cash:			
Cash at bank and in hand	22,453	753,706	776,159
Bank overdrafts	-	(656,830)	(656,830)
	<u>22,453</u>	<u>96,876</u>	<u>119,329</u>
Debt:			
Hire purchase or finance leases	(11,449)	(50,168)	(61,617)
	<u>(11,449)</u>	<u>(50,168)</u>	<u>(61,617)</u>
Total	<u>11,004</u>	<u>46,708</u>	<u>57,712</u>
Analysed in Balance Sheet			
Cash at bank and in hand	22,453		776,159
Bank overdrafts	-		(656,830)
Hire purchase or finance leases within one year	(11,449)		(61,617)
	<u>11,004</u>		<u>57,712</u>

Notes to the Financial Statements
for the Year Ended 30 June 2004

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- NIL
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. **TURNOVER**

Turnover represents fees received on behalf of the residents , residing at the nursing homes.

3. **STAFF COSTS**

	30.6.04	30.6.03
	£	£
Wages and salaries	2,680,930	2,071,648
Social security costs	218,259	138,517
Other pension costs	10,000	10,000
	<u>2,909,189</u>	<u>2,220,165</u>

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

	30.6.04	30.6.03
Management	5	5
Nursing home staff	219	227
	<u>224</u>	<u>232</u>

Notes to the Financial Statements
for the Year Ended 30 June 2004

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	30.6.04	30.6.03
	£	£
Depreciation - owned assets	42,581	33,374
Loss on disposal of fixed assets	13,705	-
Auditors' remuneration	16,192	14,119
	<u> </u>	<u> </u>
Directors' emoluments	405,000	25,000
	<u> </u>	<u> </u>

Information regarding the highest paid director for the year ended 30 June 2004 is as follows:

	30.6.04
	£
Emoluments etc	228,000
	<u> </u>

5. **INTEREST PAYABLE AND SIMILAR CHARGES**

	30.6.04	30.6.03
	£	£
Bank interest	197	1,376
Bank loan interest	45,622	66,374
	<u> </u>	<u> </u>
	45,819	67,750
	<u> </u>	<u> </u>

6. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	30.6.04	30.6.03
	£	£
Current tax:		
UK corporation tax	56,670	122,685
Underprovision of corporation tax charges	22	-
Overprovision of tax in 2002	-	(1,629)
	<u> </u>	<u> </u>
Total current tax	56,692	121,056
Origination and reversal of timing differences	2,856	(4,086)
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	59,548	116,970
	<u> </u>	<u> </u>

UK corporation tax has been charged at 19% (2003 - 24.50%).

Notes to the Financial Statements
for the Year Ended 30 June 2004

7. TANGIBLE FIXED ASSETS

	Freehold property	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£	£
COST OR VALUATION:					
At 1 July 2003	8,301,205	419,527	13,018	25,120	8,758,870
Additions	27,691	69,487	11,691	3,977	112,846
Disposals	-	(85,439)	(13,018)	-	(98,457)
At 30 June 2004	8,328,896	403,575	11,691	29,097	8,773,259
DEPRECIATION:					
At 1 July 2003	-	324,295	10,405	25,003	359,703
Charge for year	-	38,229	2,923	1,429	42,581
Eliminated on disposals	-	(73,647)	(10,405)	-	(84,052)
At 30 June 2004	-	288,877	2,923	26,432	318,232
NET BOOK VALUE:					
At 30 June 2004	8,328,896	114,698	8,768	2,665	8,455,027
At 30 June 2003	8,301,206	95,232	2,613	117	8,399,168

Cost or valuation at 30 June 2004 is represented by:

	Freehold property	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£	£
Valuation in 1994	2,196,204	-	-	-	2,196,204
Cost	6,132,692	403,575	11,691	29,097	6,577,055
	8,328,896	403,575	11,691	29,097	8,773,259

If Freehold Property had not been revalued it would have been included at the following historical cost:

	30.6.04	30.6.03
	£	£
Cost	5,948,909	5,948,909

Freehold property was valued on existing build cost basis on 30 June 1994 by the directors.

Notes to the Financial Statements
for the Year Ended 30 June 2004

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.04 £	30.6.03 £
Trade debtors - Ellesmere Port	86,502	19,546
Trade debtors - Marmaduke St	(67,121)	(62,280)
Trade debtors - Skelmersdale	(38,497)	13,575
Prepayments	41,299	27,245
Trade debtors - Edinburgh	(1,498)	77,582
Amounts owing from other related party undertakings	108	112
Provision for doubtful debts	-	(5,933)
Other debtors	19,113	5,921
Deferred tax	1,230	4,086
	<u>41,136</u>	<u>79,854</u>

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.04 £	30.6.03 £
Bank loans and overdrafts (see note 11)	1,014,361	388,758
Trade creditors	3,923	15,987
Other creditors	30,949	147,177
Amounts owing to partnership undertakings	61,617	11,449
Directors' current accounts	559,070	569,069
Social security & other taxes	260,538	15,169
Wages clearing	62,314	47,395
Taxation	56,670	122,685
Accrued expenses	211,969	32,873
	<u>2,261,411</u>	<u>1,350,562</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	30.6.04 £	30.6.03 £
Bank loans (see note 11)	<u>234,039</u>	<u>635,089</u>

Notes to the Financial Statements
for the Year Ended 30 June 2004

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	30.6.04 £	30.6.03 £
Amounts falling due within one year or on demand:		
Bank overdrafts	656,830	-
Bank loans	357,531	388,758
	<u>1,014,361</u>	<u>388,758</u>
Amounts falling due between one and two years:		
Bank loans	<u>221,010</u>	<u>312,636</u>
Amounts falling due between two and five years:		
Bank loans	<u>13,029</u>	<u>322,453</u>

Interest on all loans is charged at 1.75% above bank base rate. The Company has, within the terms of the loan agreements, maintained the original level of monthly repayments notwithstanding the reduction in interest rates. Each payment therefore includes a greater contribution towards capital repayment thus reducing the outstanding period of the loans.

12. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.04 £	30.6.03 £
Bank overdrafts	656,830	-
Bank loans	591,570	1,023,847
	<u>1,248,400</u>	<u>1,023,847</u>

The Royal Bank of Scotland Plc holds a debenture over:-
 Aaroncourt, Princes Road, Ellesmere Port.
 Aaroncrest, Tanhouse Road, Skelmersdale.
 Aaron Lodge, Marmaduke Street, Liverpool.
 Aaron Grange, The Grange Huyton, Liverpool.
 Aaronhouse, Penicuik, Midlothian.

Notes to the Financial Statements
for the Year Ended 30 June 2004

13. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	30.6.04	30.6.03
Number:	Class:		£	£
590,000	Ordinary	£1	590,000	450,000
(30.6.03 - 450,000)				
126,500	Preference	£1	126,500	126,500
10,000	Ordinary 'A'	£1	10,000	-
			<u>726,500</u>	<u>576,500</u>
Allotted, issued and fully paid:		Nominal value:	30.6.04	30.6.03
Number:	Class:		£	£
204,000	Ordinary	£1	204,000	204,000
126,500	Preference	£1	126,500	126,500
9,999	Ordinary 'A'	£1	9,999	-
			<u>340,499</u>	<u>330,500</u>

The following shares were allotted and fully paid for cash at par during the year:

9,999 Ordinary 'A' shares of £1 each

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

The Ordinary 'A' shares of £1 each do not hold any voting rights.

14. REVALUATION RESERVE

	30.6.04	30.6.03
	£	£
Brought forward	<u>2,196,203</u>	<u>2,196,203</u>

15. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund.

16. RELATED PARTY DISCLOSURES

During the year, the company received £84,000 (£84,000 - 2003) from Aaroncare Partnership, a company which the directors of Aaroncare Plc are also partners, in respect of rent due for the property at The Grange, Huyton. The company also paid £53,400 (£53,400 - 2003) to Aaroncare Partnership in management charges.

The balance due to Aaroncare Partnership at 30th June 2004 amounted to £61,617 (£11,449 - 2003).

Notes to the Financial Statements
for the Year Ended 30 June 2004

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.04	30.6.03
	£	£
Profit for the financial year	251,049	405,788
Issue of share capital	9,999	-
Net addition to shareholders' funds	<u>261,048</u>	<u>405,788</u>
Opening shareholders' funds	6,515,824	6,110,036
Closing shareholders' funds	<u><u>6,776,872</u></u>	<u><u>6,515,824</u></u>
Equity interests	<u><u>6,776,872</u></u>	<u><u>6,515,824</u></u>