

Company no. 2077314

**AARONCARE GROUP LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 1996**



**AARONCARE GROUP LIMITED**

**YEAR ENDED 30TH JUNE 1996**

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**DIRECTORS**

J.M.Francis  
B.R.Camp  
M.Paddock  
C.Jarvis

**COMPANY SECRETARY**

B.R.Camp

**REGISTERED OFFICE**

68 Argyle Street,  
Birkenhead,  
Merseyside

**AUDITORS**

McEwan Wallace  
68 Argyle Street,  
Birkenhead,  
Merseyside

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**The following does not form part of the statutory accounts:**

16	Consolidated Trading and Profit and Loss Account
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**AARONCARE GROUP LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

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The directors have pleasure in presenting their annual report and financial statements for the year ended 30th June 1996.

**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 £370,719, 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 group is principally engaged as property developers and proprietors of nursing homes.

**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 1996**

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**Directors**

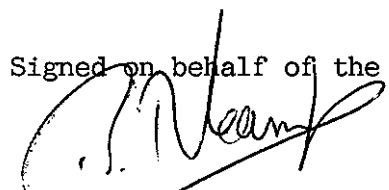
The directors during the year under review and the shares in the company in which they were interested at the beginning and end of the year were:

	Ordinary shares of £1 each	
	At 1st July 1995	At 30th June 1996
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

**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: 17th October 1996**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF**

**AARONCARE GROUP LIMITED**

We have audited the financial statements on pages 4 to 15 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.

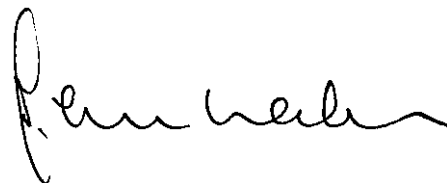
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 and group's affairs as at 30th June 1996 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

17th October 1996

Birkenhead, Merseyside



MCEWAN WALLACE  
Registered Auditor  
Chartered Accountants

AARONCARE GROUP LIMITED

		Total	Total
CONSOLIDATED PROFIT AND LOSS ACCOUNT		1996	1995
FOR THE YEAR ENDED			
30TH JUNE 1996		Notes	
		£	£
TURNOVER	2	2,834,533	2,872,651
Cost of sales		(1,806,265)	(1,665,746)
GROSS PROFIT		1,028,268	1,206,905
Net operating expenses		(320,600)	(722,381)
OPERATING PROFIT	3	707,668	484,524
Loss on disposal of fixed assets		(1,452)	(385)
PROFIT ON ORDINARY ACTIVITIES		706,216	484,139
Income from other fixed asset investments		-	2,011
Other interest receivable and similar income		280	7,198
		706,496	493,348
Amounts written off investments		-	(12,376)
Interest payable	6	(185,926)	(201,034)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		520,570	279,938
Tax on profit on ordinary activities	7	(149,851)	(75,402)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		370,719	204,536

The company has neither acquired or commenced any new business activities in the year nor discontinued any operations and it has no recognised gains or losses other than the profit for the year.

30TH JUNE 1996

Approved by the board on: 17th October 1996

W. Addick.  
B. Neamp.

)  
)  
) Directors

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AARONCARE GROUP LIMITED

BALANCE SHEET

30TH JUNE 1996

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible assets	8	8,114,826	<u>7,577,086</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	10	247,289	278,982
Cash at bank and in hand		<u>43,991</u>	<u>112,953</u>
		291,280	391,935
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(2,123,884)</u>	<u>(1,816,072)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,832,604)</u>	<u>(1,424,137)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,282,222	6,152,949
<b>CREDITORS: Amounts falling due after more than one year</b>	12	<u>(1,694,244)</u>	<u>(1,935,690)</u>
		<u>4,587,978</u>	<u>4,217,259</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	228,500	228,500
Revaluation reserve	14	2,785,951	2,785,951
Profit and loss account		<u>1,573,527</u>	<u>1,202,808</u>
		<u>4,587,978</u>	<u>4,217,259</u>

Approved by the board on: 17th October 1996

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

The notes set out on pages 8 to 15 form part of these financial statements



AARONCARE GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 1996

	1996 £	1995 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	686,091	<u>967,913</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	280	7,198
Interest paid	(185,926)	(200,920)
Dividends received	-	1,609
Hire purchase and finance lease interest paid	<u>-</u>	<u>(114)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(185,646)	<u>(192,227)</u>
TAXATION		
Tax payments	<u>(75,426)</u>	<u>(63,947)</u>
TAX PAYMENTS	(75,426)	<u>(63,947)</u>
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	<u>(579,389)</u>	<u>(469,332)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(579,389)</u>	<u>(469,332)</u>
NET CASH (OUTFLOW) INFLOW BEFORE FINANCING	(154,370)	<u>242,407</u>
FINANCING		
Loans repaid by company	(261,188)	(247,830)
Hire purchase and finance lease repayments	<u>-</u>	<u>(1,545)</u>
NET CASH OUTFLOW FROM FINANCING	<u>(261,188)</u>	<u>(249,375)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(415,558)</u>	<u>(6,968)</u>

The notes set out on pages 8 to 15 form part of these financial statements

**AARONCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

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**1 ACCOUNTING POLICIES**

**(a) Basis of accounting**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable Accounting Standards.

**(b) Basis of consolidation**

The consolidated financial statements comprise the accounts of Aaroncare Group Limited and its subsidiary, Aaroncare Limited, made up to 30th June 1996.

**(c) 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 written down value
Motor vehicles	- 25% on written down value

**(d) Pensions**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

**(e) 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.

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1996

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(f) Deferred taxation

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

2 TURNOVER

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

3 OPERATING PROFIT

Operating profit is stated after charging:	1996 £	1995 £
Cost of sales including:		
Operating lease rentals for plant & machinery	176	11,828
Depreciation	<u>38,908</u>	<u>47,903</u>
Administrative expenses including:		
Depreciation	1,289	1,719
Loss on disposal of fixed assets	1,452	385
Loss on disposal of investments	-	12,376
Directors' emoluments	35,000	490,698
Auditors' remuneration (including expenses)	<u>14,218</u>	<u>15,140</u>
and after crediting:		
Other operating income:		
Rents receivable, less outgoings	<u>79,200</u>	<u>79,200</u>

The company has taken advantage of section 230(2) of the Companies Act 1985 in not including its own profit and loss account in these financial statements. The group profit for the year includes a profit of £304,386 (1995 - £96,376) dealt with in the financial statements of the company.

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1996

4 STAFF COSTS

The cost of employing staff, including directors, was:

	1996 £	1995 £
Wages and salaries	1,475,767	1,696,609
Social security costs	91,850	124,929
Pension costs	10,000	48,000
	<u>1,577,617</u>	<u>1,869,538</u>

The average weekly number of employees during the year was:

	1996	1995
Management	5	8
Nursing home staff	254	253
	<u>259</u>	<u>261</u>

5 DIRECTORS' EMOLUMENTS

	1996 £	1995 £
Fees	-	417,698
Management remuneration	25,000	25,000
Pension contributions	10,000	48,000
	<u>35,000</u>	<u>490,698</u>

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

The chairman and highest paid director	<u>-</u>	<u>250,619</u>
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Other directors were in the following bands of emoluments:

	Number	Number
£0 to £5,000	2	-
£20,001 to £25,000	1	-
£50,001 to £55,000	-	1
£55,001 to £60,000	-	1
£80,001 to £85,000	-	1

6 INTEREST PAYABLE

On bank loans, overdrafts and other loans wholly repayable within five years:

	1996 £	1995 £
Bank overdraft interest	5,189	214
Finance lease and hire purchase contracts payable by instalments	-	114
Loans repayable by instalments	<u>180,737</u>	<u>200,706</u>
	<u>185,926</u>	<u>201,034</u>

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1996

7 TAXATION

	1996 £	1995 £
UK corporation tax at 33% on the profit adjusted for tax purposes	140,362	75,000
Tax credits on UK dividends received	-	402
Under provided in previous years	9,489	-
	<u>149,851</u>	<u>75,402</u>

8 GROUP TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>				
At 1st July 1995	7,428,221	301,167	9,938	7,739,326
Additions at cost	566,015	13,374	-	579,389
Applicable to disposals	-	(3,885)	-	(3,885)
At 30th June 1996	<u>7,994,236</u>	<u>310,656</u>	<u>9,938</u>	<u>8,314,830</u>
<b>DEPRECIATION</b>				
At 1st July 1995	-	157,459	4,781	162,240
Charge for the year	-	38,908	1,289	40,197
Released by disposals	-	(2,433)	-	(2,433)
At 30th June 1996	-	<u>193,934</u>	<u>6,070</u>	<u>200,004</u>
<b>NET BOOK VALUE</b>				
At 30th June 1996	<u>7,994,236</u>	<u>116,722</u>	<u>3,868</u>	<u>8,114,826</u>
At 30th June 1995	<u>7,428,221</u>	<u>143,709</u>	<u>5,156</u>	<u>7,577,086</u>

For assets which have been revalued, a comparison between the present book values and the book values at which the assets would have been carried if they were on a historical cost basis is set out below:

	Revalued Amount 1996 £	Historic Cost Amount 1996 £	Revalued Amount 1995 £	Historic Cost Amount 1995 £
Cost or valuation	7,994,236	5,208,285	7,428,221	4,642,270
Depreciation to date	-	-	-	-
Net book value	<u>7,994,236</u>	<u>5,208,285</u>	<u>7,428,221</u>	<u>4,642,270</u>

On 30th June 1994, certain of the group's freehold property was revalued conservatively by the directors on the basis of existing build costs. The surplus arising was transferred to revaluation reserve.

**AARONCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

**COMPANY TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures and equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>				
At 1st July 1995	6,314,681	274,780	9,938	6,599,399
Additions at cost	248,220	9,663	-	257,883
Applicable to disposals	-	(3,294)	-	(3,294)
At 30th June 1996	<u>6,562,901</u>	<u>281,149</u>	<u>9,938</u>	<u>6,853,988</u>
<b>DEPRECIATION</b>				
At 1st July 1995	-	142,673	4,781	147,454
Charge for the year	-	35,112	1,289	36,401
Released by disposals	-	(1,983)	-	(1,983)
At 30th June 1996	-	<u>175,802</u>	<u>6,070</u>	<u>181,872</u>
<b>NET BOOK VALUE</b>				
At 30th June 1996	<u>6,562,901</u>	<u>105,347</u>	<u>3,868</u>	<u>6,672,116</u>
At 30th June 1995	<u>6,314,681</u>	<u>132,108</u>	<u>5,156</u>	<u>6,451,945</u>

For assets which have been revalued, a comparison between the present book values and the book values at which the assets would have been carried if they were on a historical cost basis is set out below:

	Revalued Amount 1996 £	Historic Cost Amount 1996 £	Revalued Amount 1995 £	Historic Cost Amount 1995 £
Cost or valuation	6,562,901	4,236,698	6,314,681	3,988,478
Depreciation to date	-	-	-	-
Net book value	<u>6,562,901</u>	<u>4,236,698</u>	<u>6,314,681</u>	<u>3,988,478</u>

**9 INVESTMENTS**

**Investment in Group Undertakings**

At 1st July 1995 and

At 30th June 1996

£

18,289

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

The company is registered in England & Wales.

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1996

10	DEBTORS	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
	Trade debtors	173,064	126,095	169,013	135,511
	Other debtors	3,535	3,471	39,096	38,725
	Prepayments and accrued income	70,690	68,666	70,873	68,806
		<u>247,289</u>	<u>198,232</u>	<u>278,982</u>	<u>243,042</u>
11	CREDITORS: Amounts falling due within one year	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
	Bank loans and overdrafts	696,282	293,994	369,428	323,376
	Trade creditors	36,401	32,197	6,002	4,728
	Amounts owed to subsidiaries	-	315,478	-	272,789
	U.K. corporation tax	318,210	296,472	243,785	206,285
	Tax and social security costs	362,654	290,270	392,184	310,741
	Other creditors	650,221	567,869	675,887	600,513
	Accruals and deferred income	60,116	50,694	128,786	116,700
		<u>2,123,884</u>	<u>1,846,974</u>	<u>1,816,072</u>	<u>1,835,132</u>
		1996 £	1996 £	1995 £	1995 £
	Secured creditors included above are as follows:				
	Bank loans and overdrafts:				
	secured by first legal charges over freehold property	<u>696,282</u>	<u>293,994</u>	<u>369,428</u>	<u>323,376</u>
12	CREDITORS: Amounts falling due after more than one year	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
	Bank loans	<u>1,694,244</u>	<u>1,338,835</u>	<u>1,935,690</u>	<u>1,536,894</u>
		1996 £	1996 £	1995 £	1995
	Amounts payable by instalments:				
	Bank loans-				
	Between two and five years	869,452	636,693	1,003,633	821,326
	In more than five years	<u>824,792</u>	<u>702,142</u>	<u>932,057</u>	<u>715,568</u>

All creditors falling due after more than one year are secured by first legal charges over freehold property.

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

Loan no.1 (Marmaduke Street), amounting to £546,605, is repayable by monthly instalments of £6,758, interest charged at 2.5% above bank base rate.

Loan no.2 (Skelmersdale), amounting to £581,147, is repayable by monthly instalments of £6,750, interest charged at 2.5% above bank base rate.

Loan no.3 (Edinburgh), amounting to £402,894, is repayable by monthly instalments of £6,500, interest charged at 2.25% above bank base rate.

AARONCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1996

13 SHARE CAPITAL

	Number 1996	Value 1996 £	Number 1995	Value 1995 £
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.

14 REVALUATION RESERVE

	Group £	Company £
At 1st July 1995 and 30th June 1996	<u>2,785,951</u>	<u>2,326,203</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	<u>370,719</u>	<u>204,536</u>
Net addition to shareholders' funds	370,719	204,536
Opening shareholders' funds	<u>4,217,259</u>	<u>4,012,723</u>
Closing shareholders' funds	<u>4,587,978</u>	<u>4,217,259</u>

16 GROUP CAPITAL AND OTHER COMMITMENTS

	1996 £	1995 £
Capital and other commitments:		
Contracted for but not provided for	<u>332,000</u>	<u>600,000</u>
	<u>332,000</u>	<u>600,000</u>

17 PENSION COSTS

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 and amounted to £10,000 (1995 £48,000).



**AARONCARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH JUNE 1996**

**18 NOTES TO CASH FLOW STATEMENT**

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

	1996 £	1995 £
Operating profit	707,668	484,524
Depreciation and amortisation charges	40,197	49,622
Loss on disposal of investments	-	(12,376)
Decrease (increase) in debtors	31,693	(82,730)
(Decrease) increase in creditors	(93,467)	528,873
Net cash inflow from operating activities	<u>686,091</u>	<u>967,913</u>

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

	1996 £	1995 £
Balance at 1st July 1995	58,757	65,725
Net cash outflow	(415,558)	(6,968)
Balance at 30th June 1996	<u>(356,801)</u>	<u>58,757</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 1994	81,853	(66,108)	49,980	65,725
Movement in the year	31,100	11,912	(49,980)	(6,968)
At 30th June 1995	112,953	(54,196)	-	58,757
Movement in the year	(68,962)	(346,596)	-	(415,558)
At 30th June 1996	<u>43,991</u>	<u>(400,792)</u>	<u>-</u>	<u>(356,801)</u>

**iv) Analysis of changes in financing during the year**

Loans	1996 £	1995 £
Balance at 1st July 1995	2,250,922	2,498,752
Cash outflow from financing	(261,188)	(247,830)
Balance at 30th June 1996	<u>1,989,734</u>	<u>2,250,922</u>
Hire purchase and finance lease	1996 £	1995 £
Balance at 1st July 1995	-	1,545
Cash outflow from financing	-	(1,545)
Balance at 30th June 1996	<u>-</u>	<u>-</u>