

2463465

**REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012  
FOR  
ADL PLC**

SATURDAY



\*A1IHW0E3\*

A23

29/09/2012

#64

COMPANIES HOUSE

ADL PLC (REGISTERED NUMBER 02463465)

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

---

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Chairman's Report</b>	<b>2</b>
<b>Managing Directors Report</b>	<b>3</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Report of the Independent Auditors</b>	<b>6</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>7</b>
<b>Consolidated Statement of Financial Position</b>	<b>8</b>
<b>Company Statement of Financial Position</b>	<b>9</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>10</b>
<b>Company Statement of Changes in Equity</b>	<b>11</b>
<b>Consolidated Statement of Cash Flows</b>	<b>12</b>
<b>Notes to the Consolidated Statement of Cash Flows</b>	<b>13</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>14</b>

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2012**

---

<b>DIRECTORS</b>	Mr W J Davies Mrs P L Jackson Sir W H W Wells
<b>SECRETARY</b>	Mr W J Davies
<b>REGISTERED OFFICE</b>	Corbie Steps 89 Harehills Lane Leeds LS7 4HA
<b>REGISTERED NUMBER</b>	02463465 (England and Wales)
<b>AUDITORS</b>	Cox Costello & Horne Limited Chartered Accountants and Statutory Auditors Langwood House 63-81 High Street Rickmansworth Hertfordshire WD3 1EQ
<b>BANKERS</b>	HSBC 41 Southgate Bath BA1 1TN
<b>SOLICITORS</b>	Birketts LLP 16-18 Queen Street Norwich Norfolk NR2 4SQ

**CHAIRMAN'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2012**

---

I am pleased to report that your company recorded an increase in profits after tax to £798,587 p a (£306,562 at 31/03/2011). The financial year was one of consolidation and the improvement of your Company's homes following the acquisition of two freehold homes in Bristol and Torquay, the management of two new homes in Surrey and Yorkshire and three new leaseholds in Lincolnshire and the recovery of our home in Gloucester. These have all made a positive contribution to the Company's profits which is reflected in the more than doubling of the profit after tax.

However there is still much to do to get all the homes up to a standard with which the Board would be satisfied and as a consequence the investment in improvements will continue for at least the next eighteen months to two years.

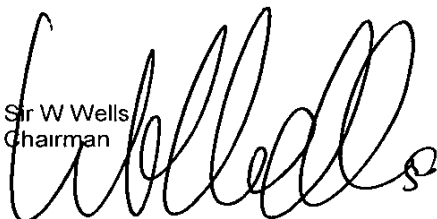
Although the market environment continues to be challenging, with the additional financial pressure on the local authorities likely to continue for some time, your Company's concentration on quality standards and a caring ethos has meant the occupation of the homes in the main remains high. However there is still a considerable imbalance between the never ending increases in the burden of regulation on the one hand and the real reduction in care fees being paid by local authorities on the other. This has put the entire caring industry under significant financial strain. Nevertheless despite these challenges your Board is confident that, when the investment in the new homes has been completed in the next two or so years, there will be further growth in the Company's underlying profitability.

The Company's existing bank loan of £7.5m is due for renewal in April 2013 and Natixis, our current bankers, have indicated that they do not wish to renew the loan facilities. As a consequence we are in discussions with a number of other interested parties about the refinancing. Although the Banking market is difficult at present I am hopeful that we should be able to satisfactorily refinance by the due date, but in the meantime the uncertainty adds significantly to the Company's risk profile.

I am pleased to say that the Company has now been able to achieve positive distributable reserves which give the Board greater flexibility in a number of ways not least in allowing the Company to start the process of buying its own shares. In that respect I am conscious that I have said several times before that we have been looking at ways to provide a market for your shares but I am now more hopeful that I should be able to write to you soon about a possible scheme to provide some liquidity in the market place.

Finally I would like to take this opportunity of passing on my sincere thanks to all our employees, for their hard work, diligence and caring ethos and to all our Shareholders for their patience and forbearance during what has been a challenging time for the Company. I would like to wish you all the best of fortune in the coming year.

Sir W Wells  
Chairman



**MANAGING DIRECTORS REPORT  
FOR THE YEAR ENDED 31 MARCH 2012**

---

This year has been busy for the company and the number of new homes coming under our management has required considerable effort by our operational team to absorb. For their hard work I am extremely grateful.

As I reported last year on the 1st February 2011 we entered into a partnership management agreement to run Oakhurst Court, a 57 bed care home with nursing specialising in mental health in Godstone, Surrey. Since acquisition the interior of the property has been significantly upgraded with finishes more appropriate to the client group. This autumn the exterior of the home is to be redecorated and the projected work will be complete.

On the 8th April 2011 we took back the management of Pine Tree Court (previously known as Newsham House) following a period of external management. Helen Buncombe and her team are to be commended for their efforts and commitment to creating a centre of excellence from what was a failing home on our takeover.

On the 8th August 2011 Sunnymede Ltd, a wholly owned subsidiary of Woodland Healthcare Ltd, itself a wholly owned subsidiary of ADL plc acquired the freehold interest in Sunnymede Care Home with nursing, registered for 34 in Keynsham near Bristol.

On the 1st September 2011 ADL Leased Homes Ltd, a wholly owned subsidiary of ADL plc entered into new 25 year partnership style leases on 2 residential homes in Scunthorpe and one in Barton on Humber with a total registration of 107 beds with North Lincolnshire Council. These homes required major upgrading works which are ongoing and will continue for at least 12 months as this work is being funded out of the homes cash flow.

On the 1st September 2011 ADL plc entered into a partnership agreement with Oakhurst Court Holdings Ltd (the parent company of Oakhurst Court Ltd, the owners of Oakhurst Court) in relation to Charlton Court and registered some 60 beds in a home previously registered for 76. The exterior of the building has been redecorated and refurbishment of the first floor is ongoing.

These acquisitions have increased turnover significantly to £7.26m (2011 £4.90m) giving the company the necessary critical mass referred to in my report in the 2010 accounts. Pre-tax profits in the period have increased 169% from £398,813 in the year 31.3.11 to £1,072,928 in the year to 31.3.12. After tax profits in the period have increased 160% from £306,562 in the year to 31.3.11 to £798,587 in the year to 31.3.12.

The company has had an up to date valuation by Christie + Co. which shows an increase in net assets per share of some 26% to £1.034 per share.

The Chairman in his statement has referred to the refinancing risk the company faces by next April which would in normal times be relatively easy in view of the low level of gearing however few banks are currently lending. In any event the increased margins they require will of course impact on the profitability of the company.

We hope this will be partially mitigated by the opening of Wallis Court in Torquay which we purchased on 1st February 2012. This is a substantial deregistered home where we have applied for 40 registered beds with a combined registration. We are seeking to open a new type of care home driving forward our approach to care and underpinning philosophy to provide a personalised care service in an innovative and creative way.

Sadly I have to report the death of Michael Chartres OBE, FCA on the 11th October 2011. Michael was a much respected co-Director and personal friend whose support and guidance is sorely missed.

Finally I would like to take this opportunity to thank all our managers and staff for their hard work and loyalty which is measurable by the improving atmosphere and standards that are evident in our homes.



W J Davies  
Managing Director

ADL PLC (REGISTERED NUMBER 02463465)

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2012**

---

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2012

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the provision of care homes and other care related services

**REVIEW OF BUSINESS**

The results for the year were very satisfactory showing a significant increase in profits during a tough year for the economy and the sector. Detailed reviews of the company's performance are set out in the Managing Director and the Chairman's reports

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2012

**FIXED ASSETS**

On 31 March 2012 the Group's freehold and leasehold properties including land for resale, were valued by Christie + Co, London on an existing use basis at £18.54 million. In view of the market conditions no portfolio premium was included.

Net assets per share at 31 March 2012 were £1.03 5p (2011 81.7p)

**FUTURE DEVELOPMENTS**

The group will continue to consolidate the new homes which were brought into the group during the last year and will formally open up Wallis Court to be renamed Mr C's which has been designed to bring a revolutionary change in the care of the elderly and those suffering from dementia by making each room personalised as a "home from home".

The group will need to refinance its loan facilities during the next year but will be in a very strong position given the less than 45% loan to value ratio as at 31st March 2012.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report

Mr W J Davies  
Mrs P L Jackson  
Sir W H W Wells

Other changes in directors holding office are as follows

Mr M D Chartres OBE FCA – died 11 October 2011

**GROUP'S POLICY ON PAYMENT OF CREDITORS**

The Group's policy is to pay suppliers generally at the end of the month following that in which the supplier's invoice is received. This policy is made known to the staff, who handle payments to suppliers and is made known to all suppliers on request. Trade creditors of the Company at 31 March 2012 expressed in relation to the total amounts invoiced by suppliers for goods and services during the period were equivalent to 31 days (2011 26 days).

**FINANCIAL INSTRUMENTS**

On 3 May 2006 the Company signed a £25 million loan facility with NATIXIS. The interest rate is 1.25% over LIBOR falling to 1.125% over LIBOR if interest cover is between 2.5 and 2.75 times EBITDA and 1% over LIBOR if interest cover is over 2.75 times EBITDA. Repayment of the loan has now commenced.

On 14 May 2009 the company entered an Interest rate cap with Natixis at 6% to 30 April 2013 on an amount of £5 million at a cost of £28,500.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made no charitable or political donations during the year or in the previous year.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2012**

---

**EMPLOYEES**

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, efforts are made to ensure that their employment with the company continues. It is the ethos of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees is on going with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

**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 International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Cox Costello & Horne Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD**



Mr W J Davies - Secretary

Date 24/9/12

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ADL PLC

---

We have audited the financial statements of ADL PLC for the year ended 31 March 2012 on pages seven to thirty. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report, the Managing Directors Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Michael F Cox BSc FCA (Senior Statutory Auditor)  
for and on behalf of Cox Costello & Horne Limited  
Chartered Accountants and Statutory Auditors  
Langwood House  
63-81 High Street  
Rickmansworth  
Hertfordshire  
WD3 1EQ

Date 24/9/12



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	31 3.12 £	31 3.11 £
<b>CONTINUING OPERATIONS</b>			
Revenue		7,260,886	4,902,561
Cost of sales		<u>(4,583,239)</u>	<u>(3,186,466)</u>
<b>GROSS PROFIT</b>		<b>2,677,647</b>	<b>1,716,095</b>
Administrative expenses		<u>(1,499,597)</u>	<u>(1,107,513)</u>
<b>OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS</b>		<b>1,178,050</b>	<b>608,582</b>
Exceptional items		<u>71,318</u>	<u>-</u>
<b>OPERATING PROFIT</b>		<b>1,249,368</b>	<b>608,582</b>
Finance costs	3	<u>(176,440)</u>	<u>(209,769)</u>
<b>PROFIT BEFORE INCOME TAX</b>	4	<b>1,072,928</b>	<b>398,813</b>
Income tax	5	<u>(274,341)</u>	<u>(92,251)</u>
<b>PROFIT FOR THE YEAR</b>		<b>798,587</b>	<b>306,562</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluations		2,587,185	265,000
Income tax relating to other comprehensive income		<u>(755,875)</u>	<u>162,000</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b><u>1,831,310</u></b>	<b><u>427,000</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>2,629,897</u></b>	<b><u>733,562</u></b>
Profit attributable to Owners of the parent		<u>798,587</u>	<u>306,562</u>
Total comprehensive income attributable to Owners of the parent		<u>2,629,897</u>	<u>733,562</u>
Earnings per share expressed in pence per share	7		
Basic		8 08	3 10
Diluted		<u>8 08</u>	<u>3 10</u>

ADL PLC (REGISTERED NUMBER 02463465)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 MARCH 2012**

	Notes	31 3 12 £	31 3 11 £	1 4 10 £
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill	8	286,335	286,335	474,556
Property, plant and equipment	9	17,813,905	14,653,833	14,235,001
Investment in joint ventures	11	-	-	-
Investments	11	-	1,601	1,603
Deferred tax	19	-	328	-
		<u>18,100,240</u>	<u>14,942,097</u>	<u>14,711,160</u>
<b>CURRENT ASSETS</b>				
Inventories	12	8,000	8,000	7,000
Trade and other receivables	13	918,537	405,440	597,219
Land held for resale	10	750,000	150,000	150,000
Cash and cash equivalents	14	496,961	441,411	514,226
		<u>2,173,498</u>	<u>1,004,851</u>	<u>1,268,445</u>
<b>TOTAL ASSETS</b>		<u>20,273,738</u>	<u>15,946,948</u>	<u>15,979,605</u>
<b>EQUITY</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Called up share capital	15	1,521,825	1,521,825	1,521,825
Share premium	16	3,712,396	3,712,396	3,712,396
Revaluation reserve	16	4,873,902	3,040,445	2,620,245
Retained earnings	16	125,352	(673,235)	(980,953)
<b>TOTAL EQUITY</b>		<u>10,233,475</u>	<u>7,601,431</u>	<u>6,873,513</u>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities - borrowings				
Interest bearing loans and borrowings	18	7,221,250	7,393,750	7,816,250
Deferred tax	19	755,875	-	132,648
		<u>7,977,125</u>	<u>7,393,750</u>	<u>7,948,898</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	17	1,108,965	475,346	495,493
Financial liabilities - borrowings				
Interest bearing loans and borrowings	18	672,500	422,500	622,500
Tax payable		281,673	53,921	39,201
		<u>2,063,138</u>	<u>951,767</u>	<u>1,157,194</u>
<b>TOTAL LIABILITIES</b>		<u>10,040,263</u>	<u>8,345,517</u>	<u>9,106,092</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>20,273,738</u>	<u>15,946,948</u>	<u>15,979,605</u>

The financial statements were approved by the Board of Directors on  
on its behalf by

24/9/12

and were signed

Sir W Wells - Director

Mr W J Davies MRICS - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION  
31 MARCH 2012

	Notes	31 3 12 £	31 3 11 £	1 4 10 £
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill	8	-	-	34,997
Property, plant and equipment	9	7,395,001	6,640,001	6,575,001
Investments	11	3,525,959	3,527,560	3,476,560
Deferred tax	19	349,062	863,187	770,816
		<u>11,270,022</u>	<u>11,030,748</u>	<u>10,857,374</u>
<b>CURRENT ASSETS</b>				
Inventories	12	4,000	4,000	4,000
Trade and other receivables	13	4,714,591	3,523,502	4,048,438
Land held for resale	10	750,000	150,000	150,000
Cash and cash equivalents	14	201,632	188,117	208,553
		<u>5,670,223</u>	<u>3,865,619</u>	<u>4,410,991</u>
<b>TOTAL ASSETS</b>		<u>16,940,245</u>	<u>14,896,367</u>	<u>15,268,365</u>
<b>EQUITY</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Called up share capital	15	1,521,825	1,521,825	1,521,825
Share premium	16	3,712,396	3,712,396	3,712,396
Revaluation reserve	16	2,835,497	1,844,622	1,693,622
Retained earnings	16	204,142	(338,689)	(428,900)
<b>TOTAL EQUITY</b>		<u>8,273,860</u>	<u>6,740,154</u>	<u>6,498,943</u>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities - borrowings				
Interest bearing loans and borrowings	18	7,221,250	7,393,750	7,816,250
<b>CURRENT LIABILITIES</b>				
Trade and other payables	17	599,491	328,019	330,672
Financial liabilities - borrowings				
Interest bearing loans and borrowings	18	672,500	422,500	622,500
Tax payable		173,144	11,944	-
		<u>1,445,135</u>	<u>762,463</u>	<u>953,172</u>
<b>TOTAL LIABILITIES</b>		<u>8,666,385</u>	<u>8,156,213</u>	<u>8,769,422</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>16,940,245</u>	<u>14,896,367</u>	<u>15,268,365</u>

The financial statements were approved by the Board of Directors on  
its behalf by

Sir W Wells - Director

Mr W J Davies MRICS - Director

24/9/12

and were signed on

ADL PLC (REGISTERED NUMBER 02463465)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2012**

---

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Share premium £</b>	<b>Revaluation reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2010</b>	1,521,825	(979,797)	3,712,396	2,620,245	6,874,669
<b>Changes in equity</b>					
Total comprehensive income	-	306,562	-	420,200	726,762
<b>Balance at 31 March 2011</b>	<u>1,521,825</u>	<u>(673,235)</u>	<u>3,712,396</u>	<u>3,040,445</u>	<u>7,601,431</u>
<b>Changes in equity</b>					
Total comprehensive income	-	798,587	-	1,833,457	2,632,044
<b>Balance at 31 March 2012</b>	<u>1,521,825</u>	<u>125,352</u>	<u>3,712,396</u>	<u>4,873,902</u>	<u>10,233,475</u>

The notes form part of these financial statements

ADL PLC (REGISTERED NUMBER 02463465)

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2012**

---

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Share premium £</b>	<b>Revaluation reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2010</b>	1,521,825	(428,899)	3,712,396	1,693,622	6,498,944
<b>Changes in equity</b>					
Total comprehensive income	-	90,210	-	151,000	241,210
<b>Balance at 31 March 2011</b>	<u>1,521,825</u>	<u>(338,689)</u>	<u>3,712,396</u>	<u>1,844,622</u>	<u>6,740,154</u>
<b>Changes in equity</b>					
Total comprehensive income	-	542,831	-	990,875	1,533,706
<b>Balance at 31 March 2012</b>	<u>1,521,825</u>	<u>204,142</u>	<u>3,712,396</u>	<u>2,835,497</u>	<u>8,273,860</u>

The notes form part of these financial statements

ADL PLC (REGISTERED NUMBER 02463465)

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	31 3 12 £	31 3 11 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,154,355	913,690
Interest paid		(176,440)	(209,769)
Profit on disposal of Land		(71,318)	-
Tax paid		<u>(44,114)</u>	<u>(48,307)</u>
Net cash from operating activities		<u>862,483</u>	<u>655,614</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(1,332,815)	(35,856)
Sale of fixed asset investments		1,601	-
Sale of investment property		<u>221,318</u>	<u>-</u>
Net cash from investing activities		<u>(1,109,896)</u>	<u>(35,856)</u>
<b>Cash flows from financing activities</b>			
New loans in year		500,000	-
Loan repayments in year		(422,500)	(422,500)
Amount introduced by directors		150,000	-
Amount repaid to directors		-	(201,821)
Net due from associates		<u>75,463</u>	<u>(68,252)</u>
Net cash from financing activities		<u>302,963</u>	<u>(692,573)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>55,550</b>	<b>(72,815)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>441,411</u>	<u>514,226</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>496,961</u></u>	<u><u>441,411</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2012**
**1 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	31 3 12	31 3 11
	£	£
Profit before income tax	1,072,928	398,813
Depreciation charges	9,928	70,245
Finance costs	<u>176,440</u>	<u>209,769</u>
	1,259,296	678,827
Increase in inventories	-	(1,000)
(Increase)/decrease in trade and other receivables	(554,941)	272,402
Increase/(decrease) in trade and other payables	<u>450,000</u>	<u>(36,539)</u>
<b>Cash generated from operations</b>	<b><u>1,154,355</u></b>	<b><u>913,690</u></b>

**2 CASH AND CASH EQUIVALENTS**

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

**Year ended 31 March 2012**

	31 3 12	1 4 11
	£	£
Cash and cash equivalents	<u>496,961</u>	<u>441,411</u>

**Year ended 31 March 2011**

	31 3 11	1 4 10
	£	£
Cash and cash equivalents	<u>441,411</u>	<u>514,226</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012

---

1 ACCOUNTING POLICIES

**Basis of preparation**

The Group and Company Financial Statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the parts of the Companies Act applicable to companies reporting under IFRS

The Group and Company Financial Statements have been prepared under the historical cost convention modified to include the revaluation of certain non current and current assets and in accordance with applicable accounting standards. The measurement bases and principal accounting policies of the Group are set out below

The Financial Statements are presented in pounds sterling (£) which is the functional currency of the Group and Company

**Basis of consolidation**

The Group Financial Statements consolidate the Financial Statements of ADL plc and all its subsidiary undertakings made up to 31 March 2012

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the Financial Statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group

Subsidiaries have been accounted for under the purchase method of accounting. Goodwill arising on purchases prior to the date of transition to IFRS was capitalised and amortised over its estimated useful life up to a maximum of 20 years

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable by the Group for services provided in the ordinary course of the Group's activities. Revenue is recognised upon the performance of services

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold

For the purposes of assessing impairment, assets are grouped as individual nursing homes for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination on which the goodwill arose

Goodwill or cash-generating units that include goodwill are tested for impairment at least annually. All intangible assets with a finite life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment losses are charged to administrative expenses

**Property, plant and equipment**

Depreciation is provided at the following rates in order to write off the cost less estimated residual value of each asset over its estimated useful life

Fixtures and fittings - 25% on cost  
Computer equipment - 33% on cost

No depreciation is provided on buildings as each home is regularly repaired, renewed and improved and the costs of these works are written off to the profit and loss accounts as incurred. In addition each home is regularly revalued by Christie + Co, London and the value of the building forms part of these values



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2012**

---

**1 ACCOUNTING POLICIES - continued**

**Financial Risk Management**

**Financial Risk Factors**

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group has in place a risk management program to limit the adverse effects of such financial risks by monitoring levels of debt and related financial costs.

**Market Risk**

The Group has no exposure to equity securities price risk, as it has no listed equity investments.

The Group has both interest-bearing assets and liabilities. Interest-bearing assets include only cash balances, all of which earn interest at a variable rate. The Group has a policy of maintaining debt at a fixed or capped rate to ensure certainty of future interest cash flows. Thus the Group is only exposed to fair value interest rate risk, which is not expected to have a significant impact on profit or loss or equity.

**Credit Risk**

Credit risk arises from cash and cash equivalents as well as exposure to customers including outstanding receivables.

**Liquidity Risk**

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the Group has sufficient available funds for operations and planned expansions.

**Capital Risk Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**Critical Accounting Estimates, Judgements and Assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements are detailed below.

**a) Estimated impairment of Goodwill**

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates.

**b) Property, Plant and Equipment**

Included in property, plant and equipment is a property held at a directors' valuation based on current market values. It is the directors' opinion that the valuation represents an achievable market value for this property.

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1 ACCOUNTING POLICIES - continued

**Taxation**

Current tax is the tax currently payable based on the taxable profit for the year

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities and their tax bases, except when, at the initial recognition of the asset or liability, there is no effect on accounting or taxable profit or loss. Deferred tax is determined using tax rates and laws that have been substantially enacted by the Balance Sheet date, and that are expected to apply when the temporary difference reverses.

Tax losses available to be carried forward, and other tax credits to the group, are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the Income Statement.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Non-Current Assets Held-for-Sale**

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Assets classified as held-for-sale are measured at the lower of their carrying amount immediately prior to their classification as held-for-sale and their fair value less costs to sell. Assets classified as held-for-sale are not subject to depreciation or amortisation.

**Financial Assets**

Financial assets consist of financial assets at fair value through profit or loss and loans and receivables.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets other than those categorised as at fair value through profit and loss are recognised initially at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Any change in their fair value through impairment or reversal of impairment is recognised in the income statement.

Provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is the difference between the receivables carrying amount and the present value of the estimated future cash flows.

Company investments in subsidiaries are carried at cost less impairment losses, less any pre-acquisition dividends received.

An assessment for impairment is undertaken at least annually.

**Financial Liabilities**

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All other financial liabilities are measured initially at fair value, net of direct issue costs.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, is cancelled, or expires.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**2 EMPLOYEES AND DIRECTORS**

	31 3 12	31 3 11
	£	£
Wages and salaries	4,021,847	2,740,100
Social security costs	<u>265,797</u>	<u>210,747</u>
	<u><b>4,287,644</b></u>	<u><b>2,950,847</b></u>

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

	31 3 12	31 3 11
Engaged in the provision of care	235	115
Catering, domestic and maintenance	117	62
Management and administration	<u>17</u>	<u>14</u>
	<u><b>369</b></u>	<u><b>191</b></u>

	31 3 12	31 3 11
	£	£
Directors' remuneration	<u><b>219,245</b></u>	<u><b>198,000</b></u>

Information regarding the highest paid director for the year ended 31 March 2012 is as follows

	31 3 12
	£
Emoluments etc	<u><b>87,302</b></u>

**3 NET FINANCE COSTS**

	31 3 12	31 3 11
	£	£
Finance costs		
Bank loan interest	169,343	209,769
Other Interest	<u>7,097</u>	<u>-</u>
	<u><b>176,440</b></u>	<u><b>209,769</b></u>

**4 PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging

	31 3 12	31 3 11
	£	£
Cost of inventories recognised as expense	686,049	531,466
Hire of plant and machinery	-	18,151
Other operating leases	20,000	14,119
Depreciation - owned assets	9,928	35,248
Auditors' remuneration	54,720	40,396
Auditors' remuneration for non audit work	<u>12,000</u>	<u>8,668</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 5 INCOME TAX

## Analysis of tax expense

	31.3.12 £	31.3.11 £
Current tax		
Tax	249,949	80,531
Prior year overprovision	<u>21,917</u>	<u>(17,504)</u>
Total current tax	271,866	63,027
Deferred tax	<u>2,475</u>	<u>29,224</u>
Total tax expense in consolidated statement of comprehensive income	<u>274,341</u>	<u>92,251</u>

## Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31.3.12 £	31.3.11 £
Profit on ordinary activities before income tax	<u>1,072,928</u>	<u>398,813</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 21%)	278,961	83,751
Effects of Other differences	<u>(4,620)</u>	<u>8,500</u>
Tax expense	<u>274,341</u>	<u>92,251</u>

## Tax effects relating to effects of other comprehensive income

	Gross £	31.3.12 Tax £	Net £
Revaluations	<u>2,587,185</u>	<u>(755,875)</u>	<u>1,831,310</u>
	<u>2,587,185</u>	<u>(755,875)</u>	<u>1,831,310</u>
	Gross £	31.3.11 Tax £	Net £
Revaluations	<u>265,000</u>	<u>162,000</u>	<u>427,000</u>
	<u>265,000</u>	<u>162,000</u>	<u>427,000</u>

## 6 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £542,831 (2011 - £90,210)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**7 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares

Reconciliations are set out below

	Earnings £	31.3.12 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	798,587	9,885,694	8.08
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>798,587</u>	<u>9,885,694</u>	<u>8.08</u>

	Earnings £	31.3.11 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	306,562	9,885,694	3.10
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>306,562</u>	<u>9,885,694</u>	<u>3.10</u>

**8 GOODWILL****Group**

	£
<b>COST</b>	
At 1 April 2011	519,999
Disposals	<u>(212,000)</u>
At 31 March 2012	<u>307,999</u>
<b>AMORTISATION</b>	
At 1 April 2011	233,664
Eliminated on disposal	<u>(212,000)</u>
At 31 March 2012	<u>21,664</u>
<b>NET BOOK VALUE</b>	
At 31 March 2012	<u>286,335</u>
At 31 March 2011	<u>286,335</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 8 GOODWILL - continued

## Group

The carrying amount of the goodwill has been reduced to its recoverable amount through recognition of an impairment loss. This loss had been included in administrative expenses in the income statement.

Amortisation of £694 (2011 £67,257) is included in the administrative expenses in the income statement.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the whole business in which the CGU operates.

The key assumptions used for value in use calculations are as follows:

UK	
Discount rate	12%
Growth rate	3%

These assumptions have been used for the analysis of each CGU within the operating segment.

The growth rate used is consistent with its forecasts and expectations of annual fee increases.

All intangible fixed assets have been pledged as security against current borrowings as detailed in note 18.

## Company

	£
<b>COST</b>	
At 1 April 2011	390,000
Disposals	(390,000)
At 31 March 2012	-
<b>AMORTISATION</b>	
At 1 April 2011	390,000
Eliminated on disposal	(390,000)
At 31 March 2012	-
<b>NET BOOK VALUE</b>	
At 31 March 2012	-
At 31 March 2011	-

The carrying amount of the goodwill has been reduced to its recoverable amount through recognition of an impairment loss. This loss had been included in administrative expenses in the income statement.

Amortisation of £nil (2011 £35,000) is included in the administrative expenses in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 9 PROPERTY, PLANT AND EQUIPMENT

## Group

	Freehold property £	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>					
At 1 April 2011	15,016,001	250,000	35,856	21,375	15,323,232
Additions	1,309,331	23,484	-	-	1,332,815
Revaluations	550,669	2,036,516	-	-	2,587,185
Reclassification/transfer	(1,266,000)	-	-	-	(1,266,000)
At 31 March 2012	<u>15,610,001</u>	<u>2,310,000</u>	<u>35,856</u>	<u>21,375</u>	<u>17,977,232</u>
<b>DEPRECIATION</b>					
At 1 April 2011	516,000	129,036	2,988	21,375	669,399
Charge for year	-	964	8,964	-	9,928
Reclassification/transfer	(516,000)	-	-	-	(516,000)
At 31 March 2012	<u>-</u>	<u>130,000</u>	<u>11,952</u>	<u>21,375</u>	<u>163,327</u>
<b>NET BOOK VALUE</b>					
At 31 March 2012	<u>15,610,001</u>	<u>2,180,000</u>	<u>23,904</u>	<u>-</u>	<u>17,813,905</u>
At 31 March 2011	<u>14,500,001</u>	<u>120,964</u>	<u>32,868</u>	<u>-</u>	<u>14,653,833</u>

The freehold properties and the short leaseholds are held for retention as nursing homes and were valued by Christie + Co, London (valuers, surveyors and agents) at 31 March 2012 on a full detailed open market valuation for existing use on an individual property basis in accordance with The Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors

Each property has been assessed on the traditional income approach with the application of a multiple to fair maintainable EBITDA

The historical cost of the freehold property at 31 March 2012 was £11,904,580 (2011 £11,861,249)

Short leaseholds also consist of partnerships, joint ventures and contracts to operate nursing homes for a limited period

Tangible fixed assets have been pledged as security against current borrowings as detailed in note 18

Cost or valuation at 31 March 2012 is represented by

	Freehold property £	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
Valuation in 2004	950,000	250,000	-	-	1,200,000
Valuation in 2005	576,545	-	-	-	576,545
Valuation in 2006	845,000	-	-	-	845,000
Valuation in 2007	749,207	-	-	-	749,207
Valuation in 2008	668,000	-	-	-	668,000
Valuation in 2009	(899,000)	-	-	-	(899,000)
Valuation in 2011	265,000	-	-	-	265,000
Valuation in 2012	550,669	2,036,516	-	-	2,587,185
Cost	<u>11,904,580</u>	<u>23,484</u>	<u>35,856</u>	<u>21,375</u>	<u>11,985,295</u>
	<u>15,610,001</u>	<u>2,310,000</u>	<u>35,856</u>	<u>21,375</u>	<u>17,977,232</u>

Freehold land and buildings were valued on an existing use basis on 31 March 2012 by Christie + Co, London

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 9 PROPERTY, PLANT AND EQUIPMENT - continued

## Company

	Freehold property £	Short leasehold £	Totals £
<b>COST OR VALUATION</b>			
At 1 April 2011	7,156,001	-	7,156,001
Revaluations	80,000	1,425,000	1,505,000
Reclassification/transfer	(1,266,000)	-	(1,266,000)
At 31 March 2012	<u>5,970,001</u>	<u>1,425,000</u>	<u>7,395,001</u>
<b>DEPRECIATION</b>			
At 1 April 2011	516,000	-	516,000
Reclassification/transfer	(516,000)	-	(516,000)
At 31 March 2012	-	-	-
<b>NET BOOK VALUE</b>			
At 31 March 2012	<u>5,970,001</u>	<u>1,425,000</u>	<u>7,395,001</u>
At 31 March 2011	<u>6,640,001</u>	-	<u>6,640,001</u>

The historical cost of the freehold property at 31 March 2012 was £4,970,442 (2011 £6,236,442)

All tangible fixed assets have been pledged as security against current borrowings as detailed in note 18

Cost or valuation at 31 March 2012 is represented by

	Freehold property £	Short leasehold £	Totals £
Valuation in 2004	949,653	-	949,653
Valuation in 2005	1,683,906	-	1,683,906
Valuation in 2006	845,000	-	845,000
Valuation in 2007	700,000	-	700,000
Valuation in 2008	(1,350,000)	-	(1,350,000)
Valuation in 2009	(1,974,000)	-	(1,974,000)
Valuation in 2011	65,000	-	65,000
Valuation in 2012	80,000	1,425,000	1,505,000
Cost	<u>4,970,442</u>	-	<u>4,970,442</u>
	<u>5,970,001</u>	<u>1,425,000</u>	<u>7,395,001</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost

	31 3 12 £	31 3 11 £
Cost	<u>4,970,442</u>	<u>6,236,442</u>

Freehold Land and buildings were valued on an existing use basis on 31 March 2012 by Christie + Co, London



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**10 LAND HELD FOR RESALE****Group**

**Total**  
**£**

**FAIR VALUE**

At 1 April 2011

150,000

Transferred

750,000

Disposals

(150,000)

At 31 March 2012

750,000**NET BOOK VALUE**

At 31 March 2012

750,000

At 31 March 2011

150,000**Company**

**Total**  
**£**

**FAIR VALUE**

At 1 April 2011

150,000

Transferred

750,000

Disposals

(150,000)

At 31 March 2012

750,000**NET BOOK VALUE**

At 31 March 2012

750,000

At 31 March 2011

150,000**11 INVESTMENTS****Group**

**Unlisted**  
**investments**  
**£**

**COST**

At 1 April 2011

1,601

Disposals

(1,601)

At 31 March 2012

-

**NET BOOK VALUE**

At 31 March 2012

-

At 31 March 2011

1,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 11 INVESTMENTS - continued

## Company

	Shares in group undertakings £	Unlisted investments £	Totals £
<b>COST</b>			
At 1 April 2011	3,525,959	1,601	3,527,560
Disposals	-	(1,601)	(1,601)
At 31 March 2012	<u>3,525,959</u>	<u>-</u>	<u>3,525,959</u>
<b>NET BOOK VALUE</b>			
At 31 March 2012	<u>3,525,959</u>	<u>-</u>	<u>3,525,959</u>
At 31 March 2011	<u>3,525,959</u>	<u>1,601</u>	<u>3,527,560</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following

## Subsidiaries

## Woodland Healthcare Limited

Country of incorporation England and Wales  
Nature of business Nursing Homes

	% holding	31 3 12 £	31 3 11 £
Class of shares			
Ordinary	100 00		
Aggregate capital and reserves		<u>1,876,754</u>	<u>1,735,129</u>
Profit for the year		<u>76,625</u>	<u>93,905</u>

## Solutions (Yorkshire) Limited

Country of incorporation England and Wales  
Nature of business Nursing Homes

	% holding	31 3 12 £	31 3 11 £
Class of shares			
Ordinary	100 00		
Aggregate capital and reserves		<u>2,336,600</u>	<u>2,237,000</u>
Profit for the year		<u>89,777</u>	<u>79,916</u>

## ADL Leased Homes Limited (formerly ADL Homecare )

Country of incorporation England and Wales  
Nature of business Nursing Homes

	% holding	31 3 12 £	31 3 11 £
Class of shares			
Ordinary A	100 00		
Ordinary B	100 00		
Aggregate capital and reserves		<u>702,199</u>	<u>51,000</u>
Profit for the year		<u>54,500</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 11 INVESTMENTS - continued

## Company

**The Knoll Nursing Home Limited**Country of incorporation England and Wales  
Nature of business Dormant

	% holding	31 3 12	31 3 11
Class of shares	100 00	£	£
Ordinary		<u>1,000</u>	<u>1,000</u>
Aggregate capital and reserves			

**Woodland Nursing Homes Limited**Country of incorporation England & Wales  
Nature of business Dormant

	% holding	31 3 12	31 3 11
Class of shares	100 00	£	£
Ordinary		<u>861,577</u>	<u>495,627</u>
Aggregate capital and reserves			

**Sunnymede Limited**Country of incorporation England & Wales  
Nature of business Nursing Home

	% holding	31 3 12
Class of shares	100 00	£
Ordinary		<u>968,079</u>
Aggregate capital and reserves		<u>38,260</u>
Profit for the year		

## 12 INVENTORIES

	Group		Company	
	31 3 12	31 3 11	31 3 12	31 3 11
	£	£	£	£
Stocks	<u>8,000</u>	<u>8,000</u>	<u>4,000</u>	<u>4,000</u>

The net movement of inventories noted within cost of sales in the income statement is £Nil (2011 Increase of £1,000)

## 13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.3 12	31 3 11	31 3 12	31 3 11
	£	£	£	£
Current				
Trade debtors	631,158	219,356	187,038	51,383
Amounts owed by group undertakings	-	-	4,302,297	3,361,074
Amounts owed by participating interests	86,330	128,174	79,045	60,891
Other debtors	105,467	8,600	86,088	8,100
Prepayments and accrued income	<u>95,582</u>	<u>49,310</u>	<u>60,123</u>	<u>42,054</u>
	<u>918,537</u>	<u>405,440</u>	<u>4,714,591</u>	<u>3,523,502</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 13 TRADE AND OTHER RECEIVABLES - continued

None of the trade receivables are secured by collateral or other credit enhancements. The major proportion of the fees receivable is due from local councils and social services.

Trade debtors are stated net of bad debt provisions.

## 14 CASH AND CASH EQUIVALENTS

	Group		Company	
	31 3 12	31 3 11	31 3 12	31 3 11
	£	£	£	£
Cash in hand	6,122	8,659	625	2,114
Bank accounts	<u>490,839</u>	<u>432,752</u>	<u>201,007</u>	<u>186,003</u>
	<u>496,961</u>	<u>441,411</u>	<u>201,632</u>	<u>188,117</u>

## 15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		Nominal	31 3 12	31 3 11
Number	Class	value	£	£
9,885,694	Ordinary	0 05	494,295	494,295
20,550,794	Deferred	0 05	<u>1,027,530</u>	<u>1,027,530</u>
			<u>1,521,825</u>	<u>1,521,825</u>

The deferred shares carry no voting rights, no rights to receive a dividend and have no value in a winding up unless ordinary share valuation exceeds £1,000 per share. Whilst they are stated in the financial statements at their nominal value, they have no commercial value.

## 16 RESERVES

Group				
	Retained earnings £	Share premium £	Revaluation reserve £	Totals £
At 1 April 2011	(673,235)	3,712,396	3,040,445	6,079,606
Profit for the year	798,587			798,587
Tax effect on revaluations	-	-	(753,728)	(753,728)
Revaluation	-	-	<u>2,587,185</u>	<u>2,587,185</u>
At 31 March 2012	<u>125,352</u>	<u>3,712,396</u>	<u>4,873,902</u>	<u>8,711,650</u>
Company				
	Retained earnings £	Share premium £	Revaluation reserve £	Totals £
At 1 April 2011	(338,689)	3,712,396	1,844,622	5,218,329
Profit for the year	542,831			542,831
Tax effect on revaluations	-	-	(514,125)	(514,125)
Revaluation	-	-	<u>1,505,000</u>	<u>1,505,000</u>
At 31 March 2012	<u>204,142</u>	<u>3,712,396</u>	<u>2,835,497</u>	<u>6,752,035</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 17 TRADE AND OTHER PAYABLES

	Group		Company	
	31 3 12	31 3 11	31 3 12	31 3 11
	£	£	£	£
Current				
Trade creditors	176,084	91,551	64,722	44,402
Amounts owed to group undertakings	-	-	64,501	82,606
Amounts owed to participating interests	51,833	18,214	-	-
Social security and other taxes	173,201	109,986	63,916	47,589
Other creditors	348,281	180,411	123,657	80,776
Accruals and deferred income	209,566	75,184	132,695	72,646
Directors' current accounts	150,000	-	150,000	-
	<u>1,108,965</u>	<u>475,346</u>	<u>599,491</u>	<u>328,019</u>

## 18 FINANCIAL LIABILITIES - BORROWINGS

	Group		Company	
	31 3 12	31 3 11	31 3 12	31 3 11
	£	£	£	£
Current				
Bank loans	422,500	422,500	422,500	422,500
Other Loans	250,000	-	250,000	-
	<u>672,500</u>	<u>422,500</u>	<u>672,500</u>	<u>422,500</u>
Non-current				
Bank loans - 1-2 years	6,971,250	7,393,750	6,971,250	7,393,750
Other loans - 1-2 years	250,000	-	250,000	-
	<u>7,221,250</u>	<u>7,393,750</u>	<u>7,221,250</u>	<u>7,393,750</u>

## Terms and debt repayment schedule

## Group

	1 year or less £	1-2 years £	Totals £
Bank loans	422,500	6,971,250	7,393,750
Other Loans	250,000	-	250,000
Other loans	-	250,000	250,000
	<u>672,500</u>	<u>7,221,250</u>	<u>7,893,750</u>

## Company

	1 year or less £	1-2 years £	Totals £
Bank loans	422,500	6,971,250	7,393,750
Other Loans	250,000	-	250,000
Other loans	-	250,000	250,000
	<u>672,500</u>	<u>7,221,250</u>	<u>7,893,750</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

## 18 FINANCIAL LIABILITIES - BORROWINGS - continued

The bank loan is secured by way of a legal charge and fixed and floating charges over all the Company's and the Group's freehold properties and other assets both present and future. Interest on the bank loan is 1.25% over LIBOR and is repayable in instalments.

The interest rate on floating rate financial liabilities is 1.25% above LIBOR for the bank loan (2011: 1.25% above LIBOR). No interest has been charged on the other loan.

Other loans comprise £500,000 (2011: £Nil) lent to the Group by Henry Harford, a shareholder of the company. This amount was unsecured as at 31 March 2012. This balance is repayable 50% on demand and the remainder after 31st March 2013.

No interest is payable on the loan to Mr Harford.

The Group finances its operations through a mixture of retained profits and bank borrowings.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

## Interest Rate Risk

At the year end £nil of the Group's borrowings were at fixed rates (2011: nil).

On 14 May 2009, the company entered into an interest rate cap with Natixis at 6%, to April 30 2013 on an amount of £5 million, at a cost of £28,500.

## Liquidity Risk

As regards liquidity, the Group's policy has throughout the year been to ensure continuity of funding. In order that this is achieved, the Group maintains close control over future cash flows and regularly reviews medium and long-term finance against those future cash flows.

## 19 DEFERRED TAX

The deferred taxation asset included in non-current assets represents the excess of capital allowances over depreciation.

The Directors have made provision in the Financial Statements for deferred tax on the revaluation of the Group's intangible assets and freehold properties as these assets are held for continuing use in the business. The amounts provided at the end of each year were as follows:

<b>Group</b>	<b>31 3 12</b>	<b>31 3 11</b>
	<b>£</b>	<b>£</b>
Balance at 1 April	(328)	133,000
Revaluation/Indexation of properties	<u>756,203</u>	<u>(16,142)</u>
Balance at 31 March	<u>755,875</u>	<u>116,858</u>
 <b>Company</b>	 <b>31 3 12</b>	 <b>31 3 11</b>
	<b>£</b>	<b>£</b>
Balance at 1 April	(863,187)	(770,816)
Revaluation/Indexation of prop	<u>514,125</u>	<u>(116,000)</u>
Balance at 31 March	<u>(349,062)</u>	<u>(886,816)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**20 RELATED PARTY DISCLOSURES**

During the year ended 31 March 2012 ADL plc paid £12,000 to Mrs P L Jackson, a director, for the rent of the Company's head office (2011 £12,000) The amount outstanding at the balance sheet date was £Nil (2011, £1,000)

On the 2nd December 2010 Mr W J Davies became a director of Airtronix Limited which during the year provided services to the group amounting to £4,385 (2011 - 2,700) £2,549 (2011 - £2,426) to the company

At 31st March 2012 £Nil (2011 - £552 was outstanding) £Nil (2011- £278) was outstanding to the company On 3rd February 2011 Mr A Jackson (the husband of Mrs P Jackson) also became a director of Airtronix Limited

On the 24th February 2011 Mr W J Davies and Mrs P L Jackson were appointed directors to Oakhurst Court Limited ADL entered into a management contract with Oakhurst Court Limited and are due to receive £100,000 (2011 - £16,667) in the period to the end of the year under that contract At the year end the balance outstanding to ADL was £35,009

On the 24th February 2012 Mr W J Davies and Mrs P L Jackson were appointed directors to Charlton Court Limited ADL entered into a management contract with Charlton Court Limited and charged £35,000 in the period to the end of the year under that contract At the year end the amount outstanding to ADL was £43,062

During the year the company employed Kelly Jackson, a daughter of Mrs Pearl Jackson on an arms length basis

During the year Mr Henry Harford, a shareholder of the company lent the company £500,000 to complete the purchase of Wallis Court Half the sum is due to be repaid within 1 year and the remaining amount to be repaid thereafter The loan is non interest bearing

Mr Harford is also the beneficial owner of Oakhurst Court Limited and Charlton Court Limited

Mrs Pearl Jackson lent the Sunnymede Limited £150,000 to assist with the acquisition of Sunnymede Care Home At the year end interest had accrued of £7,097 The balance plus interest has now been repaid

**21 ULTIMATE CONTROLLING PARTY**

W J Davies, by virtue of his 50.02% shareholding, controls the Company

**22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****Group**

	31 3 12	31 3 11
	£	£
Profit for the financial year	798,587	306,562
Revaluations	1,833,457	420,200
<b>Net addition to shareholders' funds</b>	<b>2,632,044</b>	<b>726,762</b>
Opening shareholders' funds	7,601,431	6,874,669
<b>Closing shareholders' funds</b>	<b>10,233,475</b>	<b>7,601,431</b>

**Company**

	31 3 12	31 3 11
	£	£
Profit for the financial year	542,831	90,210
Revaluations	990,875	151,000
<b>Net addition to shareholders' funds</b>	<b>1,533,706</b>	<b>241,210</b>
Opening shareholders' funds	6,740,154	6,498,944
<b>Closing shareholders' funds</b>	<b>8,273,860</b>	<b>6,740,154</b>