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REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

FOR

ADL PLC

ADL PLC

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

ADL PLC

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2010

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

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 MARCH 2010

As I indicated at the time of the interims and I am now delighted to confirm the company has moved back into profit after a number of difficult years and that the improvement has continued into the current year

As shown in the accounts there have been a significant number of prior year adjustments and as a consequence I use below as comparatives the previously reported figures

- Turnover down from £5,430,000 to £5,074,000
- Gross Profit down from £1,646,000 to £1,502,000
- A retained loss of £743,000 converted to a profit of £142,000 The loss per share of 7 52p is now a profit per share 1 43p The net assets per ordinary share have increased to 69 5p from 64 1p

I am pleased to report that the improvement in CQC rating has continued with seven of our homes now being classified as good, with one adequate

The industry is in a period of change with new regulations and more local authorities now carrying out compliance inspections Regulatory compliance is becoming a significant cost issue

Your Boards intention to increasingly cater for dementia will gradually secure our income in what we believe will be difficult times for the industry

Times of change can be detrimental but also allow innovative operators such as your company to seek new opportunities

I would like to thank our loyal staff for their hard work during the year

Sir William Wells
CHAIRMAN

28 September 2010

ADL PLC

MANAGING DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2010

As outlined by the chairman in his statement, the company's finances have stabilised during the year to 31 March 2010 This was assisted by a reduction in costs due to the de-listing of the company from the AIM market You will note the company following a tender has appointed new Auditors at reduced cost

This improvement is however despite the Knoll not being income producing and reduced profits in Solutions (Yorkshire) limited from Harewood Court due to one floor comprising twenty of the forty beds being progressively closed allowing us to re-designate the beds for Dementia sufferers I am pleased to report occupancy which is still rising has now reached 92 5% Your board believes that the partial repositioning of this home in the market will ensure security of income in future years

Unfortunately due to the lack of credit availability the two proposed sales of the Knoll and Newsham House have, as yet not been completed These are non-income generating assets and are now our priority We are in discussion with a local developer in relation to a proposed alternative healthcare development on the site at the Knoll and seek clarification about future management with CQC in relation to Newsham House

On the 31st August 2010, following the year end, the management contract in relation to Newford Nursing Home expired at the end of the five year term We wish the owner Dr Sarwar and family well for the future

The loss of the income from 3 homes leaves the company with a lack of critical mass Therefore we need to increase the number of homes under management Due to the state of the loan market the company will seek partnership management contracts rather than outright purchase

In this regard we are in advanced negotiations with a purchaser of a 56 bed dementia home in the South of England

At the same time we have identified an area in the North of England which is significantly under bedded and we are in early discussions with a developer/ investor with a view to obtaining a management contract

I am sad to report that Richard Ellert, a previous director, died suddenly on the 20th of September Our best wishes go to his family

Finally may I thank our staff for all their hard work in what has been a year of significant change

Jeremy Davies
MANAGING DIRECTOR

28 September 2010

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2010

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
[To be decided]

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2010

FIXED ASSETS
On 31 March 2009 the Group's nine freehold properties including land for resale, were re-valued by Christie & Co at £14 595 million Net assets per share at 31 March 2010 were 69 5p (2009 64 1p)

The Group's freehold care homes were valued in 2009, on an existing use basis In arriving at the portfolio valuation, Christie & Co have separately assessed the market values of the individual care homes and made an adjustment by way of a portfolio premium equating to around 8 5%

In 2010 the directors reviewed the Groups properties and decided that their value had been retained and there did not need to be any formal revaluation

FUTURE DEVELOPMENTS
The Company is in an advanced stage of negotiations to obtain a Management Contract for a 56 bed Dementia Home in the South of England and have identified a significantly underbedded area in the North of England and is in early discussions to obtain a Management Contract in that area

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2009 to the date of this report

Sir W Wells
Mr W J Davies MRICS
Mrs P Jackson

Other changes in directors holding office are as follows

Mr M D Chartres FCA OBE - appointed 17 July 2009
P Dewe-Mathews - died 20 May 2009

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 2010 expressed in relation to the total amounts invoiced by suppliers for goods and services during the period were equivalent to 29 days (2009 53 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

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 for use in 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, were appointed during the year to replace Littlejohn LLP and will be proposed for re-appointment at the forthcoming Annual General Meeting

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD

Mr W J Davies MRICS - Secretary

Date 28 September 2010

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 2010 on pages seven to twenty nine The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in 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 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

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 2010 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted for use in the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted for use in 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 28/9/2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	Notes	31 3 10 £'000	31 3 09 as restated £'000
CONTINUING OPERATIONS			
Revenue		5,074	6,070
Cost of sales		(3,572)	(4,356)
GROSS PROFIT		1,502	1,714
Other operating income		100	-
Exceptional items	3	-	(478)
Administrative expenses		(1,246)	(1,378)
OPERATING PROFIT/(LOSS)		356	(142)
Finance costs	4	(206)	(554)
Finance income	4	-	21
PROFIT/(LOSS) BEFORE INCOME TAX	5	150	(675)
Income tax	6	(8)	106
PROFIT/(LOSS) FOR THE YEAR		142	(569)
OTHER COMPREHENSIVE INCOME			
Revaluations		-	(899)
Income tax relating to other comprehensive income		223	561
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		223	(338)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		365	(907)
Prior year adjustment	9	116	(54)
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		481	(961)
Profit/(loss) attributable to			
Owners of the parent		142	(569)
Total comprehensive income attributable to			
Owners of the parent		481	(961)
Earnings per share expressed in pence per share	8		
Basic		1 43	(5 76)
Diluted		1 43	(5 76)

The notes form part of these financial statements

ADL PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2010

	Notes	31 3 10 £'000	31 3 09 as restated £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	10	475	616
Property, plant and equipment	11	14,235	14,235
Investments	12	2	2
Tax receivable		150	450
		14,862	15,303
CURRENT ASSETS			
Inventories	13	7	9
Trade and other receivables	14	597	1,107
Cash and cash equivalents	15	514	278
		1,118	1,394
TOTAL ASSETS		15,980	16,697
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	1,522	1,522
Share premium	17	3,712	3,712
Revaluation reserve	17	2,620	2,644
Retained earnings	17	(982)	(1,370)
TOTAL EQUITY		6,872	6,508
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	19	7,817	8,239
Deferred tax	20	133	373
		7,950	8,612
CURRENT LIABILITIES			
Trade and other payables	18	496	1,116
Financial liabilities - borrowings			
Interest bearing loans and borrowings	19	623	411
Tax payable		39	50
		1,158	1,577
TOTAL LIABILITIES		9,108	10,189
TOTAL EQUITY AND LIABILITIES		15,980	16,697

The financial statements were approved by the Board of Directors on 28 September 2010 and were signed on its behalf by

Sir W Wells - Director

Mr W J Davies MRICS - Director

The notes form part of these financial statements

ADL PLC

COMPANY STATEMENT OF FINANCIAL POSITION
31 MARCH 2010

	Notes	31 3 10 £'000	31 3 09 as restated £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	10	35	145
Property, plant and equipment	11	6,575	6,575
Investments	12	3,477	3,477
Tax receivable		150	450
Deferred tax	20	771	746
		11,008	11,393
CURRENT ASSETS			
Inventories	13	4	6
Trade and other receivables	14	4,048	2,428
Cash and cash equivalents	15	209	107
		4,261	2,541
TOTAL ASSETS		15,269	13,934
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	1,522	1,522
Share premium	17	3,712	3,712
Revaluation reserve	17	1,694	1,894
Retained earnings	17	(430)	(2,557)
TOTAL EQUITY		6,498	4,571
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	19	7,817	8,239
CURRENT LIABILITIES			
Trade and other payables	18	331	707
Financial liabilities - borrowings			
Bank overdrafts	19	-	1
Interest bearing loans and borrowings	19	623	411
Tax payable		-	5
		954	1,124
TOTAL LIABILITIES		8,771	9,363
TOTAL EQUITY AND LIABILITIES		15,269	13,934

The financial statements were approved by the Board of Directors on 28 September 2010 and were signed on its behalf by

Sir W Wells - Director

Mr W J Davies MRICS - Director

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000	Total equity £'000
Balance at 1 April 2008	1,522	(862)	3,712	4,140	8,512
Prior year adjustment	-	(54)	-	-	(54)
As restated	1,522	(916)	3,712	4,140	8,458
Changes in equity					
Total comprehensive income	-	(454)	-	(1,496)	(1,950)
Balance at 31 March 2009	1,522	(1,370)	3,712	2,644	6,508
Prior year adjustment	-	116	-	-	116
As restated	1,522	(1,254)	3,712	2,644	6,624
Changes in equity					
Total comprehensive income	-	388	-	(23)	365
Balance at 31 March 2010	1,522	(866)	3,712	2,621	6,989

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000	Total equity £'000
Balance at 1 April 2008	1,522	(1,602)	3,712	2,794	6,426
Prior year adjustment	-	(54)	-	-	(54)
As restated	1,522	(1,656)	3,712	2,794	6,372
Changes in equity					
Total comprehensive income	-	(899)	-	(900)	(1,799)
Balance at 31 March 2009	1,522	(2,555)	3,712	1,894	4,573
Changes in equity					
Total comprehensive income	-	2,125	-	(200)	1,925
Balance at 31 March 2010	1,522	(430)	3,712	1,694	6,498

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010

	Notes	31 3 10 £'000	31 3 09 as restated £'000
Cash flows from operating activities			
Cash generated from operations	1	144	959
Interest paid		(206)	(554)
Loss on disposal of Land		(17)	-
Tax paid		305	(466)
Net cash from operating activities		226	(61)
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(250)
Sale of tangible fixed assets		284	-
Interest received		-	21
Net cash from investing activities		284	(229)
Cash flows from financing activities			
Capital repayments in year		(211)	-
Amount withdrawn by directors		(63)	-
Net cash from financing activities		(274)	-
Increase/(Decrease) in cash and cash equivalents		236	(290)
Cash and cash equivalents at beginning of year	2	278	568
Cash and cash equivalents at end of year	2	514	278

The notes form part of these financial statements

1 RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	31 3 10	31 3 09 as restated
	£'000	£'000
Profit/(loss) before income tax	150	(675)
Depreciation charges	142	115
Impairment of Goodwill	-	159
Impairment of Property	-	615
Finance costs	206	554
Finance income	-	(21)
	498	747
Decrease in inventories	2	-
Decrease/(Increase) in trade and other receivables	169	(304)
(Decrease)/Increase in trade and other payables	(525)	516
Cash generated from operations	144	959

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts

Year ended 31 March 2010

	31 3 10	1 4 09
	£'000	£'000
Cash and cash equivalents	514	278

Year ended 31 March 2009

	31 3 09 as restated	1 4 08
	£'000	£'000
Cash and cash equivalents	278	568

The notes form part of these financial statements

1 ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS The financial statements have been prepared under the historical cost convention

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 2010

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 annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life

Freehold property	- not provided
Fixtures and fittings	- 33% on cost and 25% on cost

continued

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 finance risks by monitoring levels of debt and related finance 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 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 tests annually 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

continued

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, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land and buildings), in which case the related deferred tax is also charged or credited directly to equity

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

continued

2 EMPLOYEES AND DIRECTORS

	31 3 10	31 3 09 as restated
	£'000	£'000
Wages and salanes	2,992	3,430
Social secunty costs	206	246
	3,198	3,676

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

	31 3 10	31 3 09 as restated
Engaged in the provision of care	119	131
Catenng, domestic and maintenance	64	70
Management and administration	14	14
	197	215

	31 3 10	31 3 09 as restated
	£	£
Directors' remuneration	198,000	137,609

3 EXCEPTIONAL ITEMS

Prior year exceptional items compnse of four elements, £516,000 in respect of the impairment on the Groups care homes, £223,066 in legal fees incurred by the company in defending itself and two directors from charges raised by the Crown, £99,000 being a wnte down in the flat held as a fixed asset and £360,000 being income accrued for in respect of compensation recoverable in the successful defence of the charges against them

4 NET FINANCE COSTS

	31 3 10	31 3 09 as restated
	£'000	£'000
Finance income		
Deposit account interest	-	21
Finance costs		
Bank loan interest	190	544
Other Interest	16	10
	206	554
Net finance costs	206	533

5 PROFIT/(LOSS) BEFORE INCOME TAX

The profit before income tax (2009 - loss before income tax) is stated after charging

	31 3 10	31 3 09 as restated
	£'000	£'000
Cost of inventones recognised as expense	3,572	4,356
Other operating leases	51	53
Goodwill impairment	-	159
Auditors' remuneration	34	38
Auditors' remuneration for non audit work	6	28

continued

6 INCOME TAX

Analysis of the tax charge/(credit)

	31 3 10	31 3 09 as restated
	£'000	£'000
Current tax		
Tax	50	66
Prior year overprovision	(24)	-
Total current tax	26	66
Deferred tax	(18)	(172)
Total tax charge/(credit) in income statement	8	(106)

Factors affecting the tax charge

The tax assessed for the year is lower (2009 - higher) than the standard rate of corporation tax in the UK The difference is explained below

	31 3 10	31 3 09 as restated
	£'000	£'000
Profit/(loss) on ordinary activities before tax	150	(675)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 - 21%)	32	(142)
Effects of		
Difference between depreciation and capital allowances	(18)	(8)
Amortisation	32	24
Unrealised losses/(gains)	-	172
Goodwill Impairment	8	-
Other differences	(4)	20
Prior year over provision	(24)	-
Total income tax	26	66

Tax effects relating to effects of other comprehensive income

31 3 10	Gross	Tax	Net
Deferred tax on revaluations	-	223	223
	-	223	223

31 3 09	Gross	Tax	Net
Revaluation of properties	(899)	561	(338)
	(899)	561	(338)

7 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements The parent company's profit for the financial year was £1,913,881 (2009 - £(979,765) loss)

continued

8 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 £'000	31 3 10 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	142	9,885,694	1 43
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	142	9,885,694	1 43

	Earnings £'000	31 3 09 as restated Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(569)	9,885,694	-5 76
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(569)	9,885,694	-5 76

9 PRIOR YEAR ADJUSTMENT

A number of changes were needed to the last set of financial statements issued by the group and these are recorded as follows

1 In the previous year the group had accounted for the tax credit of £172,000 relating to the impairment of two properties through the balance sheet rather than the profit and loss account

2 The provision for deferred tax on property revaluations has in previous years been materially misstated At the 1st April 2008 it was £378,375 overstated and on the 31st March 2009 it was £227,228 overstated

3 The Joint Ventures which the group operates had been accounted for on a dividend accrued basis which is materially different from the profits earned The directors believe that a gross earned basis is applicable and a net reduction of £63,756 income due from Joint Ventures has been made

4 In the previous year the provision for bad debts was materially over provided in the subsidiaries and underprovided in the holding company A net adjustment of £41,429 over provision has been adjusted for

5 No interest had been accrued on the loan from Atreus Investments amounting to £12,074 as at 31st March 2009

continued

10 GOODWILL

Group

	£'000
COST	
At 1 April 2009	1,126
Disposals	(356)
At 31 March 2010	770
AMORTISATION	
At 1 April 2009	510
Charge for year	141
Eliminated on disposal	(356)
At 31 March 2010	295
NET BOOK VALUE	
At 31 March 2010	475
At 31 March 2009	616

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 £141,000 (2009 £115,000) 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

continued

10 GOODWILL - continued

Company

	£'000
COST	
At 1 April 2009 and 31 March 2010	390
AMORTISATION	
At 1 April 2009	245
Charge for year	110
At 31 March 2010	355
NET BOOK VALUE	
At 31 March 2010	35
At 31 March 2009	145

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 £110,000 (2009 £83,000) is included in the administrative expenses in the income statement

11 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 April 2009	14,751	7	24	99	14,881
Disposals	-	-	(24)	-	(24)
At 31 March 2010	14,751	7	-	99	14,857
DEPRECIATION					
At 1 April 2009	516	7	24	99	646
Eliminated on disposal	-	-	(24)	-	(24)
At 31 March 2010	516	7	-	99	622
NET BOOK VALUE					
At 31 March 2010	14,235	-	-	-	14,235
At 31 March 2009	14,235	-	-	-	14,235

The freehold properties are held for long term retention and were valued by Christie & Co (valuers, surveyors and agents) at 31 March 2009 at 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 portfolio basis using a higher multiple has been used in the Group valuation

The historical cost of the freehold property at 31 March 2010 was £11,861,249 (2009 £11,861,249)

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

continued

11 PROPERTY, PLANT AND EQUIPMENT - continued

Company

	Freehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 April 2009 and 31 March 2010	7,091	7	78	7,176
DEPRECIATION				
At 1 April 2009 and 31 March 2010	516	7	78	601
NET BOOK VALUE				
At 31 March 2010	6,575	-	-	6,575
At 31 March 2009	6,575	-	-	6,575

The historical cost of the freehold property at 31 March 2010 was £6,236,442 (2009 £6,432,094)

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

12 INVESTMENTS

Group

	Unlisted investments £'000
COST	
At 1 April 2009 and 31 March 2010	2
NET BOOK VALUE	
At 31 March 2010	2
At 31 March 2009	2

Company

	Shares in group undertakings £'000	Unlisted investments £'000	Totals £'000
COST			
At 1 April 2009 and 31 March 2010	3,475	2	3,477
NET BOOK VALUE			
At 31 March 2010	3,475	2	3,477
At 31 March 2009	3,475	2	3,477

continued

12 INVESTMENTS - continued

Company

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

Class of shares	% holding
Ordinary	100 00

	31 3 10 £'000	31 3 09 £'000
Aggregate capital and reserves	1,631	2,381
Profit for the year	75	303

Solutions (Yorkshire) Limited
Country of incorporation England and Wales
Nature of business Nursing Homes

Class of shares	% holding
Ordinary	100 00

	31 3 10 £'000	31 3 09 £'000
Aggregate capital and reserves	1,967	2,961
(Loss)/Profit for the year	(29)	268

ADL Homecare
Country of incorporation England and Wales
Nature of business Homecare

Class of shares	% holding
Ordinary A	100 00
Ordinary B	50 00

	31 3 10 £'000
Aggregate capital and reserves	51

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

Class of shares	% holding
Ordinary	100 00

	31 3 10 £'000	31 3 09 £'000
Aggregate capital and reserves	1	1

continued

12 INVESTMENTS - continued

Company

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

Class of shares	% holding
Ordinary	100 00

	31 3 10	31 3 09
	£'000	£'000
Aggregate capital and reserves	496	496

13 INVENTORIES

	Group		Company	
	31 3 10	31 3 09 as restated	31 3 10	31 3 09 as restated
	£'000	£'000	£'000	£'000
Stocks	7	9	4	6

The net movement of inventories noted within cost of sales in the income statement is £2,020, (2009 £nil)

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 3 10	31 3 09 as restated	31 3 10	31 3 09 as restated
	£'000	£'000	£'000	£'000
Current				
Trade debtors	306	526	72	70
Amounts owed by group undertakings	-	-	3,722	1,844
Amounts owed by participating interests	47	-	22	-
Other debtors	55	448	54	405
Prepayments and accrued income	189	133	178	109
	597	1,107	4,048	2,428

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

Participating interests represent the group's share of the profits and carrying value in the group's joint ventures These represent 50% holdings in the net profits from the operation of 2 UK based Nursing Homes as follows

	Profits for the year		Carrying value	
	31 3 10	31 3 09 as restated	31 3 10	31 3 09 as restated
	£'000	£'000	£'000	£'000
Newford Nursing Home	72	85	22	(59)
Southgarth Nursing Home	27	12	25	27

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	31 3 10	31 3 09 as restated	31 3 10	31 3 09 as restated
	£'000	£'000	£'000	£'000
Cash in hand	5	21	3	18
Bank accounts	509	257	206	89
	514	278	209	107

continued

16 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	31 3 10	31 3 09 as restated
			£'000	£'000
9,885,694	Ordinary	0 05	494	494
20,550,794	Deferred	0 05	1,028	1,028
			1,522	1,522

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

17 RESERVES

Group

	Retained earnings £'000	Share premium £'000	Revaluation reserve £'000	Totals £'000
At 1 April 2009	(1,486)	3,712	2,643	4,869
Prior year adjustment	116			116
	(1,370)			4,985
Profit for the year	142			142
Tax effect on revaluations	-	-	223	223
Transfers re amortisation	142	-	(142)	-
Transfer re Sale of Property	104	-	(104)	-
At 31 March 2010	(982)	3,712	2,620	5,350

Company

	Retained earnings £'000	Share premium £'000	Revaluation reserve £'000	Totals £'000
At 1 April 2009	(2,608)	3,712	1,894	2,998
Prior year adjustment	50			50
	(2,558)			3,048
Profit for the year	1,914			1,914
Tax effect on revaluations	-	-	14	14
Transfers re amortisation	110	-	(110)	-
Transfer re Sale of Property	104	-	(104)	-
At 31 March 2010	(430)	3,712	1,694	4,976

continued

18 TRADE AND OTHER PAYABLES

	Group		Company	
	31 3 10	31 3 09 as restated	31 3 10	31 3 09 as restated
	£'000	£'000	£'000	£'000
Current				
Trade creditors	91	203	44	146
Amounts owed to group undertakings	-	-	-	2
Amounts owed to participating interests	-	32	25	21
Social security and other taxes	134	141	50	74
Other creditors	150	452	120	212
Accruals and deferred income	119	223	90	187
Directors' current accounts	2	65	2	65
	496	1,116	331	707

19 FINANCIAL LIABILITIES - BORROWINGS

	Group		Company	
	31 3 10	31 3 09 as restated	31 3 10	31 3 09 as restated
	£'000	£'000	£'000	£'000
Current				
Bank overdrafts	-	-	-	1
Bank loans	423	211	423	211
Other Loans	200	200	200	200
	623	411	623	412
Non-current				
Bank loans - 1-2 years	7,817	8,239	7,817	8,239

Terms and debt repayment schedule

Group

	1 year or less	1-2 years	2-5 years	Totals
	£'000	£'000	£'000	£'000
Bank loans	423	423	7,394	8,240
Other Loans	200	-	-	200
	623	423	7,394	8,440

Company

	1 year or less	1-2 years	2-5 years	Totals
	£'000	£'000	£'000	£'000
Bank loans	423	423	7,394	8,240
Other Loans	200	-	-	200
	623	423	7,394	8,440

continued

19 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

Finance costs incurred in obtaining bank loans are written off over the period of the loan The loan facility of £24,200,000 was reduced to £9,000,000 at the Company's request with effect from 4 April 2008

The interest rate on floating rate financial liabilities is 1 25% above LIBOR for the bank loan (2009 1 25% above LIBOR) No interest has been charged on the other loan

Other loans comprise £200,000 (2009 £200,000) lent to the Group by Atreus Investments Limited, a company controlled by Jeremy Davies, one of the directors, pursuant to an undertaking given to provide some of the funding for the Group's on-going legal actions This amount was unsecured as at 31 March 2010 This balance was repaid in full after the balance sheet date

Interest is payable on the loan to Atreus Investments at 1 75% above Bank Base Rate

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 (2009 nil)

On 21 April 2004 the Company purchased through a Bank an interest rate cap of a 6% interest rate, on an amount of £5 million from 30 April 2004 to 30 April 2009, at a cost of £87,000 This cost has been capitalised and has been amortised over the life of the interest rate cap

On 14 May 2009, the company entered into an interest rate cap with Natixis at 6%, to April 30 2011 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

On 4 April 2008 the Natixis facility was reduced to £9 million from £25 million at the Company's request

20 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

Group

	31 3 10	31 3 09 as restated
	£'000	£'000
Balance at 1 April		
As previously reported	601	1,135
Prior year adjustment	(228)	(378)
As restated	373	1,135
Amortisation of Goodwill	(39)	(23)
Revaluation of properties	(156)	(281)
Sale of Property	(29)	(84)
Accelerated depn over capital allowances	18	4

continued

20 **DEFERRED TAX - continued**

Reduction in long term rate of tax	(34)	-
Balance at 31 March	133	373

Company

	31 3 10 £'000	31 3 09 as restated £'000
Balance at 1 April		
As previously reported	(33)	(37)
Prior year adjustment	(713)	(219)
As restated	(746)	(37)
Amortisation of goodwill	(28)	(23)
Revaluation of properties	14	(298)
Accelerated depn over capital allowances	(11)	4
Balance at 31 March	(771)	(573)

21 **RELATED PARTY DISCLOSURES**

During the year ended 31 March 2010 the Company paid £12,000 to Mrs P L Jackson, a director, for the rent of the Company's head office (2009 £12,000) The amount outstanding at the balance sheet date was £nil (2009, £nil)

In 2009 Mrs P L Jackson was owed £64,821 deferred consideration following the purchase of Solutions (Yorkshire) Limited in 2007 This amount was unsecured and £63,000 was paid during the year

On 3rd March 2009 a strip of land belonging to Solutions (Yorkshire) Limited was transferred to Mrs P Jackson for no consideration The land formed banking adjacent to Corbie Steps and was considered of no value to the company Its transfer was part of commitments provided at the time of the acquisition of Solutions (Yorkshire) Limited

At the 31 March 2010 Atreus Investments Limited, a company controlled by W J Davies, was owed £200,000 (2009 £200,000) by ADL plc Interest is payable at 1 75% over Bank Base Rate This amount was repaid in full after the year end

22 **POST BALANCE SHEET EVENTS**

After the year end the Joint Venture partner in the Newford Nursing Home gave notice to terminate the agreement This will result in a loss of net income of circa £100,000

23 **ULTIMATE CONTROLLING PARTY**

W J Davies, by virtue of his 50 02% shareholding, controls the Company

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31 3 10	31 3 09 as restated
	£'000	£'000
Profit/(Loss) for the financial year	142	(569)
Revaluations of properties	-	(899)
Tax Effect on revaluations	222	594
Net addition/(reduction) to shareholders' funds	364	(874)
Opening shareholders' funds (originally £6,390,543 before prior year adjustment of £116,286)	6,508	7,382
Closing shareholders' funds	6,872	6,508

Company

	31 3 10	31 3 09 as restated
	£'000	£'000
Profit/(Loss) for the financial year	1,914	(980)
Revaluation of Properties	-	(1,359)
Tax effect on revaluations	13	542
Net addition/(reduction) to shareholders' funds	1,927	(1,797)
Opening shareholders' funds (originally £4,519,523 before prior year adjustment of £50,440)	4,571	6,368
Closing shareholders' funds	6,498	4,571