

Company registration number: 2912772

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**WOODLAND HEALTHCARE LTD**

Consolidated Financial Statements

30th April 1997

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Chartered Accountants

L O N D O N

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# **WOODLAND HEALTHCARE LTD**

## **Consolidated Financial Statements**

**30th April 1997**

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# WOODLAND HEALTHCARE LTD

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## Report of the Directors

The Directors present their report and the consolidated financial statements for the year ended 30th April 1997.

### RESULTS AND DIVIDENDS

The consolidated profit on ordinary activities after taxation amounts to £17,314.

The Directors do not recommend the payment of a dividend.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Group during the year under review was the management of nursing-homes.

The Directors consider the Company and Group to have had a difficult trading year but anticipate growth in the future.

### EVENTS SINCE THE BALANCE SHEET DATE

In February 1998 the directors agreed with the subordinated loan stock holders, the waiver of interest on these loan stocks amounting to £109,379 which has been written back in these accounts to 30th April 1997. An agreement has been reached with the loan note holders in respect of this period of waived interest whereby the loan note holders also waive their entitlement to conversion into ordinary shares in respect of the period up to 31st December 1997.

### DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and their interests in the share capital of the Company at 30th April 1997 and 30th April 1996 were as follows:

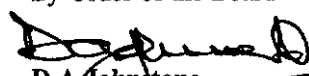
		1997 No.	1996 No.
S R T Hopkins	Ordinary Shares	-	500
	Priority Shares	-	500
W J Davies	Ordinary Shares	300	300
D C King	Ordinary Shares	240	240

S R T Hopkins resigned on the 15th August 1996.

### AUDITORS

A resolution to re-appoint as auditors for the ensuing year will be proposed at the Annual General Meeting.

By Order of the Board

  
D A Johnstone  
Secretary

23rd February 1998

## WOODLAND HEALTHCARE LTD

### Statement of Directors' Responsibilities

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Company law requires the Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and Group and profit or loss of that year. In preparing those financial statements, the Directors are required to :

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF WOODLAND HEALTHCARE LTD**

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We have audited the financial statements on pages 4 to 18.

### **Respective responsibilities of Directors and Auditors**

As described on page 2, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group and Company's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and Group as at 30th April 1997 and of the Group's profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors

23rd February 1998

# WOODLAND HEALTHCARE LTD

## Consolidated Profit and Loss Account for the Year Ended 30th April 1997

Notes	1997 £	1996 £
2 <b>TURNOVER - continuing operations</b>	<b>1, 227, 945</b>	<b>1, 402, 747</b>
Cost of sales	( 884, 254)	( 921, 692)
<b>GROSS PROFIT</b>	<b>343, 691</b>	<b>481, 055</b>
Administrative expenses	( 164, 932)	( 172, 775)
	<b>178, 759</b>	<b>308, 280</b>
Other operating income	<b>23, 621</b>	<b>16, 976</b>
3 <b>OPERATING PROFIT - continuing operations</b>	<b>202, 380</b>	<b>325, 256</b>
5 Income from investments	<b>7, 991</b>	-
6 Interest receivable and similar income	<b>365</b>	<b>2, 078</b>
	<b>210, 736</b>	<b>327, 334</b>
7 Interest payable and similar charges	( 195, 422)	( 311, 704)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>15, 314</b>	<b>15, 630</b>
8 Taxation on profit on ordinary activities	<b>2, 000</b>	( 2, 265)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>17, 314</b>	<b>13, 365</b>
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>17, 314</b>	<b>13, 365</b>
9 Dividends	-	( 22, 500)
20 <b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>17, 314</b>	<b>( 9, 135)</b>
<b>RETAINED BY:</b>		
Woodland Healthcare Ltd	<b>4, 394</b>	<b>32, 218</b>
Subsidiary	<b>12, 920</b>	<b>( 41, 353)</b>
	<b>17, 314</b>	<b>( 9, 135)</b>

### Statement of Total Recognised Gains and Losses

The profit on ordinary activities, after taxation, as stated above recognises all gains and losses for the year, as defined by the Financial Reporting Standard No. 3.

The notes on pages 9 to 18 form part of these financial statements.

# WOODLAND HEALTHCARE LTD

Consolidated Balance Sheet as at 30th April 1997

Notes	1997 £	1996 £
<b>FIXED ASSETS</b>		
10 Intangible assets	29,836	34,098
11 Tangible assets	3,237,260	3,220,556
	<b>3,267,096</b>	<b>3,254,654</b>
<b>CURRENT ASSETS</b>		
13 Stocks	2,000	2,000
14 Debtors	120,056	92,113
Cash at bank and in hand	5,984	3,467
	<b>128,040</b>	<b>97,580</b>
15 CREDITORS: Amounts falling due within one year	(2,307,895)	(2,290,558)
<b>NET CURRENT LIABILITIES</b>	<b>(2,179,855)</b>	<b>(2,192,978)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,087,241</b>	<b>1,061,676</b>
16 CREDITORS: Amounts falling due after more than one year	(8,251)	-
	<b>1,078,990</b>	<b>1,061,676</b>
18 SUBORDINATED LOANS	(1,052,644)	(1,052,644)
	<b>26,346</b>	<b>9,032</b>
<b>CAPITAL AND RESERVES</b>		
<b>Equity Interests:</b>		
19 Called up share capital	3,000	3,000
20 Profit and loss account	23,346	6,032
21 TOTAL SHAREHOLDERS' FUNDS	<b>26,346</b>	<b>9,032</b>

The financial statements were approved by the board of directors on 23rd February 1998, and were signed on its behalf by:-

W J Davies		Director
D C King		Director



The notes on pages 9 to 18 form part of these financial statements.

# WOODLAND HEALTHCARE LTD

Balance Sheet as at 30th April 1997

Notes	1997 £	1996 £
<b>FIXED ASSETS</b>		
12 Investments	1, 127, 622	1, 127, 624
<b>CURRENT ASSETS</b>		
14 Debtors	28, 154	20, 633
Cash at bank and in hand	210	61
	<u>28, 364</u>	<u>20, 694</u>
15 CREDITORS: Amounts falling due within one year	( 53, 993)	( 50, 719)
<b>NET CURRENT LIABILITIES</b>	<u>( 25, 629)</u>	<u>( 30, 025)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	1, 101, 993	1, 097, 599
18 SUBORDINATED LOANS	( 1, 052, 644)	( 1, 052, 644)
	<u>49, 349</u>	<u>44, 955</u>
<b>CAPITAL AND RESERVES</b>		
<b>Equity Interests:</b>		
19 Called up share capital	3, 000	3, 000
20 Profit and loss account	46, 349	41, 955
21 <b>TOTAL SHAREHOLDERS' FUNDS</b>	<u>49, 349</u>	<u>44, 955</u>

The financial statements were approved by the board of directors on 23rd February 1998, and were signed on its behalf by:-

W J Davies		Director
D C King		Director

The notes on pages 9 to 18 form part of these financial statements.



# WOODLAND HEALTHCARE LTD

## Consolidated Cash Flow Statement for the Year Ended 30th April 1997

Notes	1997 £	1996 £
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Operating profit	202,380	325,256
Amortisation	4,262	4,262
Depreciation	3,889	266
Loss on disposal of fixed assets	131	-
(Increase)/Decrease in debtors	(22,318)	27,079
Increase/(Decrease) in creditors	29,426	(87,188)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>217,770</b>	<b>269,675</b>
<b>CASH FLOW STATEMENT</b>		
25 Net cash inflow from operating activities	217,770	269,675
25 Returns on investments and servicing of finance	(203,709)	(327,974)
25 Taxation	(5,625)	(36,551)
25 Capital expenditure and financial investment	(12,733)	(4,209)
25 Financing	12,202	40,079
<b>INCREASE/(DECREASE) IN CASH</b>	<b>7,905</b>	<b>(58,980)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>		
Increase/(Decrease) in cash	7,905	(58,980)
Net inflow from subordinated loans	-	(40,000)
Net inflow in respect of finance leases	(12,202)	-
Movement in net debt during the year	(4,297)	(98,980)
Net debt at 1st May 1996	(2,125,042)	(2,066,062)
26 Net debt at 30th April 1997	(2,129,339)	(2,165,042)

The notes on pages 9 to 18 form part of these financial statements.

## WOODLAND HEALTHCARE LTD

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

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### 1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Group and Company's financial statements.

#### Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### Consolidation

The Group financial statements consolidate the financial statements of Woodland Healthcare Ltd and its subsidiary undertaking drawn up to 30th April each year. No profit and loss account is presented for Woodland Healthcare Ltd as provided by section 230 of the Companies Act 1985.

#### Going Concern

The financial statements have been prepared on a going concern basis on the assumption that the subordinated loan stockholders will continue to provide financial support.

#### Goodwill

Goodwill is the difference between the amounts paid on the acquisition of a business, and the aggregate fair value of its separable net assets.

Goodwill is written off over 10 years straight line.

#### Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less residual value, of each asset over its expected useful life as follows:

Plant & Machinery	10 years straight line
Motor Vehicles	10 years straight line
Freehold Land and Buildings	Nil
Fixtures and Fittings	Nil

Given that the economic lives of the company's freehold properties and fixtures and fittings are so long and that they will be maintained to such a high standard, it is the opinion of the Directors that the residual values will be sufficiently high to make any depreciation charge immaterial. The Directors have based their estimates of residual values on prices prevailing at the time of acquisition. Where residual values are lower than cost, depreciation will be charged to the profit and loss account. Any permanent diminution in value will be charged to the revaluation reserve or profit and loss account as appropriate.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes amounts incurred in bringing each product to its present location and condition.

## WOODLAND HEALTHCARE LTD

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

### Deferred Taxation

Deferred taxation is provided using the liability method for all timing differences between the results as shown by the financial statements and those computed for taxation purposes, other than those differences which are expected to continue into the foreseeable future.

### Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease terms or their useful economic life.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

### Repairs and Renewals

Expenditure on maintenance of freehold property repairs, renewals and minor items of equipment is written off in the year it is incurred.

Certain major expenditure in respect of fixed plant and structures is capitalised within the cost of freehold buildings when purchased. When replaced these items will be fully expensed as repairs and renewals in the profit and loss account.

## 2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover and pre-tax profit is attributable to the only activity of the Group.

An analysis of turnover by geographical market is given below:

	1997 £	1996 £
United Kingdom	1,227,945	1,402,747

## 3 OPERATING PROFIT

This is stated after charging:

Amortisation	4,262	4,262
Depreciation of tangible fixed assets		
- owned assets	1,208	266
- leased assets	2,681	-
Loss on disposal of fixed assets	131	-
Auditors' remuneration	8,883	8,690
Operating lease rentals - plant & machinery	3,287	2,718

**WOODLAND HEALTHCARE LTD**

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## Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

	1997 £	1996 £
<b>4 STAFF COSTS</b>		
Wages and salaries	691,376	711,061
Social security costs	39,019	40,417
	<u>730,395</u>	<u>751,478</u>
The average monthly number of persons employed by the Group during the year was as follows:		
	108	105
Number :	<u>108</u>	<u>105</u>
<b>5 INCOME FROM INVESTMENTS</b>		
Profit on disposal of investments	<u>7,991</u>	-
<b>6 INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
Bank interest	<u>365</u>	<u>2,078</u>
<b>7 INTEREST PAYABLE AND SIMILAR CHARGES</b>		
On bank loans, overdrafts and other loans	194,732	311,704
Finance charges payable under finance leases and hire purchase contracts	690	-
	<u>195,422</u>	<u>311,704</u>
<b>8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>		
The (credit)/charge based on the results for the year:		
U.K. Corporation tax at 24% (1996 - 25%)	-	2,000
(Over)/Under provision for tax in respect of prior years:		
U.K. Corporation tax	(2,000)	265
	<u>(2,000)</u>	<u>2,265</u>

**WOODLAND HEALTHCARE LTD**

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

	1997 £	1996 £
<b>9 DIVIDENDS</b>		
Ordinary shares - final proposed	-	22,500
All dividends are payable on equity shares.		
<b>10 INTANGIBLE FIXED ASSETS</b>		
	<b>Goodwill</b>	
	£	
<b>GROUP</b>		
<b>Cost:</b>		
1st May 1996	42,622	
30th April 1997	<u>42,622</u>	
<b>Amortisation:</b>		
1st May 1996	8,524	
Provided during the year	4,262	
30th April 1997	<u>12,786</u>	
<b>Net book value:</b>		
30th April 1997	<u>29,836</u>	
1st May 1996	<u>34,098</u>	

# WOODLAND HEALTHCARE LTD

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

## 11 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>GROUP</b>					
<b>Cost:</b>					
1st May 1996	2,956,388	4,209	260,000	250	3,220,847
Additions	-	4,499	-	16,225	20,724
Disposals	-	-	-	(250)	(250)
30th April 1997	<b>2,956,388</b>	<b>8,708</b>	<b>260,000</b>	<b>16,225</b>	<b>3,241,321</b>
<b>Depreciation:</b>					
1st May 1996	-	203	-	88	291
Charge for the year	-	1,177	-	2,712	3,889
Disposals	-	-	-	(119)	(119)
30th April 1997	-	<b>1,380</b>	-	<b>2,681</b>	<b>4,061</b>
<b>Net book value:</b>					
30th April 1997	<b>2,956,388</b>	<b>7,328</b>	<b>260,000</b>	<b>13,544</b>	<b>3,237,260</b>
1st May 1996	2,956,388	4,006	260,000	162	3,220,556

	<b>GROUP</b>		<b>COMPANY</b>	
	1997 £	1996 £	1997 £	1996 £
The net book value above includes the following amount in respect of assets held under finance lease and hire purchase contracts	10,863	-	-	-
The depreciation charged for the year on these assets amounted to	2,681	-	-	-

## 12 FIXED ASSET INVESTMENTS

### Shares in subsidiary undertakings:

<b>Cost:</b>				
1st May 1996	-	-	1,127,624	1,127,622
Addition	-	-	-	2
Disposal	-	-	(2)	-
30th April 1997	-	-	<b>1,127,622</b>	<b>1,127,624</b>

### Subsidiary undertakings

Name of Company	Holding	% held	Country of Incorporation	Nature of Business
Woodland Nursing Homes Limited	Ordinary Shares	100%	United Kingdom	Nursing Home Management

## WOODLAND HEALTHCARE LTD

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

	GROUP		COMPANY	
	1997	1996	1997	1996
	£	£	£	£
<b>13 STOCKS</b>				
Raw materials and consumables	2,000	2,000	-	-
<b>14 DEBTORS</b>				
Amounts falling due within one year:				
Trade debtors	85,829	68,629	-	-
Amounts owed by group undertakings	-	-	-	8,258
Other debtors	23,731	11,219	20,633	6,750
Prepayments and accrued income	2,975	6,640	-	-
	112,535	86,488	20,633	15,008
Due after one year:				
Other debtors	7,521	5,625	7,521	5,625
	120,056	92,113	28,154	20,633
<b>15 CREDITORS: Amounts falling due within one year</b>				
Bank loans and overdrafts	2,123,121	2,128,509	-	-
Trade creditors	22,684	23,391	-	-
Amounts owed to group undertaking	-	-	15,306	4,378
Corporation tax	5,625	7,625	5,625	5,625
Other taxes and social security	10,920	16,930	-	6,561
Obligations under finance leases and hire purchase contracts (see note 17)	3,951	-	-	-
Other creditors	40,692	35,126	22,500	22,502
Accruals and deferred income	100,902	78,977	10,562	11,653
	2,307,895	2,290,558	53,993	50,719
The bank loan is secured on the freehold properties of the Group.				
<b>16 CREDITORS: Amounts falling due after more than one year</b>				
Obligations under finance leases and hire purchase contracts (see note 17)	8,251	-	-	-
	8,251	-	-	-

**WOODLAND HEALTHCARE LTD**

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>17 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS</b>				
Amounts payable within 1 year	5,106	-	-	-
Amounts payable between 2 to 5 years	9,996	-	-	-
	<b>15,102</b>	-	-	-
Less: Finance charges allocated to future periods	(2,900)	-	-	-
	<b>12,202</b>	-	-	-
Finance leases and hire purchase contracts are analysed as follows:				
Current obligations	3,951	-	-	-
Non-current obligations	8,251	-	-	-
	<b>12,202</b>	-	-	-
<b>18 SUBORDINATED LOANS</b>				
At 1st May 1996	1,052,644	1,012,644	1,052,644	1,012,644
Movement for the year	-	40,000	-	40,000
At 30th April 1997	<b>1,052,644</b>	<b>1,052,644</b>	<b>1,052,644</b>	<b>1,052,644</b>

Subordinated loans represent 10% redeemable unsecured loan stock 1994-2010.

This loan stock is redeemable at par at any time by the Company.

In the event that the Company fails to pay interest on the loan stock for a continuous period of sixteen months then the stockholder shall be entitled to convert the stock held into ordinary shares at the rate of one ordinary share for every £1 of stock.

The ordinary shares allotted and issued as above will rank in all respects pari passu with the ordinary shares in issue.



# WOODLAND HEALTHCARE LTD

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

	GROUP		COMPANY	
	1997	1996	1997	1996
	£	£	£	£
<b>19 SHARE CAPITAL</b>				
<b>Equity Interests:</b>				
<b>Authorised</b>				
1,500 Ordinary Shares of £1 each			1,500	1,500
1,500 Priority Shares of £1 each			1,500	1,500
			<u>3,000</u>	<u>3,000</u>
<b>Allotted, called up and fully paid</b>				
1,500 Ordinary Shares of £1 each			1,500	1,500
1,500 Priority Shares of £1 each			1,500	1,500
			<u>3,000</u>	<u>3,000</u>

## Rights of Shares

The Priority Shares are entitled to a priority dividend agreed by the directors(maximum £60,000) before the payment of any other dividend.

In all other respects the Ordinary Shares and the Priority Shares rank pari passu.

## 20 PROFIT AND LOSS ACCOUNT

At 1st May 1996	6,032	15,167	41,955	9,737
Retained profit/(loss) for the financial year	17,314	(9,135)	4,394	32,218
At 30th April 1997	<u>23,346</u>	<u>6,032</u>	<u>46,349</u>	<u>41,955</u>

## 21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	17,314	13,365	4,394	54,718
Dividends	-	(22,500)	-	(22,500)
	<u>17,314</u>	<u>(9,135)</u>	<u>4,394</u>	<u>32,218</u>
Shares issued	-	79	-	79
	<u>17,314</u>	<u>(9,056)</u>	<u>4,394</u>	<u>32,297</u>
Net addition/(reduction) to shareholders' funds	17,314	(9,056)	4,394	32,297
Opening shareholders' funds	9,032	18,088	44,955	12,658
Closing shareholders' funds	<u>26,346</u>	<u>9,032</u>	<u>49,349</u>	<u>44,955</u>

**WOODLAND HEALTHCARE LTD**

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>22 COMMITMENTS UNDER OPERATING LEASES</b>				
At 30th April 1997 the Group had annual commitments under non-cancellable operating leases as set out below:				
<b>Plant and Machinery</b>				
Operating leases which expire:				
Within 1 year	787	1,292	-	-
Within 2 to 5 years	1,755	1,755	-	-
	<b>2,542</b>	<b>3,047</b>	<b>-</b>	<b>-</b>

## WOODLAND HEALTHCARE LTD

### Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

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#### 23 POST BALANCE SHEET EVENTS

Subsequent to the year end, in February 1998, the holders of Subordinated Loan Stock waived interest as follows. Loan stock holders of £552,644 waived interest on such stock for the period up to 31st March 1997 and in respect of any arrears outstanding for previous years and loan stock holders of £500,000 for the period up to 30th April 1997 and in respect of any arrears outstanding for previous years.

As a result of these waivers the loan stock interest waived has been written back in the financial statements for the year ended 30th April 1997 amounting to £109,379.

The loan note holders have also waived their entitlement to convert the loan stock into ordinary shares in respect of the failure by the company to pay interest for any prior period to 31st December 1997 on the due dates.

#### 24 RELATED PARTY TRANSACTIONS

During the year the Company transferred at cost (£2) its entire shareholding in Woodland Associates Limited to D.C.King, a director of the Company. At the year end Woodland Associates Limited owed the Company £8,658.

The Company has entered into partnership agreements from 1st April 1997 with Southgarth Residential Care Home and Check House Nursing Home to manage these nursing homes on behalf of the owners for a profit share in accordance with the partnership agreement. The income for the year amounted to £7,521 and the amounts due from the partnerships at the year end was £7,521.

The Company's subsidiary Woodland Nursing Homes Limited has a similar management agreement with Jubilee House Residential Care Partnership. The management fee was £15,000 and the amount due from the partnership at the year end was £2,598.

The directors W.J.Davies and D.C.King have holdings of £150,000 and £120,000 respectively of subordinated loan stock in the Company. S.R.T.Hopkins who resigned on 15 August 1996 holds subordinated loan stock of £394,044. The interest rate is 10% but no interest has been paid since 31st March 1996.

# WOODLAND HEALTHCARE LTD

Notes to the Consolidated Financial Statements for the Year Ended 30th April 1997

	1997 £	1996 £
<b>25 GROSS CASH FLOWS</b>		
<b>Returns on investments and servicing of finance</b>		
Interest received	365	2,078
Interest paid	(203,384)	(303,052)
Interest element of finance leases	(690)	-
Dividends paid	-	(27,000)
	<u>(203,709)</u>	<u>(327,974)</u>
<b>Taxation</b>		
Corporation tax paid	(5,625)	(36,551)
	<u>(5,625)</u>	<u>(36,551)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(20,724)	(4,209)
Receipts from sales of investments	7,991	-
	<u>(12,733)</u>	<u>(4,209)</u>
<b>Financing</b>		
Issue of share capital	-	79
Net inflow from subordinated loans	-	40,000
Net inflow in respect of finance leases	12,202	-
	<u>12,202</u>	<u>40,079</u>

## 26 ANALYSIS OF CHANGES IN NET FUNDS

	1st May 1996 £	Cash Flows £	Other Changes £	30th April 1997 £
Cash at bank and in hand	3,467	2,517	-	5,984
Bank borrowings	(2,128,509)	5,388	-	(2,123,121)
Finance leases	-	(12,202)	-	(12,202)
	<u>(2,125,042)</u>	<u>(4,297)</u>	<u>-</u>	<u>(2,129,339)</u>