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Report of the Directors and
Financial Statements
for the Year Ended 31 March 2008
for
Raphael Health Care Ltd

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for the Year Ended 31 March 2008

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Raphael Health Care Ltd

Company Information
for the Year Ended 31 March 2008

DIRECTORS:	John Thomas Lamb Arthur Laurence Robinson Roderick Gruffydd Morris
SECRETARY:	Roderick Gruffydd Morris
REGISTERED OFFICE:	Briars Hey Mill Lane Rainhill Liverpool Merseyside L35 6NE
REGISTERED NUMBER:	05255132 (England and Wales)
AUDITORS:	McEwan Wallace Chartered Accountants Registered Auditors 68 Argyle Street Birkenhead CH41 6AF
SOLICITORS:	Perkins Mainman 1 King Street Manchester M2 6AW

Raphael Health Care Ltd

Report of the Directors for the Year Ended 31 March 2008

The directors present their report with the financial statements of the company for the year ended 31 March 2008

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of individualised care and active rehabilitation for women with mental health and complex forensic needs

REVIEW OF BUSINESS

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

During the year the company substantially extended its facility at the Farndon unit with the addition of 11 beds, although these were registered by the Healthcare Commission and became operational after the year end

The company continued to experience good levels of occupancy during its first full year of trading at the Farndon unit and as a result generated positive financial returns. Sales and profitability in the financial year were also in line with plan

The company like any other company in this sector faces a number of risks and uncertainties. Recruitment and retention continue to be a major challenge and as a result the Board decided to strengthen the Board with the recruitment of a Director of Human Resources

The Clinical team have carried out a significant amount of work to ensure that the hospital continues to widen and develop its range of services. Our emphasis on quality of service and team building minimises clinical risk and ensures that we continue to be a preferred provider of female low secure services for South Yorkshire, East and West Midlands and for the South West Peninsula of the country

During the financial year the company acquired a major site located at Rainhill in Merseyside. The company is in the process of obtaining planning consent to develop this site to provide a range of psychiatric services

The Directors have assessed what they consider to be the major risks that the company faces. This assessment covered the normal risks area expected for a company of this size and nature, including market competition, clinical risk and recruitment and retention of staff. The Directors believe that there are adequate systems in place to mitigate these risks

The company makes use of a number of key performance indicators to monitor the efficiency and effectiveness of the organisation. In terms of Financial KPI's, the company monitors carefully its overdue debt and debtor day trends. In terms of Operational KPI's the company monitors carefully average occupancy as well as staff/patient ratios

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2008

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

Raphael Health Care Ltd

Report of the Directors
for the Year Ended 31 March 2008

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2007 to the date of this report

John Thomas Lamb
Arthur Laurence Robinson
Roderick Gruffydd Morris

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

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 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

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

ON BEHALF OF THE BOARD:



Roderick Gruffydd Morris - Director

26 September 2008

Report of the Independent Auditors to the Shareholders of
Raphael Health Care Ltd

We have audited the financial statements of Raphael Health Care Ltd for the year ended 31 March 2008 on pages six to twenty. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

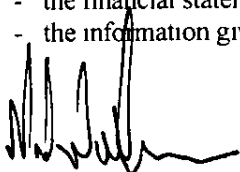
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Report of the Independent Auditors to the Shareholders of
Raphael Health Care Ltd

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



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

26 September 2008

Raphael Health Care Ltd

Profit and Loss Account
for the Year Ended 31 March 2008

	Notes	31 3 08 £	31 3 07 £
TURNOVER		5,422,416	2,212,280
Direct costs		<u>3,222,861</u>	<u>1,973,058</u>
GROSS PROFIT		2,199,555	239,222
Administrative expenses		<u>1,600,502</u>	<u>1,168,392</u>
OPERATING PROFIT/(LOSS)	3	599,053	(929,170)
Interest receivable and similar income		<u>6,261</u>	<u>(1,303)</u>
		605,314	(930,473)
Interest payable and similar charges	4	<u>318,132</u>	<u>217,980</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		287,182	(1,148,453)
Tax on profit/(loss) on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>287,182</u></u>	<u><u>(1,148,453)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

Raphael Health Care Ltd

Statement of Total Recognised Gains and Losses
for the Year Ended 31 March 2008

	31 3 08	31 3 07
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	287,182	(1,148,453)
Unrealised surplus on revaluation of freehold property	458,148	8,678,801
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>745,330</u>	<u>7,530,348</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

The notes form part of these financial statements

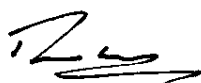
Raphael Health Care Ltd

Balance Sheet

31 March 2008

	Notes	31 3 08 £	£	31 3 07 £	£
FIXED ASSETS					
Tangible assets	6		21,528,088		13,554,886
CURRENT ASSETS					
Stocks	7	7,874		7,117	
Debtors	8	445,444		181,221	
Cash at bank and in hand		255,941		201,662	
		<u>709,259</u>		<u>390,000</u>	
CREDITORS					
Amounts falling due within one year	9	8,200,622		531,337	
NET CURRENT LIABILITIES			<u>(7,491,363)</u>		<u>(141,337)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,036,725		13,413,549
CREDITORS					
Amounts falling due after more than one year	10		6,027,301		6,149,455
NET ASSETS			<u>8,009,424</u>		<u>7,264,094</u>
CAPITAL AND RESERVES					
Called up share capital	13		10		10
Revaluation reserve	14		9,136,949		8,678,801
Profit and loss account	14		<u>(1,127,535)</u>		<u>(1,414,717)</u>
SHAREHOLDERS' FUNDS	19		<u>8,009,424</u>		<u>7,264,094</u>

The financial statements were approved by the Board of Directors on 26 September 2008 and were signed on its behalf by



Roderick Gruffydd Morris - Director

The notes form part of these financial statements

Raphael Health Care Ltd

Cash Flow Statement
for the Year Ended 31 March 2008

	Notes	31 3 08	31 3 07
		£	£
Net cash inflow/(outflow) from operating activities	1	1,099,099	(840,489)
Returns on investments and servicing of finance	2	(311,871)	(219,283)
Capital expenditure	2	(7,557,024)	(1,072,194)
		<u>(6,769,796)</u>	<u>(2,131,966)</u>
Financing	2	7,011,401	1,948,161
Increase/(Decrease) in cash in the period		<u>241,605</u>	<u>(183,805)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		241,605	(183,805)
Cash inflow from increase in debt		<u>(7,011,300)</u>	<u>(260,351)</u>
Change in net debt resulting from cash flows		<u>(6,769,695)</u>	<u>(444,156)</u>
Movement in net debt in the period		<u>(6,769,695)</u>	<u>(444,156)</u>
Net debt at 1 April		<u>(4,485,664)</u>	<u>(4,041,508)</u>
Net debt at 31 March		<u><u>(11,255,359)</u></u>	<u><u>(4,485,664)</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 March 2008

1 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31 3 08	31 3 07
	£	£
Operating profit/(loss)	599,053	(929,170)
Depreciation charges	41,969	30,258
Increase in stocks	(757)	(7,117)
Increase in debtors	(264,223)	(178,260)
Increase in creditors	723,057	243,800
Net cash inflow/(outflow) from operating activities	1,099,099	(840,489)

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

	31 3 08	31 3 07
	£	£
Returns on investments and servicing of finance		
Interest received	6,261	(1,303)
Interest paid	(318,132)	(217,980)
Net cash outflow for returns on investments and servicing of finance	(311,871)	(219,283)
Capital expenditure		
Purchase of tangible fixed assets	(7,557,024)	(1,072,194)
Net cash outflow for capital expenditure	(7,557,024)	(1,072,194)
Financing		
New loans in year	7,051,584	4,500,000
Loan repayments in year	(40,183)	(2,814,649)
Introduced from parent company	-	262,800
Share issue	-	10
Net cash inflow from financing	7,011,401	1,948,161

Notes to the Cash Flow Statement
for the Year Ended 31 March 2008

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 4 07 £	Cash flow £	At 31 3.08 £
Net cash			
Cash at bank and in hand	201,662	54,279	255,941
Bank overdraft	(187,326)	187,326	-
	<u>14,336</u>	<u>241,605</u>	<u>255,941</u>
Debt			
Debts falling due within one year	(38,345)	(7,133,554)	(7,171,899)
Debts falling due after one year	(4,461,655)	122,254	(4,339,401)
	<u>(4,500,000)</u>	<u>(7,011,300)</u>	<u>(11,511,300)</u>
Total	<u>(4,485,664)</u>	<u>(6,769,695)</u>	<u>(11,255,359)</u>

1 ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents amounts receivable for services provided in the normal course of business and is recognised on a per patient day basis Turnover is stated net of value added tax

Tangible fixed assets

Tangible fixed assets are carried at cost, updated for the revaluation of certain assets plus any costs directly attributable to bring them into working condition for their intended use, less depreciation.

Assets under construction includes freehold land and buildings that were not operational at the year end as they were still under development.

Depreciation is not charged on freehold land and buildings as it is the company's policy to maintain these assets in a continued state of sound repair It is considered that the useful economic lives of these assets exceed 50 years and residual values are not materially less than the carrying values included within the financial statements The directors therefore consider that any depreciation would be immaterial

Depreciation on all other tangible fixed assets is calculated on a straight line basis to write off the cost, less estimated residual value for each asset in equal instalments over its expected useful life, as follows

Plant and machinery	3 years
Fixtures, fittings and equipment	3 years
Computer equipment	2 years

The cost of freehold land and buildings includes interest on the capital employed in the development of the property, plus finance costs associated with banking arrangements

Interest and finance costs are capitalised only until the property becomes operational

Stocks

Stocks, which comprise consumables to be used in the provision of services to patients, are recorded at cost

Deferred tax

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

Deferred tax assets are only recognised when recovery is forecast with reasonable certainty

No provision has been made for deferred tax on gains recognised on revaluing property to its value in use as the company does not intend to sell the revalued assets in the foreseeable future

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

1 ACCOUNTING POLICIES - continued

Leasing

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease

Pension costs

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

2 STAFF COSTS

	31 3 08	31 3 07
	£	£
Wages and salaries	3,142,958	1,829,646
Social security costs	244,426	164,694
Other pension costs	24,528	11,685
	<u>3,411,912</u>	<u>2,006,025</u>

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

	31 3 08	31.3 07
Operation	106	65
Administration	9	7
	<u>115</u>	<u>72</u>

3 OPERATING PROFIT/(LOSS)

The operating profit (2007 - operating loss) is stated after charging

	31 3 08	31 3 07
	£	£
Hire of plant and machinery	6,296	4,792
Depreciation - owned assets	41,969	30,258
Auditors' remuneration	11,486	11,059
Auditors' remuneration for non audit work	10,731	10,095
	<u>198,900</u>	<u>155,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

4 INTEREST PAYABLE AND SIMILAR CHARGES

	31 3.08	31 3.07
	£	£
Bank interest	<u>318,132</u>	<u>217,980</u>

5 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2008 nor for the year ended 31 March 2007

6 TANGIBLE FIXED ASSETS

	Freehold property £	Assets under construction £	Plant and machinery £
COST OR VALUATION			
At 1 April 2007	13,500,000	-	664
Additions	1,716,852	5,808,461	649
Revaluations	458,148	-	-
	<u>15,675,000</u>	<u>5,808,461</u>	<u>1,313</u>
At 31 March 2008			
DEPRECIATION			
At 1 April 2007	-	-	178
Charge for year	-	-	348
	<u>-</u>	<u>-</u>	<u>526</u>
At 31 March 2008			
NET BOOK VALUE			
At 31 March 2008	<u>15,675,000</u>	<u>5,808,461</u>	<u>787</u>
At 31 March 2007	<u>13,500,000</u>	<u>-</u>	<u>486</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

6 TANGIBLE FIXED ASSETS - continued

	Fixtures, fittings & equipment £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 April 2007	26,588	59,833	13,587,085
Additions	22,562	8,500	7,557,024
Revaluations	-	-	458,148
At 31 March 2008	49,150	68,333	21,602,257
DEPRECIATION			
At 1 April 2007	5,689	26,333	32,200
Charge for year	14,003	27,618	41,969
At 31 March 2008	19,692	53,951	74,169
NET BOOK VALUE			
At 31 March 2008	29,458	14,382	21,528,088
At 31 March 2007	20,899	33,500	13,554,885

At the year end the company owned two properties

"The Farndon Unit" is included within Freehold property and was valued by GVA Grimley on 16 July 2007 following the construction of an extension to the original building. The valuation is based on the "Value In Use" of the property and was provided under the assumption that the original construction is being used as an independent low secure hospital and that the extension will be used for the same purpose when it is completed. The valuation for this building at its current level of operation is £15,675,000.

The directors are of the opinion that this valuation did not change materially between the year end and the date at which the valuation was made.

If this property was sold at its revalued amount, it would be necessary to replace it with a similar property and rollover relief against tax on the gain would be available. Accordingly, no timing differences arise and no provision has been made for deferred tax in respect of the revaluation.

"Briars Hey" is included within Assets under construction. At the year end, Briars Hey was undergoing substantial development works to allow it to become an independent hospital with a rehabilitation unit. This development is being carried at cost until it is complete, it will then be transferred into freehold property and carried at its value in use.

During the year £200,698 of interest was capitalised within freehold land and buildings. The total interest plus finance costs capitalised within tangible fixed assets at 31 March 2008 is £361,303.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

6 TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 March 2008 is represented by

	Freehold property £	Assets under construction £	Plant and machinery £
Valuation in 2007	8,678,801	-	-
Valuation in 2008	458,148	-	-
Cost	6,538,051	5,808,461	1,313
	<u>15,675,000</u>	<u>5,808,461</u>	<u>1,313</u>

	Fixtures, fittings & equipment £	Computer equipment £	Totals £
Valuation in 2007	-	-	8,678,801
Valuation in 2008	-	-	458,148
Cost	49,150	68,333	12,465,308
	<u>49,150</u>	<u>68,333</u>	<u>21,602,257</u>

7. STOCKS

	31 3 08 £	31 3 07 £
Cleaning materials	635	224
Pharmaceuticals	5,000	4,686
Food & catering consumables	1,286	1,105
Office consumables	953	1,102
	<u>7,874</u>	<u>7,117</u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3 08 £	31.3 07 £
Trade debtors	181,715	141,567
Other debtors	645	16,346
Amounts due from related companies	96,308	10
Prepayments and accrued income	166,776	23,298
	<u>445,444</u>	<u>181,221</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 08	31 3.07
	£	£
Bank loans and overdrafts (see note 11)	7,171,899	225,671
Trade creditors	548,159	142,520
Social security and other taxes	80,009	64,319
Other creditors	28,487	7,392
Accrued expenses and deferred income	372,068	91,435
	<u>8,200,622</u>	<u>531,337</u>

At the year end there was a drawdown facility included within Bank loans and overdrafts with a balance of £1,451,484. This facility is repayable on demand until 18 months after the first drawdown. It can then be converted to a loan repayable over 19.5 years.

Also, included within Bank loans and overdrafts is a loan of £5,600,000 that was used to acquire the Briars Hey site. This loan has been successfully extended for a further year since the year end. This loan will be converted to a development loan once planning consent is obtained.

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 3 08	31 3 07
	£	£
Bank loans (see note 11)	4,339,401	4,461,655
Amounts owed to group undertakings	1,687,900	1,687,800
	<u>6,027,301</u>	<u>6,149,455</u>

11. LOANS

An analysis of the maturity of loans is given below:

	31 3 08	31.3 07
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	187,326
Bank loans	7,171,899	38,345
	<u>7,171,899</u>	<u>225,671</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	<u>128,927</u>	<u>120,414</u>
Amounts falling due between two and five years		
Bank loans - 2-5 years	<u>444,088</u>	<u>414,767</u>

Amounts falling due in more than five years

Raphael Health Care Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2008**

11 LOANS - continued

	31 3 08	31 3 07
	£	£
Amounts falling due in more than five years.		
Repayable by instalments		
Bank loans	3,766,386	3,926,474

12 SECURED DEBTS

The following secured debts are included within creditors

	31 3 08	31 3 07
	£	£
Bank overdraft	-	187,326
Bank loans	11,511,300	4,500,000
	11,511,300	4,687,326

All assets held by the company at the balance sheet date and in the future have been secured by way of a debenture dated 17 November 2006

All monies receivable by the company have been securitised by a charge dated 12 November 2007

All monies held on deposit at the bank have been securitised by a charge dated 25 September 2007

The Farndon Unit, Newark, Nottinghamshire, NG24 4SW has been secured by a legal charge dated 27 November 2006

Briars Hey, Mill Lane, Rainhill, Prescot, Merseyside, L35 6NE has been secured by legal charge dated 25 September 2007

13 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	31 3 08	31.3 07
		£1	£	£
1,000	Ordinary		1,000	1,000
Allotted and issued. Number.	Class	Nominal value	31 3 08	31.3.07
		£1	£	£
10	Share capital 1		10	10

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

14 **RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2007	(1,414,717)	8,678,801	7,264,084
Profit for the year	287,182		287,182
Revaluation in the year	-	458,148	458,148
At 31 March 2008	<u>(1,127,535)</u>	<u>9,136,949</u>	<u>8,009,414</u>

15 **OTHER FINANCIAL COMMITMENTS**

At 31 March 2008 the company had annual commitments under non-cancelable operating leases as follows

	Equipment 2008 £	Motor 2008 £	Property 2008 £	Total 2008 £	Total 2007 £
Within one year	-	-	27,625	27,625	22,863
Between one and five years	3,621	7,604	-	11,225	11,225
	<u>3,621</u>	<u>7,604</u>	<u>27,625</u>	<u>38,850</u>	<u>34,088</u>

16 **RELATED PARTY DISCLOSURES**

As a wholly owned subsidiary of Raphael Health Care (Holding) Limited, the company has taken advantage of the exemption contained in FRS 8 - Related Party Disclosures from disclosing transactions with entities which form part of the group

At the year end the company owed its directors the following amounts

	31.3.08 £	31.3.07 £
A L Robinson	971	3,351
R Morris	1,172	1,060

These amounts are included within creditors and accruals

17 **POST BALANCE SHEET EVENTS**

Since the year end the group, of which the company is a part, has undertaken a major financial restructuring and fund raising exercise which will enable the group to continue to exploit opportunities for growth. As a result of this restructuring, the new ultimate holding company is RHC Group.

18 ULTIMATE CONTROLLING PARTY

At the year end, the company was a wholly owned subsidiary of Raphael Health Care (Holding) Limited, a company registered in England and Wales. Raphael Health Care (Holding) Limited was controlled by Mr JPT Lamb by virtue of his majority shareholding in that company.

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 3 08 £	31 3 07 £
Profit/(Loss) for the financial year	287,182	(1,148,453)
Other recognised gains and losses relating to the year (net)	458,148	8,678,801
Net addition to shareholders' funds	745,330	7,530,348
Opening shareholders' funds	7,264,094	(266,254)
Closing shareholders' funds	8,009,424	7,264,094