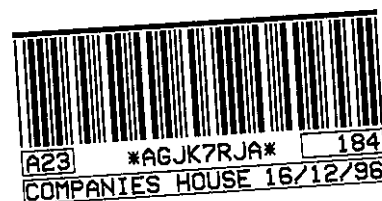

MacIntyre Care

Report and Accounts

31 MARCH 1996



MacIntyre Care

Company No. 894054
Registered Charity No. 250840

DIRECTORS

Gordon Owen CBE (Chairman)
Graham Cranmer
Edward Lea FCA
Nikki Shale
Margaret Smith
Roger J Smith
Norman Warner

SECRETARY

Rae Levene

AUDITORS

Ernst & Young
400 Capability Green
Luton
Bedfordshire
LU1 3LU

BANKERS

Midland Bank Plc
115 High Street
Bedford
Bedfordshire
MK40 1NL

SOLICITORS

Park Woodfine
1 Lurke Street
Bedford
Bedfordshire
MK40 3TN

REGISTERED OFFICE

602 South Seventh Street
Central Milton Keynes
Buckinghamshire
MK9 2JA

MacIntyre Care

DIRECTORS' REPORT

The directors' submit the report and accounts for the 15 months ended 31 March 1996.

MEMBERS OF THE BOARD

The following were directors of the company during the period:

Gordon Owen CBE (Chairman)
Edward Lea FCA
Nikki Shale
Margaret Smith
Ian Tegner CA (resigned September 1995)
Norman Warner
Graham Cranmer (appointed March 1995)
Roger J Smith

The directors are members of the company under paragraph 6 of the Memorandum of Association dated 15 December 1966. All members are liable to contribute up to £5 each towards the debts of the company in the event of it being wound up.

The directors retire by rotation at the Annual General Meeting in accordance with paragraphs 37 and 38 of the Articles of Association. Those retiring by rotation are:

Gordon Owen
Edward Lea

The aforementioned directors being eligible offer themselves for re-election.

CHANGE OF ACCOUNTING DATE

During the period the accounting reference date has been changed from 31 December to 31 March to align the period end with that of the local authorities who purchase the company's services. The accounts therefore present transactions for the 15 months ending 31 March 1996.

OBJECTS OF THE CHARITY

The main activities of the company are to provide good quality services for children and adults whose primary need is due to a learning disability. These objectives include; the provision of residential care and day services, the provision of residential special schools, the provision of employment training and the provision of domiciliary and home care support services. For the furtherance of its objectives the company seeks to work with The MacIntyre Foundation, The MacIntyre Charitable Trust and The MacIntyre Housing Association. These organisations can be contacted at the registered office of the company.

AFFILIATIONS

The company is a member of the National Council for Voluntary Organisations, Voluntary Organisations for Disability Group, The Council for Disabled Children.

PROJECTS AND DEVELOPMENTS

We are greatly indebted to the many people who support our work and in particular for the support given by The MacIntyre Charitable Trust. We are grateful to all the people who promote and assist the company in many ways.

During the 15 months to the end of March 1996 the directors were pleased to welcome to the company the new services at Kittens Lane, Norfolk; Rectory Lane, Wandsworth; Pelican Court, Kent; The Cottage and Oxford Day Services, Oxfordshire and Morning Lane Day Services, Hackney. The people living on the Manor Hospital site in Chester have moved into their new community based houses.

FINANCIAL REVIEW OF THE ACCOUNTING PERIOD

The results for the period are set out in the accounts which follow. These show net outgoing resources from operations for the period of £58,846, before a donation of £3,402,400 to an associated charity and loss on disposal of fixed assets of £163,337. The format of the Income and Expenditure account has been changed from the prior year to comply with the "Accounting by Charities" SORP.

On 1 January 1995 the business and assets of MacIntyre Enterprise Limited (a wholly owned subsidiary of MacIntyre Care) were transferred to this company. On 1 January 1996 the management responsibility for the Stackpole Centre were returned to the Stackpole Trust. The directors subsequently decided to discontinue the horticultural trading activities previously carried on by that subsidiary. Consequently provision had been made in the prior year to reduce tangible and current assets to their estimated net realisable value on disposal of these activities. Included in the deficit recorded for 1994 are losses realised by this subsidiary totalling £478,035.

During the period the company entered into refinancing arrangements with new bankers. Also during the year four freehold properties have been donated to an associated charity. These were professionally valued as at 31 December 1994 at open market value for the existing use assuming vacant possession at £5,200,000 and were transferred at this value. The donation was subject to the associated charity accepting bank and other loans totalling £1,797,600 which were secured on these properties. In addition the associated charity will lease back the properties to enable the company to continue its objects.

During the period fundamental accounting errors relating to prior periods were identified. These have been adjusted in the accounts. The net effect of these adjustments is to increase the deficit brought forward at 1 January 1995 by £900,366.

The directors view the last 15 months to the end of March 1996 as an interim period of financial consolidation. The net outgoing resources from operations of £58,846 is a considerable improvement over the previous year's deficit of £2,277,102 and the directors are forecasting break-even or better by the end of March 1997. The company now requires each existing and new project to generate sufficient income from statutory funding by way of contract which fully covers its own operational costs, the management overheads and, in addition, contributes towards the company's reserves.

FIXED ASSETS

Movements on fixed assets are shown in note 9.

EQUAL OPPORTUNITIES

MacIntyre Care is an equal opportunities employer and gives equal consideration to all members of society without discrimination. In pursuance of this the company is supportive of the policies and practices set out in the Disability Discrimination Act 1995 and actively promotes the welfare of people with disabilities within the organisation.

Opportunities are offered for staff to develop both personally and professionally and this development is seen as ongoing within the company, with particular attention being paid to the development of widespread promotion of equal opportunities for all staff.

The company has a high commitment to ensure that staff have regular access to varied staff development activities and acknowledges the importance of staff training at all levels.

AUDITORS

During the period MacIntyre Hudson resigned as auditors and Ernst & Young were appointed.

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By Order of the Board


~~Company Secretary~~

Director

5 September 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and group and of the results of the group for that period. In preparing those accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

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 accounts 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.

REPORT OF THE AUDITORS
to the members of MacIntyre Care

We have audited the accounts on pages 8 to 21, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and on the basis of the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

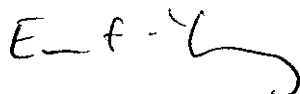
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 1996 and of the result of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Luton

5 September 1996

MacIntyre Care

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the 15 months ended 31 March 1996

| | | <i>Un- restricted funds</i> | <i>Restricted funds</i> | <i>15 months Total 1996</i> | <i>As restated 12 months Total 1994</i> |
|---|-------------|-------------------------------------|-----------------------------|-------------------------------------|---|
| | <i>Note</i> | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| INCOME AND EXPENDITURE | | | | | |
| INCOMING RESOURCES | | | | | |
| Donations and grants | | 16,193 | 164,426 | 180,619 | 500,419 |
| Fees | | 20,103,680 | — | 20,103,680 | 13,328,880 |
| Interest receivable | | — | — | — | 404 |
| Trading activities | | 927,957 | — | 927,957 | 1,003,531 |
| Other income | | 61,727 | — | 61,727 | — |
| TOTAL INCOMING RESOURCES | 2 | 21,109,557 | 164,426 | 21,273,983 | 14,833,234 |
| RESOURCES EXPENDED | | | | | |
| Direct charitable expenditure: | | | | | |
| Care services | | 19,000,587 | 108,193 | 19,108,780 | 15,332,975 |
| Support costs | | 827,577 | — | 827,577 | 556,162 |
| Other expenditure: | | | | | |
| Fund raising and publicity | | 54,965 | — | 54,965 | 238,174 |
| Management and administration | | 470,391 | — | 470,391 | 290,982 |
| Cost of trading activities | | 661,041 | — | 661,041 | 448,733 |
| Interest payable | 7 | 210,075 | — | 210,075 | 243,310 |
| TOTAL RESOURCES EXPENDED | | 21,224,636 | 108,193 | 21,332,829 | 17,110,336 |
| Net incoming/(outgoing) | | | | | |
| resources from operations | 3 | (115,079) | 56,233 | (58,846) | (2,277,102) |
| Loss on disposal of fixed assets | | (163,337) | — | (163,337) | (14,685) |
| Assets donated to associated charity | | (3,402,400) | — | (3,402,400) | — |
| NET INCOMING/(OUTGOING) RESOURCES | | (3,680,816) | 56,233 | (3,624,583) | (2,291,787) |
| FUND BALANCES BROUGHT FORWARD AS ORIGINALLY STATED | | | | | |
| | | 3,269,955 | 25,919 | 3,295,874 | 2,972,362 |
| Prior year adjustments | 4 | (900,366) | — | (900,366) | (204,781) |
| Unrealised surplus on property valuation | | — | — | — | 1,919,714 |
| FUND BALANCES CARRIED FORWARD | | (1,311,227) | 82,152 | (1,229,075) | 2,395,508 |
| HISTORICAL COST OUTGOING RESOURCES | | | | | |
| Reported net outgoing resources | | | | (3,624,583) | (2,291,787) |
| Realisation of prior year property revaluation | | | | 1,919,714 | — |
| HISTORICAL COST NET OUTGOING RESOURCES | | | | (1,704,869) | (2,291,787) |

There are no other recognised gains or losses in the period other than those noted above.

MacIntyre Care

CONSOLIDATED BALANCE SHEET at 31 March 1996

| | Notes | 1996 £ | As restated 1994 £ |
|---|-------|--------------------|--------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 2,148,535 | 7,862,036 |
| CURRENT ASSETS | | | |
| Stocks | 11 | 36,539 | 103,824 |
| Debtors | 12 | 2,974,717 | 1,779,178 |
| Cash at bank and in hand | | 18,442 | 229,405 |
| | | <u>3,029,698</u> | <u>2,112,407</u> |
| CREDITORS: amounts falling due within one year | 13 | 5,841,332 | 6,020,790 |
| NET CURRENT LIABILITIES | | <u>(2,811,634)</u> | <u>(3,908,383)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(663,099)</u> | <u>3,953,653</u> |
| CREDITORS: amounts falling due after one year | 14 | 565,976 | 1,558,145 |
| NET (LIABILITIES)/ASSETS | | <u>(1,229,075)</u> | <u>2,395,508</u> |
| RESERVES | | | |
| Restricted funds | | 82,152 | 25,919 |
| Unrestricted funds: | | | |
| General reserve | | (1,311,227) | 449,875 |
| Revaluation reserve | | — | 1,919,714 |
| TOTAL NON-EQUITY FUNDS | 17 | <u>(1,229,075)</u> | <u>2,395,508</u> |

These accounts were approved by the Board on


Director


Director

5 September 1996

MacIntyre Care

COMPANY BALANCE SHEET at 31 March 1996

| | Notes | 1996 £ | As restated 1994 £ |
|---|-------|--------------------|--------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 2,148,535 | 7,862,036 |
| INVESTMENT IN SUBSIDIARIES | 10 | 101 | 101 |
| | | <u>2,148,636</u> | <u>7,862,137</u> |
| CURRENT ASSETS | | | |
| Stocks | 11 | 36,539 | 25,282 |
| Debtors | 12 | 2,974,217 | 1,877,839 |
| Cash at bank and in hand | | 16,417 | 132,740 |
| | | <u>3,027,173</u> | <u>2,035,861</u> |
| CREDITORS: amounts falling due within one year | 13 | 5,841,132 | 5,947,547 |
| NET CURRENT LIABILITIES | | <u>(2,813,959)</u> | <u>(3,911,686)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(665,323)</u> | <u>3,950,451</u> |
| CREDITORS: amounts falling due after one year | 14 | 565,976 | 1,558,145 |
| NET ASSETS | | <u>(1,231,299)</u> | <u>2,392,306</u> |
| RESERVES | | | |
| Restricted funds | | 82,152 | 25,919 |
| Unrestricted funds: | | | |
| General reserve | | (1,313,451) | 446,673 |
| Revaluation reserve | | - | 1,919,714 |
| TOTAL NON-EQUITY FUNDS | 17 | <u>(1,231,299)</u> | <u>2,392,306</u> |

These accounts were approved by the Board on


Director


Director

5 September 1996

MacIntyre Care

CONSOLIDATED CASHFLOW STATEMENT for the 15 months ended 31 March 1996

| | Note | 1996 £ | 1994 £ |
|--|------|-----------|-----------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 3a | 570,140 | 451,398 |
| SERVICING OF FINANCE | | | |
| Interest received | | — | 404 |
| Hire purchase interest paid | | (38,068) | (24,786) |
| Other interest paid | | (172,007) | (218,524) |
| NET CASH OUTFLOW FROM SERVICING OF FINANCE | | (210,075) | (242,906) |
| INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | | (374,337) | (687,625) |
| Sale of fixed assets | | 125,553 | 127,381 |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | (248,784) | (560,244) |
| NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING | | 111,281 | (351,752) |
| FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 15b | 1,177,850 | 300,000 |
| Repayment of borrowings | 15b | (55,440) | (85,000) |
| Capital element of finance lease repayments | 16 | (284,165) | (130,483) |
| NET CASH INFLOW FROM FINANCING | | 838,245 | 84,517 |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 21 | 949,526 | (267,235) |

NOTES TO THE ACCOUNTS
at 31 March 1996

1 ACCOUNTING POLICIES

Basis of preparation

The accounts are drawn up in accordance with applicable accounting standards, in addition to Statement of Recommended Practice "Accounting by Charities" issued in October 1995.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain freehold and leasehold properties.

As detailed in the directors' report the company has restructured its operations during the year. Based on a detailed review of all the information available the directors consider that the company can continue to trade for the foreseeable future and accordingly it is appropriate to prepare the accounts on a going concern basis.

Basis of consolidation

The consolidated accounts include the parent company and its subsidiaries after exclusion of intercompany balances and transactions.

As permitted by S230 of the Companies Act 1985, a separate revenue account for the company has not been included in the accounts.

Income recognition

General donations and grants are credited to revenue when they are receivable. Donations in kind are valued by the directors at estimated market value and included in donations when receivable.

All donations and grants which are received subject to specific conditions imposed by the donor are recorded as Restricted Funds and shown as such on the Balance Sheet. Expenditure is allocated against these funds as it is incurred.

Donations and grants received for specific capital projects are held on the balance sheet until the related expenditure has been incurred when they are recognised as income. Amounts relating to fixed asset purchases are held within restricted funds and amortised in line with the depreciation of the related fixed asset. In previous periods specific donations and grants were included as general funds when expenditure was incurred.

Fixed assets

Fixed assets are recorded at cost, except for certain freehold and leasehold properties which have been revalued as at 31 December 1994, with the revaluation surplus taken to the revaluation reserve.

On disposal of the properties the difference between the revalued amount and the proceeds is reflected in the SOFA and the balance on the revaluation reserve is transferred to unrestricted funds.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset evenly over its expected useful life as follows:

| | | |
|---------------------------|---|---------------------|
| Freehold buildings | - | 2% per annum |
| Leasehold buildings | - | period of the lease |
| Equipment and furnishings | - | 15% per annum |
| Motor vehicles | - | 25% per annum |

The depreciation of furnishings represents a change in accounting policy from prior years. Additions have been capitalised and depreciation charged for the full period. The effect of this change in policy is not material to either the result for the period or the net assets at the beginning or end of the period.

NOTES TO THE ACCOUNTS

at 31 March 1996

1 ACCOUNTING POLICIES (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred to bring the goods to their present location and condition at balance sheet date. Net realisable value represents anticipated selling price less any further costs expected to be incurred to disposal.

Leasing and hire purchase contracts

Assets acquired under finance lease agreements or hire purchase agreements are capitalised and liabilities are set up for the capital portions of the instalments. The interest portions of the instalments are charged to the profit and loss account to represent a constant proportion of the balance of capital repayments outstanding.

Rentals on operating leases are charged to revenue on a straight line basis.

Pensions

The company operates a defined contribution pension scheme for its employees. Contributions to this scheme are charged to revenue as they fall due. The company has no potential liability other than for the payment of those instalments.

2 INCOMING RESOURCES

Fees represents amounts invoiced to local authorities and health authorities in respect of the provision of care services, provided in the United Kingdom, and income from the Department of Social Security. Trading income, which is stated net of VAT, relates to the sales of goods and provision of holiday accommodation.

Income is all attributable to the continuing activities of the company, in accordance with its objects.

3 NET OUTGOING RESOURCES

(a) Reconciliation of net outgoing resources for the year to net cash inflow from operating activities:

| | 1996 £ | As restated 1994 £ |
|---|-------------|--------------------------|
| Net outgoing resources before interest | (3,414,508) | (2,048,477) |
| Assets donated to associated charity | 3,402,400 | - |
| Depreciation | 540,826 | 289,790 |
| Loss on disposal of fixed assets | 163,337 | 14,685 |
| Decrease in stocks | 67,285 | 75,924 |
| Increase in debtors | (1,195,539) | (297,849) |
| Increase in creditors | 1,006,339 | 2,417,325 |
| Net cash inflow from operating activities | 570,140 | 451,398 |

(b) This is stated after charging/(crediting)

| | 1996 £ | 1994 £ |
|--|-----------|-----------|
| Depreciation and amortisation of owned fixed assets | 324,909 | 259,508 |
| Depreciation of assets held under hire purchase agreements | 215,917 | 114,257 |
| Operating lease rentals - equipment and vehicles | 409,846 | 633,693 |
| - land and buildings | 599,004 | 287,333 |
| Auditors remuneration - audit | 32,500 | 32,000 |
| - other services | 25,000 | 5,000 |

NOTES TO THE ACCOUNTS

at 31 March 1996

4 PRIOR YEAR ADJUSTMENTS

During the period fundamental accounting errors relating to prior periods were identified, these have been adjusted in the accounts as follows:

| | 1994 £ | Prior years £ | Total £ |
|------------------------------------|------------------|---------------------|------------------|
| Understatement of PAYE liabilities | (530,000) | – | (530,000) |
| Overstatement of DSS income | (108,900) | – | (108,900) |
| Capitalisation of leased vehicles | 3,315 | (28,275) | (24,960) |
| Overstatement of lease deposits | (20,000) | (70,000) | (90,000) |
| Overstatement of cash | (40,000) | – | (40,000) |
| Overtime accruals | – | (87,000) | (87,000) |
| Write-off of investment | – | (19,506) | (19,506) |
| | <u>(695,585)</u> | <u>(204,781)</u> | <u>(900,366)</u> |

5 EMPLOYEES

The average monthly number of employees during the period was as follows:

| | 1996 No. | 1994 No. |
|--------------------------------|--------------|-------------|
| Office and management | 94 | 101 |
| Teaching, care and maintenance | 932 | 882 |
| | <u>1,026</u> | <u>983</u> |

Staff costs during the period amounted to:

| | 1996 £ | 1994 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 13,929,930 | 10,135,668 |
| Social security costs | 1,272,703 | 971,831 |
| Other pension costs | 147,613 | 118,470 |
| | <u>15,350,246</u> | <u>11,225,969</u> |

Employees emoluments:

Employees receiving remuneration in excess of £40,000 on an annualised basis were as follows:-

| | 1996 No. | 1994 No. |
|-------------------|-------------|-------------|
| £40,000 - £50,000 | 2 | 1 |
| £50,000 - £60,000 | – | 1 |
| | <u>2</u> | <u>2</u> |

6 DIRECTORS' EMOLUMENTS

None of the directors received any remuneration in the current or prior year.

MacIntyre Care

NOTES TO THE ACCOUNTS at 31 March 1996

7 INTEREST PAYABLE

| | 1996 £ | As restated 1994 £ |
|--------------------------------------|----------------|--------------------------|
| On loans and overdrafts repayable: | | |
| Within five years not by instalments | 83,889 | 101,510 |
| After five years by instalments | — | 66,831 |
| Hire purchase | 38,068 | 24,786 |
| Other interest | 88,118 | 50,183 |
| | <u>210,075</u> | <u>243,310</u> |

8 TAXATION

The company is registered as a charity and is therefore not liable to Corporation Tax or Income Tax, and other group companies have sufficient losses brought forward to cover any potential liability in those companies.

9 TANGIBLE ASSETS

| <i>Group and Company</i> | <i>Freehold land and buildings £</i> | <i>Short term leasehold property £</i> | <i>Motor vehicles £</i> | <i>Equipment and furnishings £</i> | <i>Total £</i> |
|---------------------------------|--|--|---------------------------------|--|--------------------|
| Cost or valuation: | | | | | |
| At 1 January 1995: | | | | | |
| Cost (as restated) | 711,802 | 268,057 | 664,591 | 1,392,217 | 3,036,667 |
| Valuation | 4,450,000 | 750,000 | — | — | 5,200,000 |
| | <u>5,161,802</u> | <u>1,018,057</u> | <u>664,591</u> | <u>1,392,217</u> | <u>8,236,667</u> |
| Additions | — | 61,423 | 72,673 | 337,119 | 471,215 |
| Disposals | (4,704,140) | (912,094) | (105,895) | — | (5,722,129) |
| Transfers | (226,079) | 226,079 | — | — | — |
| | <u>231,583</u> | <u>393,465</u> | <u>631,369</u> | <u>1,729,336</u> | <u>2,985,753</u> |
| At 31 March 1996: Cost | | | | | |
| Depreciation: | | | | | |
| At 1 January 1995 (as restated) | 58,236 | 17,293 | 140,919 | 158,183 | 374,631 |
| Charge for the period | 8,470 | 28,982 | 230,766 | 272,608 | 540,826 |
| Disposals | (26,140) | (5,297) | (46,802) | — | (78,239) |
| Transfers | (5,158) | 5,158 | — | — | — |
| | <u>35,408</u> | <u>46,136</u> | <u>324,883</u> | <u>430,791</u> | <u>837,218</u> |
| At 31 March 1996: | | | | | |
| Net book value | | | | | |
| At 31 March 1996 | <u>196,175</u> | <u>347,329</u> | <u>306,486</u> | <u>1,298,545</u> | <u>2,148,535</u> |
| At 1 January 1995 (as restated) | <u>5,103,566</u> | <u>1,000,764</u> | <u>523,672</u> | <u>1,234,034</u> | <u>7,862,036</u> |

MacIntyre Care

NOTES TO THE ACCOUNTS at 31 March 1996

9 TANGIBLE ASSETS (continued)

Fixed assets include motor vehicles with a net book value of £293,809 (1994 - £465,726) held under hire purchase agreements.

The net book value of freehold and leasehold properties at 1 January 1995 on a historical cost basis was £3,280,286.

10 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

| | £ |
|--|------------|
| At 1 January 1995 and 31 March 1996 | 202 |
| Amounts provided at 1 January 1995 and 31 March 1996 | (101) |
| | <u>101</u> |

The company is the beneficial owner of 100% of the issued ordinary share capital of the following companies:

| <i>Subsidiary undertaking</i> | <i>Principal activity</i> |
|-------------------------------|---------------------------------------|
| MacIntyre Enterprise Limited | Dormant |
| MacIntyre Publishing Limited | Dormant |
| MacIntyre Adventure Limited | Adventure activities for the disabled |

All the companies are registered in England and covenant their profits to the company.

11 STOCKS

| | <i>Group</i> | | <i>Company</i> |
|-------------------------------------|---------------|----------------|----------------|
| | <i>1996</i> | <i>1994</i> | <i>1996</i> |
| | £ | £ | £ |
| Finished goods and goods for resale | 36,539 | 103,824 | 36,539 |
| | <u>36,539</u> | <u>103,824</u> | <u>36,539</u> |

12 DEBTORS

| | <i>As restated</i> | | <i>As restated</i> |
|--|--------------------|------------------|--------------------|
| | <i>Group</i> | | <i>Company</i> |
| | <i>1996</i> | <i>1994</i> | <i>1996</i> |
| | £ | £ | £ |
| Trade debtors | 2,214,715 | 1,276,354 | 2,214,715 |
| Amounts due from subsidiary undertakings | — | — | — |
| Other debtors | 628,944 | 302,252 | 628,944 |
| Prepayments and accrued income | 131,058 | 200,572 | 130,558 |
| | <u>2,974,717</u> | <u>1,779,178</u> | <u>2,974,217</u> |
| | <u>2,974,717</u> | <u>1,779,178</u> | <u>1,877,839</u> |

NOTES TO THE ACCOUNTS
at 31 March 1996

13 CREDITORS: amounts falling due within one year

| | <i>As restated</i> <i>Group</i> | | <i>As restated</i> <i>Company</i> | |
|----------------------------------|------------------------------------|------------------|--------------------------------------|------------------|
| | <i>1996</i> | <i>1994</i> | <i>1996</i> | <i>1994</i> |
| | £ | £ | £ | £ |
| Current instalments due on loans | 114,000 | 135,000 | 114,000 | 135,000 |
| Bank overdrafts | 397,163 | 1,557,652 | 397,163 | 1,555,452 |
| Hire purchase | 175,708 | 204,221 | 175,708 | 204,221 |
| Trade creditors | 366,856 | 517,538 | 366,856 | 458,874 |
| Other taxes and social security | 1,573,859 | 1,367,855 | 1,573,859 | 1,367,855 |
| Fees in advance | 2,797,005 | 1,672,543 | 2,797,005 | 1,672,543 |
| Other creditors | 250,586 | 565,981 | 250,586 | 553,602 |
| Accruals | 166,155 | — | 165,955 | — |
| | <u>5,841,332</u> | <u>6,020,790</u> | <u>5,841,132</u> | <u>5,947,547</u> |

Bank overdrafts are secured by way of charges over the company's book debts together with a floating charge over all other assets of the company.

14 CREDITORS: amounts falling due after one year

Group and Company

| | <i>1996</i> | <i>As restated</i> <i>1994</i> |
|---------------------------|----------------|-----------------------------------|
| | £ | £ |
| Bank loan | 35,000 | 658,750 |
| Other loans | 420,149 | 605,589 |
| Hire purchase obligations | 110,827 | 293,806 |
| | <u>565,976</u> | <u>1,558,145</u> |

A bank loan of £49,000 is repayable by quarterly instalments. The bank loan is secured by way of a fixed charge over certain assets.

Other loans of £195,149 (1994 - £350,149) are only repayable if the properties to which the advances relate cease to be used for providing residential care. In such an event the repayments could be satisfied by the transfer of the related properties. The loans are unsecured and interest free.

NOTES TO THE ACCOUNTS

at 31 March 1996

15 LOANS

Group and company

(a) Analysis of loans

| | 1996 | As restated 1994 |
|---|-----------------------|-------------------------|
| | £ | £ |
| Not wholly repayable within five years: | | |
| By instalments | – | 743,750 |
| Other than by instalments | 195,149 | 350,149 |
| | <u>195,149</u> | <u>1,093,899</u> |
| Wholly repayable within five years | 374,000 | 305,440 |
| | <u>569,149</u> | <u>1,399,339</u> |
| Less: amount due within one year | (114,000) | (135,000) |
| | <u>455,149</u> | <u>1,264,339</u> |
| | <u><u>455,149</u></u> | <u><u>1,264,339</u></u> |
| | 1996 | 1994 |
| | £ | £ |
| Amounts falling due: | | |
| within one year, or on demand | 114,000 | 135,000 |
| between one and two years | 139,000 | 185,000 |
| between two and five years | 121,000 | 305,000 |
| over five years | 195,149 | 774,339 |
| | <u>569,149</u> | <u>1,399,339</u> |
| | <u><u>569,149</u></u> | <u><u>1,399,339</u></u> |

(b) Analysis of changes in group loan financing during the year:

| | 1996 | 1994 |
|----------------------------------|-----------------------|-------------------------|
| | £ | £ |
| At 1 January | 1,399,339 | 1,184,339 |
| New loans raised | 1,177,850 | 300,000 |
| Loan repayments made | (55,440) | (85,000) |
| Transfer to associated charity | (1,797,600) | – |
| Released on disposal of property | (155,000) | – |
| | <u>569,149</u> | <u>1,399,339</u> |
| At 31 March 1996 | <u><u>569,149</u></u> | <u><u>1,399,339</u></u> |

NOTES TO THE ACCOUNTS

at 31 March 1996

16 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Group and company

| | 1996 £ | As restated 1994 £ |
|---|----------------|--------------------------|
| Amounts payable: | | |
| within one year | 199,264 | 193,288 |
| within two to five years | 118,680 | 359,329 |
| | <u>317,944</u> | <u>552,617</u> |
| Less: finance charges allocated to future periods | (31,408) | (54,590) |
| | <u>286,536</u> | <u>498,027</u> |

Analysis of changes in finance leases and hire purchase contracts during the period:

| | 1996 £ | 1994 £ |
|---|----------------|----------------|
| At 1 January 1994 | 498,027 | 277,148 |
| Inception of leases | 72,674 | 351,362 |
| Capital element of finance lease repayments | (284,165) | (130,483) |
| | <u>286,536</u> | <u>498,027</u> |
| At 31 March 1996 | | |

17 RECONCILIATION OF MOVEMENT ON RESERVES

Group

| | Restricted funds £ | General reserve £ | Revaluation reserve £ | Total £ |
|--------------------------------------|--------------------------|-------------------------|-----------------------------|--------------------|
| At 1 January 1994: | | | | |
| as previously reported | 434,244 | 2,538,118 | – | 2,972,362 |
| prior year adjustment | – | (204,781) | – | (204,781) |
| As restated | <u>434,244</u> | <u>2,333,337</u> | <u>–</u> | <u>2,767,581</u> |
| Net outgoing resources - as restated | – | (2,291,787) | – | (2,291,787) |
| Revaluation in year | – | – | 1,919,714 | 1,919,714 |
| Transfer | (408,325) | 408,325 | – | – |
| At 31 December 1994 | <u>25,919</u> | <u>449,875</u> | <u>1,919,714</u> | <u>2,395,508</u> |
| Net incoming/(outgoing) resources | 56,233 | (3,680,816) | – | (3,624,583) |
| Transfer on disposal | – | 1,919,714 | (1,919,714) | – |
| At 31 March 1996 | <u>82,152</u> | <u>(1,311,227)</u> | <u>–</u> | <u>(1,229,075)</u> |

NOTES TO THE ACCOUNTS

at 31 March 1996

17 RECONCILIATION OF MOVEMENT ON RESERVES (continued)

Restricted funds represent the net book value of fixed assets purchased with specific capital grants (£56,233) together with unspent restricted donations of £25,919 held as current assets. Restricted funds relating to fixed assets are released over the life of the assets to match depreciation charged.

Company

| | <i>Restricted funds</i> | <i>General reserve</i> | <i>Revaluation reserve</i> | <i>Total</i> |
|--------------------------------|-----------------------------|----------------------------|--------------------------------|--------------|
| | £ | £ | £ | £ |
| At 1 January 1994: | | | | |
| as previously reported | 434,244 | 2,538,019 | – | 2,972,263 |
| prior year adjustment | – | (204,781) | – | (204,781) |
| As restated | 434,244 | 2,333,238 | – | 2,767,482 |
| Deficit for year - as restated | – | (2,294,890) | – | (2,294,890) |
| Revaluation in year | – | – | 1,919,714 | 1,919,714 |
| Transfer | (408,325) | 408,325 | – | – |
| At 31 December 1994 | 25,919 | 446,673 | 1,919,714 | 2,392,306 |
| Deficit retained | 56,233 | (3,679,838) | – | (3,623,605) |
| Transfer on disposal | – | 1,919,714 | (1,919,714) | – |
| At 31 March 1996 | 82,152 | (1,313,451) | – | (1,231,299) |

The company's Memorandum of Association specifies that upon dissolution of the company any surplus assets should not be distributed to the members but transferred instead to a similar charitable institution. All funds therefore represent non-equity interests.

18 PENSIONS

The company operates a defined contribution pension scheme for its employees. The total pension cost for the company in the period was £147,613 (1994: £118,470). Outstanding contributions at the year end amounted to £155,165 (1994: £23,442). The company also had a loan outstanding to the pension scheme of £75,000. The loan is repayable in equal instalments of £12,500 commencing April 1997.

19 CAPITAL COMMITMENTS

There were no authorised capital commitments outstanding at the balance sheet date (1994: £Nil).

NOTES TO THE ACCOUNTS

at 31 March 1996

20 OPERATING LEASE COMMITMENTS

At 31 March 1996 the group has the following annual commitments under non-cancellable operating leases:

| | <i>Land and buildings</i> | | <i>Other</i> | |
|--------------------------------|---------------------------|----------------|----------------|----------------|
| | <i>As restated</i> | | | |
| | <i>1996</i> | <i>1994</i> | <i>1996</i> | <i>1994</i> |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| within one year | 43,900 | — | 23,875 | 20,086 |
| within two to five years | 41,738 | 74,138 | 292,365 | 363,009 |
| after more than five years | 575,300 | 213,200 | — | — |
| | <u>660,938</u> | <u>287,338</u> | <u>316,240</u> | <u>383,095</u> |

21 MOVEMENTS IN CASH AND CASH EQUIVALENTS

| | <i>1996</i> | <i>Change in period</i> | <i>As restated 1994</i> | <i>Change in year</i> | <i>1993</i> |
|--------------------------|------------------|-------------------------|-------------------------|-----------------------|--------------------|
| | £ | £ | £ | £ | £ |
| Cash at bank and in hand | 18,442 | (210,963) | 229,405 | 161,120 | 68,285 |
| Bank overdrafts | (397,163) | 1,160,489 | (1,557,652) | (428,355) | (1,129,297) |
| | <u>(378,721)</u> | <u>949,526</u> | <u>(1,328,247)</u> | <u>(267,235)</u> | <u>(1,061,012)</u> |

22 RELATED PARTY TRANSACTION

A donation of £3,402,400 comprising properties valued at £5,200,000 and related loans was made to The MacIntyre Charitable Trust, an associated charity, during the period. The properties have been leased back to MacIntyre Care at an annual cost of £340,000. The lease runs for 21 years from May 1995. The company also received donations of £108,193 towards specific projects which are dealt within restricted funds.

The closing balance with The MacIntyre Charitable Trust was an amount receivable of £439,278.