

# **Greenacre Group plc**

NUMBER 1124015



**Report and Accounts 1991**

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## **Shareholder Diary**

Preliminary Announcement	April 1991
Report and Accounts	May
Annual General Meeting	June
First Preference Dividend	June
Final Ordinary Dividend	June
Interim Results	October
Interim Dividend	December
Second Preference Dividend	December
Financial Year End	January 1992

## Financial Highlights

- Pre-tax profit before exceptional items up 57% to £535,521
- Pre-tax profit up 8% to £535,521
- Basic earnings per share 0.47p
- An increased final dividend of 0.125p making a total of 0.225p per share

	1991 £	1990 £
Profit before exceptional items	535,521	341,911
Profit before taxation	535,521	496,733
Profit after taxation	357,753	340,216
Shareholders' funds	7,595,696	4,265,447
Gross borrowings	860,292	587,377
Cash	4,095,705	1,017,253
Earnings per share	0.47p	0.55p
Dividend per share	0.225p	0.20p

## **Directors, Officers and Advisers**

<b>Directors</b>	Anthony C. J. Acton Colin D. Sanders John E. F. Hooper John Littlechild Stuart C. MacFarlane John Nash Marlene E. Sanders David Walsh
<b>Secretary</b>	Stuart C. MacFarlane
<b>Registered office</b>	Kenwood House 15 Reading Road Pangbourne Berkshire RG8 7LR
<b>Registered number</b>	1124015
<b>Auditors</b>	Ernst & Young Becket House 1 Lambeth Palace Road London SE1 7EU
<b>Solicitors</b>	Walsh Lawson Fireman Dorland House 14/16 Regent Street London SW1Y 4PH
<b>Stockbrokers</b>	Panmure Gordon & Co. Limited 9 Moorfields Highwalk London EC2Y 9DS
<b>Merchant bankers</b>	Hill Samuel Bank Limited 100 Wood Street London EC2P 2AJ
<b>Bankers</b>	Midland Bank plc 403 Shirley Road Southampton SO9 3DW
<b>Registrars and transfer office</b>	Barclays Registrars Limited Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU

## Chairman's Statement



In the year ended 31 January, 1991 Greenacre's nursing and residential care home activities became established as the Company's dominant business and the homebrew manufacturing and distribution business was sold. These developments were accompanied by a change of name from Brewmaker plc to Greenacre Group plc and a successful equity capital fund raising towards the end of the financial year.

### Results

Group profit before exceptional items and tax increased significantly to £535,521 (1990: £341,911). The exceptional profit in the previous year arose from the sale of a property surplus to requirements. Profit before tax was £535,521 (1990: £496,733) of which nursing and residential care homes contributed £439,032 (1990: £178,512). Basic earnings per share were 0.47p (1990: 0.55p). Turnover declined to £2.18 million (1990: £5.64 million) due to the sale of the higher turnover homebrew business on 10 August, 1990. It is expected that an extraordinary profit will arise as a result of that sale when the Brewmaker Southampton leasehold property has been sold. The property is presently under offer. Certain non-recurring costs incurred in connection with aborted residential health care acquisitions outside of the Company's normal expansion programme are reflected as an extraordinary item.

### Dividend

Your Directors are recommending the payment of an increased final dividend of 0.125p per share, making a total for the year of 0.225p per share (1990: 0.2p per share).

### Operations

Greenacre's two residential care homes in Scotland returned another excellent performance in their first full year of inclusion in Group results. The homes continued to trade at high levels of occupancy. The 14 bed extension to the St. Andrews home opened in December 1990 and has filled very satisfactorily. An 8 bed extension to the Dundee home is planned to be operational during the final quarter of 1991.

Salterley Grange Nursing Home near Cheltenham which was acquired by the Group on 15 March, 1990 also performed well and continues to trade at high levels of occupancy.

Tyro Limited, our packaging company based in Kent, experienced more difficult trading conditions in the year under review but returned a satisfactory profit.

### Completed rights issue and subscription

On 12 November, 1990 your Company completed a rights issue and subscription of partly paid convertible preference shares to raise a total of £7.5 million. An initial instalment of £3.781 million was payable on issue and the balance is payable against a call from the Directors.

This fund raising has given the Company the considerable advantage of having readily available cash reserves when negotiating acquisitions. It provides the springboard to acquire and develop a sizeable portfolio of good quality nursing homes. Greenacre aims to become a significant participant in what remains a highly fragmented industry. Following the rights issue and subscription, funds managed by Advent International Corporation and Nash, Sells & Partners Limited (formerly Advent Management Opportunities Limited) ("the Advent Funds") control 60.58% of the voting rights in Greenacre Group plc as at the date hereof.

## **Chairman's Statement** continued

### **Directors**

John Nash and John Littlechild were appointed to Greenacre's Board on 10 December, 1990 as representatives of the Advent Funds. Both Directors retire at the forthcoming Annual General Meeting. Mr. Nash, being eligible, has offered himself for re-election. Mr. Littlechild is not available for re-election as a representative of Advent International Corporation. Advent is entitled to appoint a replacement Director.

### **Post balance sheet acquisitions**

Subsequent to the year end the Group acquired the assets and business of Elm Grove Nursing Home, Cirencester for £1.075 million and the property known as Barrington Lodge in Cheltenham for £0.6 million. Both acquisitions are free of debt and were funded from existing cash resources. Elm Grove is a 45 bed nursing home. Barrington Lodge is to be converted to a nursing home at a development cost of £0.4 million. When completed it will bring the total number of beds owned and operated by Greenacre to 209.

### **Prospects**

Residential health care is now Greenacre's main business. Your Board believes that further attractive investment opportunities are available in present market conditions. The Group is well positioned to implement its growth plans and additional sensibly priced nursing home acquisitions and developments are planned. Another strong performance is expected from nursing and residential care homes in the year ahead.

Your Company's management has been strengthened by the appointment of Theresa Broome FCA, as Group Accountant, who joins a team dedicated to building Greenacre into a major nursing home operator. My thanks go to them and to my Board colleagues for their continued commitment.

Tony Acton  
*Chairman*

16 May, 1991

## **Directors' Report**

The Directors present their report and accounts for the year ended 31 January, 1991.

### **Review of the business**

The Chairman's Statement on pages 5 and 6 includes details of the business and the completed rights issue and subscription.

### **Results and dividends**

The Group's profit for the year was £535,521 before a tax charge of £177,768. Turnover amounted to £2,177,567.

The Directors recommend the payment of a final ordinary dividend of 0.125p per share amounting to £86,434, making a total of 0.225p per share and £155,581 for the year (1990: 0.2p), which leaves a profit of £88,070 to be retained by the Group.

If approved, the final ordinary dividend will be paid on 26 June, 1991 to shareholders registered on 31 May, 1991. The first preference dividend of 3.75% net will be paid on 30 June, 1991 to holders of convertible preference shares registered on 31 May, 1991.

### **Post balance sheet events**

On 5 April, 1991 the purchase of Barrington Lodge, a vacant property in Cheltenham, was completed for a cash consideration of £600,000. Barrington Lodge is scheduled to open as a 45 bed nursing home in September, 1991.

The purchase of Elm Grove Nursing Home in Cirencester was completed on 27 March, 1991 for a cash consideration of £1.075 million. Elm Grove is registered for 45 general/medical patients.

### **Tangible fixed assets**

Movements in tangible fixed assets are shown in note 12 on pages 20 and 21.

### **Shareholdings**

At 26 April, 1991 the Company had been notified of the following substantial shareholdings amounting to more than 3% of the ordinary shares in issue at that date:

	Number	%
C. D. Sanders and M. E. Sanders	12,253,930	17.7
Jarat Limited	4,160,000	6.0
J. J. Hyslop	3,452,706	5.0
Coast Holdings International S.A.	2,960,000	4.3
Funds managed by Nash, Sells & Partners Limited	2,896,508	4.2
J. Stewart	2,789,802	4.0
Mars UK Pension Fund	2,791,334	4.0
Stonehage (Guernsey) Limited	2,500,000	3.6
The Prudential	2,269,391	3.3

## Directors' Report continued

As at the same date the Company had been advised of the following substantial shareholdings amounting to more than 3% of the preference shares in issue:

Funds managed by:	Number	%
Advent International Corporation	7,173,274	37.5
Nash, Sells & Partners Limited	3,161,426	29.8

### Directors

The Directors during the year and their beneficial interests in the ordinary shares of the Company were:

	31 January, 1991	31 January, 1990
A. C. J. Acton*	16,000,000	16,000,000
J. E. F. Hooper	246,200	246,200
J. Littlechild	—	—
S. C. MacFarlane	—	—
J. Nash**	—	—
C. D. Sanders and M. E. Sanderst	12,253,930	12,231,730
D. Walsh††	112,000	112,000

\* Jarat Limited, in which voting control is exercised by a family trust of Mr. A. C. J. Acton, owned these shares.

\*\* Mr. J. Nash is beneficially interested in 7,904 preference shares. In addition Mr. Nash, by virtue of being a limited partner, is interested in 3,161,426 preference shares held by funds managed by Nash, Sells & Partners Limited.

† 1,874,088 of these shares are held by trustees upon trust for the children of Mr. C. D. Sanders and Mrs. M. E. Sanders.

†† Mr. D. Walsh also held a small number of shares in Jarat Limited.

Mr. J. E. F. Hooper has an option over 275,000 ordinary shares (1990: 275,000) and Mr. S. C. MacFarlane has an option over 200,000 ordinary shares (1990: Nil).

Between 31 January, 1991 and the date of this report, 11,840,000 of the ordinary shares in the Company owned by Jarat Limited were transferred to certain of its shareholders in proportion to their interests in Jarat. Jarat's shareholding in the Company has therefore been reduced from 16,000,000 ordinary shares (representing 23.1% of the ordinary share capital in issue) to 4,160,000 ordinary shares (representing 6% of the ordinary share capital in issue). As a result of the above described transaction, Mr. Acton is now beneficially interested in 4,160,000 ordinary shares owned by Jarat Limited, and Mr. Walsh is now beneficially interested in 440,882 ordinary shares. In addition Mr. Nash is now beneficially interested in 2,910 ordinary shares, and by virtue of being a limited partner, is interested in 2,896,508 ordinary shares held by funds managed by Nash, Sells & Partners Limited.

Mr. S. C. MacFarlane retires by rotation at the Annual General Meeting, and being eligible, offers himself for re-election. Mr. MacFarlane's services as a Director are provided under an agreement which does not have more than one year's duration.

Messrs. J. Littlechild and J. Nash were appointed Directors on 10 December, 1990 in accordance with the Advent Funds right, as long as they control more than 25% of the voting rights in the Company, to appoint two Directors to the Board of the Company. Mr. Nash retires at the Annual General Meeting, and being eligible, offers himself for re-election. Mr. Littlechild is not available for re-election.



## **Directors' Report** continued

### **Directors continued**

Messrs. J. Littlechild and J. Nash are directors and shareholders of Advent International Corporation and Advent Management Opportunities Limited (now Nash, Sells & Partners Limited) respectively which together with European Special Situations Fund Limited and others entered into an Investment and Underwriting Agreement with the Company on 16 October, 1990. Save for the above, none of the Directors had a beneficial interest in any material contract (other than a service contract) to which the Company or its subsidiaries were a party during the year.

### **Close company status**

The Company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

### **Items of special business**


#### *Resolution 6*

The Companies Act 1985 provides that, unless shareholders otherwise consent, all new equity securities to be offered for cash must be first offered to existing shareholders in proportion to their individual holdings. The effect of the special resolution is to give the Directors authority, first, in any rights issue to deal with fractional entitlements and certain legal and practical problems arising from foreign regulatory constraints and second, to be able to allot equity securities for cash to persons other than existing shareholders up to an aggregate nominal value of £34,573 (being 5% of the issued ordinary share capital) such authority being in accordance with The International Stock Exchange, London and ABI Investment Committee guidelines. The proposed resolution renews the authorisation granted at last year's Annual General Meeting for a further year.

### **Auditors**

A resolution to re-appoint Ernst & Young as auditors will be proposed at the Annual General Meeting.

By order of the Board  
S. C. MacFarlane  
Secretary



16 May, 1991

Greenacre Group plc

## Auditors' Report

To the members of Greenacre Group plc

We have audited the accounts on pages 11 to 28 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31 January, 1991 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
London

16 May, 1991

## **Group Profit and Loss Account**

for the year ended 31 January, 1991

	Note	1991 £	1990 £
<b>Turnover</b>	2	<b>2,177,567</b>	5,643,329
Cost of sales		<b>(1,179,989)</b>	<b>(4,260,408)</b>
<b>Gross profit</b>		<b>997,578</b>	1,382,921
Distribution costs		<b>(78,201)</b>	(293,843)
Administrative expenses		<b>(456,805)</b>	(816,164)
<b>Operating profit</b>	3	<b>462,572</b>	272,914
Interest receivable		<b>174,502</b>	152,988
Interest payable	5	<b>(101,553)</b>	(83,991)
<b>Profit before exceptional income</b>		<b>535,521</b>	341,911
Exceptional income	6	<b>—</b>	154,822
<b>Profit on ordinary activities before taxation</b>		<b>535,521</b>	496,733
Tax on profit on ordinary activities	7	<b>(177,768)</b>	(156,517)
<b>Profit on ordinary activities after taxation</b>		<b>357,753</b>	340,216
Extraordinary item	8	<b>(114,102)</b>	—
<b>Profit for the financial year</b>	9	<b>243,651</b>	340,216
Dividends	10	<b>(155,581)</b>	(130,433)
<b>Retained profit for the financial year</b>		<b>88,070</b>	209,783
 <b>Earnings per share</b>	11	 <b>0.47p</b>	 0.55p

Movements on reserves are set out in note 21.

The notes on pages 15 to 28 form part of these accounts.

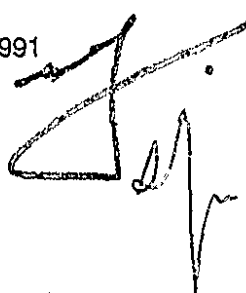
# **Group Balance Sheet**

at 31 January, 1991

	Note	1991 £	1990 £
<b>Fixed assets</b>			
Tangible assets	12	4,571,831	3,456,404
<b>Current assets</b>			
Stocks	14	92,131	485,415
Debtors	15	572,376	865,653
Cash at bank and in hand		4,095,705	1,017,253
		<u>4,760,212</u>	<u>2,368,321</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>714,571</u>	<u>810,825</u>
<b>Net current assets</b>		<u>4,045,641</u>	<u>1,557,496</u>
<b>Total assets less current liabilities</b>		<u>8,617,472</u>	<u>5,013,900</u>
<b>Creditors: amounts falling due after more than one year</b>	17	845,867	540,510
<b>Provision for liabilities and charges</b>			
Deferred taxation	18	14,511	115,414
Other provisions	19	161,398	92,529
		<u>175,909</u>	<u>207,943</u>
<b>Net assets</b>		<u>7,595,696</u>	<u>4,265,447</u>
 <b>Capital and reserves</b>			
Called-up share capital	20	4,410,000	632,530
Share premium account	21	735,106	1,192,076
Revaluation reserve	21	525,111	479,915
Capital reserve	21	—	618,857
Merger reserve	21	535,080	39,740
Profit and loss account	21	1,390,399	1,302,329
		<u>7,595,696</u>	<u>4,265,447</u>
<b>Shareholders' funds</b>		<u>7,595,696</u>	<u>4,265,447</u>

Approved by the Board on 16 May, 1991

A. C. J. Acton  
S. C. MacFarlane } *Directors*



The notes on pages 15 to 28 form part of these accounts.

# Company Balance Sheet

at 31 January, 1991

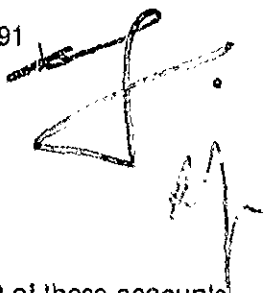
	Note	1991 £	1990 £
<b>Fixed assets</b>			
Tangible assets	12	558,679	1,224,410
Investments	13	2,291,415	2,825,376
		<u>2,850,094</u>	<u>4,049,786</u>
<b>Current assets</b>			
Stocks	14	—	377,532
Debtors	15	1,300,477	682,518
Cash at bank and in hand		4,051,919	985,546
		<u>5,352,395</u>	<u>2,045,598</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>624,075</u>	<u>838,567</u>
<b>Net current assets</b>		<u>4,728,320</u>	<u>1,207,031</u>
<b>Total assets less current liabilities</b>		<u>7,578,414</u>	<u>5,256,817</u>
<b>Provision for liabilities and charges</b>			
Deferred taxation	18	<u>2,304</u>	<u>107,905</u>
<b>Net assets</b>		<u>7,576,110</u>	<u>5,148,912</u>
<b>Capital and reserves</b>			
Called-up share capital	20	4,410,000	632,530
Share premium account	21	735,106	1,192,076
Revaluation reserve	21	182,790	479,915
Merger reserve	21	1,763,753	1,203,835
Capital reserve	21	—	618,857
Profit and loss account	21	484,461	1,021,699
<b>Shareholders' funds</b>		<u>7,576,110</u>	<u>5,148,912</u>

Approved by the Board on 16 May, 1991

A. C. J. Acton

S. C. MacFarlane

} Directors



The notes on pages 15 to 28 form part of these accounts

# Greenacre Group plc

## Group Statement of Source and Application of Funds

for the year ended 31 January, 1991

	1991 £	1990 £
<b>Source</b>		
Profit before tax		
Extraordinary item	535,521	496,733
Adjustment for items not involving the movement of funds	(114,102)	—
Depreciation		
(Profit) on disposal of fixed assets	141,818	160,943
	(112,281)	(162,292)
Total generated from operations	450,956	495,384
<b>Funds from other sources</b>		
Proceeds of share issue	3,781,468	—
Proceeds of disposal of fixed assets	304,824	285,040
Increase in other provisions	68,869	12,279
Increase in loan greater than one year	305,357	350,537
Tax liabilities assumed through acquisitions	—	30,328
Shares issued as part consideration for acquisitions	—	470,000
Shares to be issued as deferred consideration for acquisitions	—	618,857
	4,460,518	1,767,041
Total source of funds	4,911,474	2,262,425
<b>Application of funds</b>		
Dividend paid		
Purchase of fixed assets	138,294	61,266
Tax paid	1,506,791	1,746,307
Share issue costs	196,119	177,454
Goodwill purchased	519,907	—
	64,578	369,589
	2,425,689	2,354,636
<b>Increase/(decrease) in working capital</b>	2,485,785	(92,211)
<b>Components of increase/(decrease) in working capital</b>		
Stock		
Debtors	(393,284)	57,804
Creditors	(310,629)	(2,689)
Current instalments on hire purchase contracts	77,544	555,491
	1,260	1,215
	(625,109)	611,821
<b>Movement in net liquid funds</b>		
Bank and cash		
Current instalments due on loans	3,078,452	(657,165)
	32,442	(46,867)
	3,110,894	(704,032)
	2,485,785	(92,211)

A summary of the effects of the acquisition of Greenacre Residential Retirement Homes Limited in 1989/90 and Salterley Grange in 1990/91 is analysed in note 26.

## Notes to the Accounts

for the year ended 31 January, 1991

### 1 Accounting policies

#### *Accounting convention*

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention modified to include the revaluation of land and buildings.

#### *Basis of consolidation*

The Group accounts consolidate the accounts of Greenacre Group plc and its subsidiaries made up to 31 January each year.

No profit and loss account is presented for Greenacre Group plc as provided by S230 of the Companies Act 1985.

#### *Goodwill*

Goodwill, being the excess of purchase consideration for subsidiary undertakings over the fair value of assets acquired, is written off against consolidated reserves in the year of acquisition.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets except land, nursing and residential care homes and is calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life as follows:

Freehold industrial buildings	Over 50 years
Leasehold industrial buildings	Over term of lease
Motor vehicles	Over 3 to 4 years
Plant and machinery	Over 4 to 10 years
Including:	
Fixtures and fittings	Over 4 to 5 years
Computer equipment	Over 5 years

It is the Group's policy to maintain its property in a continual state of sound repair. In the case of freehold and long leasehold care homes the Directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly no depreciation is provided on these properties.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. "Cost" is defined as the cost incurred in bringing each product to its present location and condition:

Raw materials	Purchase cost on a first in first out basis.
Work in progress and finished goods	Cost of direct materials and labour plus attributable overheads based on the normal level of activity.

#### *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the profit and loss account.

#### *Deferred taxation*

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the foreseeable future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

## Notes to the Accounts continued

### 1 Accounting policies continued

#### *Pensions*

The Group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### *Hire purchase and leasing*

Fixed assets held under hire purchase agreements are capitalised at the commencement of the agreement and depreciated over their useful lives. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease to produce a constant periodic rate of charge.

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

### 2 Group turnover and profit

#### *Turnover*

Turnover represents the amounts derived from the sale of goods which fall within the Group's ordinary activities, stated net of value added tax.

	1991 £	1990 £
By area of activity:		
United Kingdom	2,162,337	5,493,207
Europe	—	46,338
North America	15,230	73,540
Other	—	30,244
	<u>2,177,567</u>	<u>5,643,329</u>

#### *By business activity:*

Homebrewing	202,080	4,067,531
Nursing and residential care	1,070,573	458,202
Contract packing	904,914	1,117,596
	<u>2,177,567</u>	<u>5,643,329</u>

#### *Profit before tax*

#### *By business activity:*

Homebrewing	(5,960)	(62,340)
Nursing and residential care	439,032	178,512
Contract packing	145,062	228,591
Head office	(42,613)	151,970
	<u>535,521</u>	<u>496,733</u>

Turnover and profit before tax include the results of the homebrew business for February 1990 only. After this period the results are included in the extraordinary item.



## Notes to the Accounts *continued*

### 3 Operating profit

The extraordinary item and operating profit are stated after charging/(crediting):

	1991 £	1990 £
Depreciation	141,818	160,943
Auditors' remuneration	28,059	24,000
Hire of plant and machinery	32,045	29,781
(Profit) on disposal of fixed assets	(112,281)	(7,470)
Rental income received	—	(9,538)

#### Directors' remuneration:

Fees	15,000	15,000
Other emoluments (Including pension contributions)	114,750	89,916
	<u>129,750</u>	<u>104,916</u>

The emoluments of the Chairman and highest paid Director excluding pension contributions were £62,953 (1990: Chairman £29,217; highest paid Director £30,083).

The emoluments of the other Directors excluding pension contributions fell within the following ranges:

	1991 Number	1990 Number
£Nil – £ 5,000	5	3
£25,001 – £30,000	1	1
£30,001 – £35,000	1	—

### 4 Staff costs

	1991 £	1990 £
Wages and salaries	687,583	711,771
Social security costs	50,143	50,674
Other pension costs	5,760	11,153
	<u>743,486</u>	<u>773,598</u>

Certain employee costs included above are included in the deferred loss on the discontinued homebrew business.

## Notes to the Accounts continued

### 4 Staff costs continued

The average weekly number of employees during the year was made up as follows:

	1991 Number	1990 Number
Manufacturing	18	39
Distribution	1	1
Office and management	20	29
Merchandisers	8	22
Nursing and residential care	69	28
	<u>116</u>	<u>119</u>

The above figure includes 29 employees relating to the homebrew business whose operating results after 28 February, 1990 are included in the deferred loss representing the extraordinary costs of closure.

### 5 Interest payable

	1991 £	1990 £
Bank overdraft	1,882	2,974
Loans not wholly repayable within five years	112,830	80,788
Finance charges payable under hire purchase contracts	277	229
Interest capitalised (note 12)	(13,436)	—
	<u>101,553</u>	<u>83,991</u>

### 6 Exceptional income

	1991 £	1990 £
Profit on sale of property	—	154,822

### 7 Taxation

The taxation charge is made up as follows:

	1991 £	1990 £
Based on profit for the year:		
Corporation tax at 34.16% (1990: 35%)	168,056	157,747
Deferred taxation	4,295	1,239
Corporation tax under/(over) provided in previous years	315	(2,469)
Deferred tax underprovided in previous years	5,102	—
	<u>177,768</u>	<u>156,517</u>

# Notes to the Accounts continued

## 8 Extraordinary Item

	1991 £	1990 £
Abortive acquisition costs		
Loss on disposal of homebrew business	106,462	—
Tax charge	2,405	
Release of deferred tax	(31,150)	
	<u>77,717</u>	<u>—</u>
Amount deferred	(77,717)	—
	<u>114,102</u>	<u>—</u>

The loss on the disposal of the homebrew business is being deferred in the balance sheet. The Directors anticipate that a profit on disposal will arise when the leasehold property used in the homebrew business is sold. The property is currently under offer.

The abortive acquisition costs relate to certain non-recurring costs incurred in connection with aborted nursing and residential care home acquisition proposals put to the Company which fell outside the Company's ordinary expansion programme.

## 9 Profit attributable to members of the holding company

	1991 £	1990 £
Dealt with in the accounts of the holding company	(381,657)	79,234
Retained by subsidiary companies	625,308	260,982
	<u>243,651</u>	<u>340,216</u>

## 10 Dividends

	1991 £	1990 £
Ordinary – interim paid	69,147	61,286
– final proposed	86,434	69,147
	<u>155,581</u>	<u>130,433</u>

## 11 Earnings per share

The calculation of earnings per ordinary share is based on profit after tax of £357,753 (1990: £340,216) and after deducting the preference dividend entitlement of £32,473 being the portion of the first dividend payable in June 1991 relating to the year to 31 January, 1991 and on 69,146,887 ordinary shares being the weighted average number of ordinary shares in issue and ranking for dividend during the year (1990: 62,233,045).

The conversion of the executive share options and the preference shares does not result in the fully diluted earnings per ordinary share being materially different from the basic earnings per share.

## Notes to the Accounts continued

### 12 Tangible fixed assets

Group	Nursing and residential care homes freehold £	Land and buildings freehold £	Land and buildings long leasehold £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation:						
At 1 February, 1990	1,514,598	523,285	950,000	89,529	861,217	3,938,629
Additions	1,403,081	—	—	14,580	89,130	1,506,791
Disposals	—	—	—	(45,700)	(640,342)	(686,042)
Revaluation	342,321	—	(350,000)	—	—	(7,679)
Provision against deferred loss	—	—	(77,717)	—	—	(77,717)
At 31 January, 1991	3,260,000	523,285	522,283	58,409	310,005	4,673,982
Depreciation:						
At 1 February, 1990	—	7,970	14,196	33,527	426,532	482,225
Provided during the year	—	7,092	14,196	18,039	102,491	141,818
Disposals	—	—	—	(32,793)	(460,707)	(493,500)
Revaluation	—	—	(28,392)	—	—	(28,392)
At 31 January, 1991	—	15,062	—	18,773	68,316	102,151
Net book value						
At 31 January, 1991	3,260,000	508,223	522,283	39,636	241,689	4,571,831
At 1 February, 1990	1,514,598	515,315	935,804	56,002	434,685	3,456,404

### Company

Cost or valuation:				
At 1 February, 1990	950,000	83,978	632,842	1,666,820
Additions	—	14,580	7,500	22,080
Disposals	—	(45,700)	(640,342)	(686,042)
Revaluation	(350,000)	—	—	(350,000)
Provision	(77,717)	—	—	(77,717)
At 31 January, 1991	522,283	52,858	—	575,141
Depreciation:				
At 1 February, 1990	14,196	32,297	395,917	442,410
Provided during the year	14,196	16,958	64,790	95,944
Disposals	—	(32,793)	(460,707)	(493,500)
Revaluation	(28,392)	—	—	(28,392)
At 31 January, 1991	—	16,462	—	16,462
Net book value				
At 31 January, 1991	522,283	36,396	—	558,679
At 1 February, 1990	935,804	51,681	236,925	1,224,410

## Notes to the Accounts continued

## 12 Tangible fixed assets continued

## Group and Company

For the assets included at valuation:

Historical cost or valuation at purchase:

	Residential care homes freehold £	Land and buildings long leasehold £
At 1 February, 1990	1,514,598	399,208
Additions	293,081	—
At 31 January, 1991	<u>1,807,679</u>	<u>399,208</u>
Depreciation based on cost:		
At 1 February, 1990		36,729
Charge for the year		5,406
At 31 January, 1991		<u>42,135</u>

The leasehold property in the Company is included in the accounts at the Directors' valuation as at 31 January, 1991 of £600,000 based on open market value pending its sale as part of the disposal of the homebrew business. A further provision of £77,717 has been made against the valuation of the property matching the extraordinary loss carried within debtors.

The residential care homes held by Greenacre Residential Retirement Homes Limited were revalued at £2,150,000 by David & Company, surveyors and valuers as at 31 January, 1991 based on open market value. The approximate capital gains tax liability that would arise if the properties were sold is £400,000 (see note 18).

Interest of £13,436 (1990: £Nil) is included in the cost of residential care homes.

The net book value of motor vehicles above includes an amount of £1,810 (1990: £2,607) in respect of assets acquired under hire purchase contracts.

## 13 Investments

## Shares in Group undertakings

	1991 £	1990 £
Cost less amounts written off:		
At 1 February, 1990	2,825,376	1,345,237
Additions	2,402	1,480,139
Provisions	(536,363)	—
At 31 January, 1991	<u>2,291,415</u>	<u>2,825,376</u>

Additions represent the acquisition of Greenacre (UK) Limited and additional costs relating to Greenacre Residential Retirement Homes Limited.

## Notes to the Accounts continued

### 13 Investments continued

The following companies are wholly owned subsidiaries at 31 January, 1991:

Name of subsidiary	Country of registration	Nature of business
Alphen Limited (formerly Canwel Limited)	England	Did not trade during year
Southampton Homebrews Limited	England	Did not trade during year
Tyro Limited	England	Contract packing
Greenacre Residential Retirement Homes Limited	Scotland	Residential care
Greenacre (UK) Limited	England	Nursing care
Salterley Grange	Unincorporated business	

Tyro Limited, Greenacre (UK) Limited and Greenacre Residential Retirement Homes Limited operate principally in the United Kingdom.

### 14 Stocks

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Raw materials and consumables	86,602	197,594	—	104,671
Work in progress	—	12,030	—	12,030
Finished goods and goods for resale	5,529	275,791	—	260,831
	<u>92,131</u>	<u>485,415</u>	<u>—</u>	<u>377,532</u>

The replacement cost of stocks is not materially different from the book values above.

### 15 Debtors

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Deferred loss	77,717	—	77,717	—
Trade debtors	252,448	735,708	—	548,312
Amounts owed by subsidiaries	—	—	963,243	—
Current corporation tax	—	—	40,334	10,660
Advance corporation tax recoverable	46,097	—	46,097	—
Other debtors	170,868	58,766	164,889	58,766
Prepayments and accrued income	25,246	71,179	8,197	64,780
	<u>572,376</u>	<u>865,653</u>	<u>1,300,477</u>	<u>682,518</u>

The deferred loss represents the loss on the sale of the homebrew business (see note 8).

Notes to the Accounts continued

## 16 Creditors: amounts falling due within one year

	Group		Company	
	1991	1990	1991	1990
	£	£	£	£
Current instalments due on mortgage (see note 17)	14,425	46,867	—	—
Payments in advance	—	11,241	—	—
Obligations under hire purchase contracts	—	1,260	—	—
Trade creditors	156,774	264,019	—	234,177
Amounts owed to subsidiaries	—	—	382,575	398,639
Current corporation tax	220,976	179,793	—	—
Advance corporation tax payable	—	43,478	—	43,478
Other taxes and social security costs	8,804	45,070	4,404	36,753
Other creditors	87,708	4,103	82,224	4,103
Accruals	139,450	145,847	68,438	52,270
Proposed dividend	86,434	69,147	86,434	69,147
	<u>714,571</u>	<u>810,825</u>	<u>624,075</u>	<u>838,567</u>

## 17 Creditors: amounts falling due after more than one year

	Group	
	1991	1990
	£	£
Mortgage	655,774	352,347
Bank loan	190,093	188,163
	<u>845,867</u>	<u>540,510</u>

The bank loan, which bears interest at 2% above Lloyds Bank base rate, is repayable by monthly instalments (capital and interest) of £2,485, and is due for final repayment on 9 October, 2006. The loan is secured by a mortgage over the freehold property in Tyro Limited.

The mortgage held by the Bank of Scotland over the freehold property of Greenacre Residential Retirement Homes Limited is repayable over a twenty-year period and carries interest at 1.75% over bank base rate.

The maturity of the mortgage is as follows:

	1991	1990
	£	£
Amounts payable within one year	112,538	111,193
Over one year:		
In the second to fifth years inclusive	430,056	444,771
Over five years	2,105,483	64,862
	<u>2,648,077</u>	<u>620,826</u>
Less: Finance charges allocated to future periods	1,977,878	221,612
	<u>670,199</u>	<u>399,214</u>
Analysed as follows:		
Current obligations	14,425	46,867
Non-current obligations	655,774	352,347
	<u>670,199</u>	<u>399,214</u>

# Notes to the Accounts continued

## 18 Deferred taxation

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provision		Not provided	
	1991 £	1990 £	1991 £	1990 £
<i>Group</i>				
Capital allowances in advance of depreciation	14,511	36,263	22,148	21,153
Less: advance corporation tax	—	(23,049)	—	—
	14,511	13,214	22,148	21,153
Taxation on valuation surplus	—	102,200	483,000	88,000
	14,511	115,414	505,148	109,153
<i>Company</i>				
Capital allowances in advance of depreciation	2,304	28,754	—	—
Losses available for future relief	—	—	—	—
	2,304	28,754	—	—
Less: advance corporation tax	—	(23,049)	—	—
	2,304	5,705	—	—
Taxation on valuation surplus	—	102,200	—	—
	2,304	107,905	—	—

## 19 Other provisions

	Group £	Company £
At 1 February, 1990	92,529	—
Arising on acquisitions	120,000	—
Utilised during year	(51,131)	—
At 31 January, 1991	161,398	—

Details of these provisions are given in notes 22 and 25.



## Notes to the Accounts continued

## 20 Share capital

	1991 £	1990 £
Authorised:		
198,735,050 (1990: 120,000,000) ordinary shares of 1p	1,987,351	1,200,000
10,624,375 (1990: Nil) 3.75% convertible redeemable preference shares of 70p each	7,437,062	—
	<u>9,424,413</u>	<u>1,200,000</u>
Allotted share capital	<u>8,128,531</u>	<u>632,530</u>
Allotted, issued and partly paid:		
69,146,887 (1990: 63,253,011) ordinary shares	691,469	632,530
Allotted, issued and partly paid:		
10,624,375 (1990: Nil) 3.75% convertible redeemable preference shares (35p paid)	3,718,531	—
	<u>4,410,000</u>	<u>632,530</u>

In addition to the issued share capital, options have been granted over 295,000 (1990: 315,000) ordinary shares pursuant to the Greenacre (formerly Brewmaker) 1985 Executive Share Option Scheme. Such options are exercisable at 19p commencing on 28 October, 1989 in respect of 75,000 Greenacre ordinary shares and from 15 May, 1990 in respect of 220,000 Greenacre ordinary shares. Additional options have been granted over 200,000 ordinary shares pursuant to the Greenacre 1990 Executive Share Option Scheme. Such options are exercisable at 6p commencing on 8 January, 1994.

These options must be exercised between 3 and 10 years from the date of issue.

During the year the authorised share capital was increased to 198,735,050 ordinary shares of 1p each, and 10,624,375 convertible redeemable preference shares of 70p each.

The following share issues occurred during the year:

5,893,876 ordinary shares of 1p each on 19 March, 1990 at a premium of 9.5p as deferred consideration for Greenacre Residential Retirement Homes Limited.

At 31 January, 1990 these shares were included in the capital reserve shown in note 21.

10,624,375 convertible redeemable preference shares on 9 November, 1990 for a total consideration of £3,781,468.

The convertible redeemable preference shares may be converted into fully paid ordinary shares on the basis of ten ordinary shares for every one convertible redeemable preference share, provided that such convertible redeemable preference shares are fully paid up. The right to convert may be exercised in June and December of 1991-1993.

The shares are redeemable by the Company from 27 January, 1994 at a value equal to the nominal amount paid up and all arrears and accruals of the dividend. Any remaining shares will be redeemed on 30 November, 1997.

On 5 February, 1990 the Company acquired 2 ordinary shares of £1 each in Greenacre (UK) Limited, which on 15 March, 1990 purchased Salterley Grange, an unincorporated business, for a consideration of £1,065,725 as shown in note 26.

In accordance with S131 of the Companies Act 1985, the Company has taken the premium on the ordinary shares issued in respect of the acquisitions to a merger reserve.

## Notes to the Accounts continued

### 21 Reserves

<i>Group</i>	Share Premium £	Revaluation reserve £	Profit and loss account £	Merger reserve £	Capital reserve £
At 1 February, 1990	1,192,076	479,915	1,302,329	32,740	618,857
Deferred tax adjustment	—	102,200	—	—	—
Revaluation	—	(57,004)	—	—	—
Reserves arising on share issues	62,937	—	—	559,918	(618,857)
Cost of share issue	(519,907)	—	—	—	—
Goodwill on consolidation	—	—	—	(64,578)	—
Retained profit for the year	—	—	88,070	—	—
At 31 January, 1991	<u>735,106</u>	<u>525,111</u>	<u>1,390,399</u>	<u>535,080</u>	<u>—</u>

Goodwill on consolidation has been written off against the merger reserve. Goodwill on the acquisition of Tyro Limited was £794,506, on the acquisition of Greenacre Residential Retirement Homes Limited was £369,589, and on the acquisition of Salterley Grange by Greenacre (UK) Limited was £61,453.

<i>Company</i>	Share Premium £	Revaluation reserve £	Profit and loss account £	Merger reserve £	Capital reserve £
At 1 February, 1990	1,192,076	479,915	1,021,699	1,203,835	618,857
Deferred tax adjustment	—	102,200	—	—	—
Revaluation	—	(399,325)	—	—	—
Reserves arising on share issues	62,937	—	—	559,918	(618,857)
Cost of share issue	(519,907)	—	—	—	—
Retained profit for the year	—	—	(537,238)	—	—
At 31 January, 1991	<u>735,106</u>	<u>182,790</u>	<u>484,461</u>	<u>1,763,753</u>	<u>—</u>

## **Notes to the Accounts** continued

### **22 Fair value adjustments**

#### **Salterley Grange**

The fair values given to the assets of Salterley Grange at the date of acquisition, 15 March, 1990 are as follows:

	Fair value £
Fixed assets – land and buildings	1,110,000
– fixtures and fittings	40,000
Current assets	256
Current liabilities	(25,984)
Provisions	(120,000)
	<hr/>
	1,004,272
Purchase consideration	1,065,725
	<hr/>
Goodwill	61,453

As Salterley Grange was an unincorporated business it is not considered appropriate to include book values.

The nursing home acquired by Greenacre (UK) Limited was valued at £1,150,000 by Tretheways, surveyors and valuers, on its acquisition on 15 March, 1990, based on open market value. This has been apportioned between the freehold property and fixtures and fittings.

The fair value of provisions represents a repairs and maintenance provision of £120,000 on acquisition and £8,119 of this provision has been subsequently utilised.

### **23 Capital commitments**

There are no unprovided capital commitments, either contracted or authorised, existing at the year end.

### **24 Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in independently administered funds. Contributions totalling £Nil (1990: £2,389) were payable to the fund at the year end and are included within other creditors.

### **25 Contingent liabilities**

An action has been commenced against Tyro Limited in respect of its liability to contribute to maintenance of a private road around its freehold factory. A provision of £43,916 has been provided in the accounts in previous years. The Directors believe there is no significant unprovided liability based on their assessment of the case.

## Notes to the Accounts continued

### 26 Group statement of source and application of funds

A summary of the effects of the acquisition of Greenacre Residential Retirement Homes Limited in 1989/90 and Salterley Grange in 1990/91 is shown below:

	1991 £	1990 £
Fixed assets	1,150,000	1,648,285
Goodwill	61,453	369,589
Stocks	—	1,617
Debtors	256	3,349
Cash	—	39,270
Creditors	(25,984)	(154,271)
Loans	—	(407,700)
Provisions	(120,000)	(20,000)
	<u>1,065,725</u>	<u>1,480,139</u>
Discharged by:		
Shares	—	1,088,857
Cash	1,035,153	320,000
Acquisition expenses	30,572	71,282
	<u>1,065,725</u>	<u>1,480,139</u>

### 27 Post balance sheet events

The Company purchased the assets and business of Elm Grove Nursing Home, Cirencester on 27 March, 1991 for a cash consideration of £1,075,000.

On 5 April, 1991 the Company purchased Barrington Lodge in Cheltenham. The purchase consideration of £300,000 was paid in cash. The property is to be converted to a nursing home.

## Five Year Review

Year ended 31 January	1991 £000	1990 £000	1989 £000	1988 £000	1987 £000
<b>Profit and Loss Account</b>					
Turnover	2,178	5,643	5,192	5,763	6,979
Profit before exceptional items	536	342	196	423	121
Profit before taxation	536	497	130	423	3
Profit/(loss) after taxation	358	340	85	265	(29)
Retained profit	88	210	85	175	(83)
<b>Balance Sheet</b>					
Tangible assets	4,572	3,456	1,994	922	1,218
Net current assets	4,046	1,557	1,750	879	434
Non-current liabilities	(1,022)	(748)	(405)	(12)	(50)
Shareholders' funds	7,595	4,265	3,339	1,789	1,602
Earnings per ordinary share	0.47p	0.55p	0.17p	1.47p	(0.08p)
Dividends per ordinary share	0.225p	0.20p	—	0.50p	0.30p
Ordinary shares in issue (millions)	59.147	63.253	56.391	18.000	17.952

Earnings and dividend per share have been adjusted to take account of the bonus element of the rights issue in February 1988.

The 1989 profit and loss account and balance sheet have been restated.

## Notice of Meeting

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held at 100 Wood Street, London EC2P 2AJ on Friday, 7 June, 1991 at 11.30 a.m. for the following purposes:

1. To receive and adopt the accounts for the year ended 31 January, 1991, together with the reports of the Directors and auditors herein.
2. To declare a final dividend for the year on the ordinary shares of the Company.
3. To re-elect as a Director Mr. S. C. MacFarlane who is retiring by rotation.
4. To re-elect as a Director Mr. J. Nash who was appointed on 10 December, 1990.
5. To re-appoint Ernst & Young as auditors and to authorise the Directors to fix their remuneration.
6. As Special Business to consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

That in accordance with Section 95 of the Companies Act 1985 ("the Act") the Directors be and are hereby empowered for a period commencing on the date of the passing of this Resolution and expiring on the date of the next Annual General Meeting of the Company or fifteen months following the passing of this resolution whichever shall be the earlier, to allot equity securities (as defined in Section 94 of the Act) of the Company pursuant to the authority under Section 80 of the Act conferred by resolution 1 passed at the Extraordinary General Meeting of the Company held on 8 November, 1990 as if sub-section (1) of Section 89 of the Act did not apply to any such allotment provided that this power shall replace with effect from the date of passing of this resolution all powers previously granted pursuant to Section 95 of the Act and that this power shall be limited.

- (a) to the allotment of equity securities in the Company to the holders of ordinary shares in the share capital of the Company by way of rights in proportion (as nearly as may be) to their holdings on a record date to be fixed by the Directors (but subject to such exclusions or other arrangements as the Directors may deem expedient or necessary to deal with the problems under the laws of any territory or the requirements of any regulatory body or any Stock Exchange in any territory or in connection with fractional entitlements or otherwise howsoever); and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £34,573.

and provided further that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

7. To transact any other business of an Annual General Meeting

By order of the Board  
S. C. MacFarlane  
Secretary

16 May, 1991

Kenwood House  
15 Reading Road  
Pangbourne  
Berkshire RG8 7LR

### Notes

Any member of the Company entitled to vote at the meeting may appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

The register of Directors' shareholdings together with copies of Directors' service contracts, will be available for inspection at the registered office during the business hours from the date of this notice until the date of the Annual General Meeting, and on that day will be available for inspection at the place of the meeting from 11.00 a.m. until the conclusion of the meeting.

## Form of Proxy

I/We .....  
(PLEASE USE BLOCK CAPITALS)

of .....  
a member(s) of Greenacre Group plc, hereby appoint the Chairman of the meeting or

.....  
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 7 June, 1991 at 11.30 a.m. and at any adjournment thereof.

Dated..... Signature .....

Please indicate with an X in the spaces below how you wish your votes to be cast.

	For	Against
<b>Ordinary business</b>		
1. To receive and adopt the accounts for the year ended 31 January, 1991, together with the reports of the Directors and auditors herein.		
2. To declare a final dividend for the year on the ordinary shares of the Company.		
3. To re-elect as a Director Mr. S. C. MacFarlane who is retiring by rotation.		
4. To re-elect as a Director Mr. J. Nash who was appointed on 10 December, 1990.		
5. To re-appoint Ernst & Young as auditors and to authorise the Directors to fix their remuneration.		
<b>Special business</b>		
6. To empower the Directors to allot shares as set out in the accompanying Notice of Meeting.		

### Notes

1. A member may appoint a proxy of his own choice. If such an appointment is made, delete the words 'the chairman of the meeting' and insert the name of the person appointed proxy in the space provided.
2. The appointment of a proxy will not preclude a member from attending and voting in person at the meeting or at any adjournment thereof.
3. If the appointor is a corporation, this form must be executed under seal or under the hand of some officer or attorney duly authorised in that behalf.
4. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
5. If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
6. To be effective each proxy must be lodged with Barclays Registrars Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time fixed for holding the meeting or adjourned meeting and must be accompanied by a power of attorney or other authority under which it is signed.