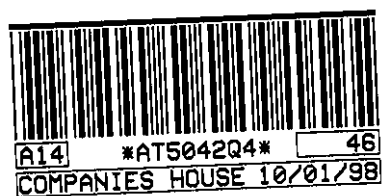


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GOLCARE LIMITED
ANNUAL REPORT & ACCOUNTS
31ST MARCH 1997



TINDLE & CO
CHARTERED ACCOUNTANTS

GOLCARE LIMITED

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GOLCARE LIMITED

DIRECTORS AND OFFICERS

DIRECTORS:	G.O. Lewis J.L. Lewis
COMPANY SECRETARY:	A.D. Michelson
COMPANY REGISTRATION NUMBER:	1855768
REGISTERED OFFICE:	Hillside Grange Sunderland Road Felling Tyne & Wear NE10 8BU
BANKERS:	Barclays Bank Plc. 446 Wingrove Road Newcastle Upon Tyne NE4 9BN
SOLICITORS:	Keenlyside & Forster 59 Claremont Avenue Gateshead Tyne & Wear NE8 1RH
AUDITORS:	Tindle & Co Chartered Accountants 299A Whitley Road Whitley Bay Tyne & Wear NE26 2SN

GOLCARE LIMITED

CHAIRMAN'S REPORT

TRADING

This year has seen the occupancy of the business decrease for the following reasons:

- . Due to the Local Authority itself having to reassess its own budgets.
- . The current National, dispute between Local Authorities and Health Authorities over funding for elderly people.
- . The company took a commercial decision to improve facilities offered, and in particular installing en-suite facilities in as many rooms as possible. These major works resulted in a delay in re-letting rooms whilst these alterations took place and a reduction in turnover.

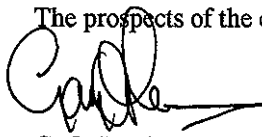
During this difficult time the management successfully remained in control of its overheads and savings were made in several areas. However, the company could not escape the borrowing costs involved and the cost of depreciation which increased as a result of providing better facilities.

FUTURE PROSPECTS

As a result of the improved facilities there has been an increase in enquiries.

The present 'bed blocking' situation should improve as the new Government has demanded that the Health Authorities and Social Services Department work together.

The prospects of the company should benefit from the above in the next financial year.



G. O. Lewis

GOLCARE LIMITED

DIRECTORS REPORT

The Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31st March 1997.

Principal Activities

The principal activities of the company which are unchanged since last year are the provision of private residential care homes for elderly people.

Results & Dividends

The profit for the year after taxation amounted to £16,477 (1996 £23,034). The results are shown on page 5.

Investments

Stoppa Limited was sold to a director at 30th March 1997 for £1.

Tax Status

In the opinion of the directors, the company is a Close Company within the meaning of S.414 Income and Corporation Taxes act 1988.

Director

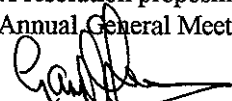
The Directors who served during the year and their respective interest in the ordinary shares of the company were as follows:-

	31st March 1997	31st March 1996
G.O. Lewis	9900	9900
J.L. Lewis	100	100

The directors have taken advantage, in the preparation of their report, of the exemptions applicable to small companies.

By order of the Board:

A resolution proposing Tindle & Co. as reporting accountants of the company will be put to the Annual General Meeting.



G.O. Lewis

Director

22nd October 1997.

GOLCARE LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITY

Company law requires the directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year.

In preparing those 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 and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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 of fraud and other irregularities.

AUDITOR'S REPORT TO THE MEMBERS OF GOLCARE LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain properties and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors.

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

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Companies 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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st March 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Tindle & Co.
Chartered Accountants
299A Whitley Road
Whitley Bay
Tyne & Wear
NE26 2SN

22nd October 1997

GOLCARE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
TURNOVER	2	685169	733880
Cost of Sales	3	393332	408586
		-----	-----
GROSS PROFIT		291837	325294
Administrative expenses		134355	141495
		-----	-----
OPERATING PROFIT	6	157482	183799
Provision against Investment		29938	56173
Interest Payable	7	105338	104592
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22206	23034
Taxation	8	5729	--
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		16477	23034
Dividend Paid		15000	--
		-----	-----
RETAINED PROFIT TRANSFERRED TO RESERVES		1477	23034
Retained profit brought forward		136424	113390
		-----	-----
RETAINED PROFIT CARRIED FORWARD		137901	136424
		=====	=====

The notes on pages 8 to 12 form part of these accounts.

GOLCARE LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR ENDED 31ST MARCH 1997**

	<u>1997</u> £	<u>1996</u> £
Profit for the financial year	46415	79207
Deficit on ultimate sale value of subsidiary company	(29938)	(56173)
	-----	-----
Total Recognised gains and losses relating to the year.	16477	23034
	-----	-----

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1997</u> £	<u>1996</u> £
Profit for the financial year	16477	23034
Dividend paid	(15000)	--
	-----	-----
Net additions to shareholders funds	1477	23034
Shareholders funds at 1st April 1996	363605	340571
	-----	-----
Shareholders funds at 31st March 1997	<u>365082</u>	<u>363605</u>

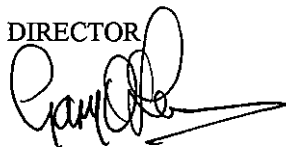
GOLCARE LIMITED**BALANCE SHEET AS AT 31ST MARCH 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1997</u> £	<u>1996</u> £	<u>1996</u> £
FIXED ASSETS					
Tangible Assets	9		1140906		1093726
Investments	10		--		1
			-----		-----
			1140906		1093727
CURRENT ASSETS					
Debtors	11	171120		178490	
Cash at Bank & in Hand		--		--	
		-----		-----	
		171120		178490	
CREDITORS: Payable within one year	12	104748		88239	
		-----		-----	
NET CURRENT ASSETS			66372		90251
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			1207278		1183978
CREDITORS: Payable after one year	13		(834596)		(811923)
Provision for liabilities and charges	15		(7600)		(8450)
			-----		-----
			365082		363605
			=====		=====
CAPITAL AND RESERVES					
Called up share Capital	16		10000		10000
Revaluation Reserve	17		217181		217181
Profit and Loss Account			137901		136424
			-----		-----
			365082		363605
			-----		-----

The directors have taken advantage, in the preparation of the accounts, of special exemptions applicable to small companies because in the opinion of the directors the company qualifies as a small company under the Companies Act 1985.

Approved by the Board of Directors on 22nd October 1997 and signed on their behalf.

DIRECTOR



G.O. Lewis

GOLCARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997

1. ACCOUNTING POLICIES

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements of the company.

Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by revaluation of certain properties.

Cash Flow Statement

The company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS 1 not to prepare a cash flow statement.

Depreciation

Tangible fixed assets are stated at cost as modified by the revaluation of certain properties with depreciation calculated so as to write off the costs of assets on a straight line method over their estimated useful lives using the following rates:

Freehold Property	0%
Long Leasehold Property	0%
Equipment & Furnishings	10%
Motor Vehicles	25%

No depreciation is charged on Freehold and Long Leasehold Properties because the directors consider that the economic lives of these properties and their residual values are such that their depreciation is not significant.

Deferred Tax

Provision is made using the liability method for deferred taxation where in the opinion of the directors, a liability is likely to arise in the foreseeable future. The provision comprises tax on capital allowances which are in excess of the equivalent charge for depreciation.

Hire Purchase

Fixed assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their expected useful lives. The interest element of the obligation is charged to profit and loss account over the period of agreement and represents a constant proportion of the balance of capital repayments outstanding.

Pensions

The company has a defined contribution pension scheme. The cost of the contributions made by the company to the scheme are charged to the profit and loss account as incurred.

2. TURNOVER

Turnover represents fees invoiced by the company in respect of services provided during the year.

3. COST OF SALES

Cost of sales represents the direct costs incurred by the company in providing services for the residents and includes staff wages, food and cleaning and laundry.

GOLCARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997 (CONTINUED)****4. EMPLOYEE INFORMATION**

The average number of persons employed by the company during the year was as follows:

	<u>1997</u>	<u>1996</u>
Management	3	3
Nursing and Domestic	52	52
	-----	-----
	55	55
	-----	-----

Their total remuneration was:

	<u>£</u>	<u>£</u>
Wages and Salaries	311777	327971
Social Security Costs	21079	16728
Pension Scheme Costs	8178	5483
	-----	-----
	341034	350182
	-----	-----

5. DIRECTORS EMOLUMENTS AND TRANSACTIONS INVOLVING DIRECTORS

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Management remuneration	29816	28517
	-----	-----

The balance on the directors loan account at 31st March 1997 amounted to £102,956 (1996 £110,707).

6. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Auditor's remuneration	1022	450
Depreciation Owned Assets	18735	22024
Depreciation Assets held under hire purchase	4000	--
Hire of Equipment	7637	7366
Loss on sale of assets	1001	784
Hire of other assets under operating lease	24327	--

7. INTEREST PAYABLE

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Bank loans and overdrafts:		
Wholly repayable within five years	4949	2428
Not wholly repayable within five years	99387	98893
Hire Purchase	1002	3271
	-----	-----
	105338	104592
	-----	-----

GOLCARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997 (CONTINUED)****8. TAXATION**

	<u>1997</u>	<u>1996</u>
	£	£
Corporation at 24% (1996 25%)	6500	--
Deferred Taxation	(850)	--
Prior Year Adjustment	79	--
	-----	-----
	5729	--
	-----	-----

9. TANGIBLE FIXED ASSETS

	Freehold Property	Leasehold Property	Equipment & Furniture	Motor Cars	Total
	£	£	£	£	£
Cost or Valuation					
At 1st April 1996	303811	711141	176724	1005	1192681
Additions	4560	6366	21244	38750	70920
Disposals	--	--	--	(1005)	(1005)
	-----	-----	-----	-----	-----
At 31st March 1997	308371	717507	197968	38750	1262596
	-----	-----	-----	-----	-----
Depreciation					
At 1st April 1996	--	--	98955	--	98955
Charge for Year	--	--	18735	4000	22785
Disposals	--	--	--	--	--
	-----	-----	-----	-----	-----
At 31st March 1997	--	--	117690	4000	121690
	-----	-----	-----	-----	-----
Net Book Value					
31st March 1997	308371	717507	80278	34750	1140906
	-----	-----	-----	-----	-----
31st March 1996	303811	711141	77769	1005	1093726
	-----	-----	-----	-----	-----

Cost or Valuation at 31st March 1997 is represented by:

Valuation - 1994	300000	703311	--	--	1003311
Cost	8371	14196	197968	38750	259285
	-----	-----	-----	-----	-----
	308371	717507	197968	38750	1262596
	-----	-----	-----	-----	-----

Freehold and Leasehold properties were valued by Taylors Business Surveyors and Valuers on a bricks and mortar basis on 10th August 1993.

Net book value of assets held under hire purchase contracts.

	Equipment & Furniture	Motor Cars	Total
	£	£	£
31st March 1997	--	34750	34750
	-----	-----	-----
31st March 1996	--	--	--
	-----	-----	-----

GOLCARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997 (CONTINUED)****10. INVESTMENTS**

	<u>1997</u>	<u>1996</u>
	£	£
Opening Position	1	--
Additions during year at cost	--	980
Less: Sold	(1)	(979)
	-----	-----
As at 31st March 1997	--	1
	-----	-----

Also written off is the Inter Company Debt amounting to £29938 (1996 £55,194).

11. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade Debtors	11791	1439
Directors Loan	102956	110707
Other Debtors	7212	430
Taxation Recoverable	47822	65914
Prepayments	1339	--
	-----	-----
	171120	178490
	-----	-----

12. CREDITORS PAYABLE WITHIN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£	£
Bank Overdrafts	22760	15071
Trade Creditors	23603	20987
Accruals	19095	16640
Corporation Tax	5560	22559
Social Security and other Taxes	26743	12982
Hire Purchase Contracts (note 13)	6987	--
	-----	-----
	104748	88239
	-----	-----

The bank overdrafts are secured by second mortgages over the freehold and long leasehold properties of the company, and by a personal guarantee by Mr G.O. Lewis.

13. CREDITORS PAYABLE AFTER ONE YEAR

	<u>1997</u>	<u>1996</u>
	£	£
Bank Loans	810269	811923
Hire Purchase Contracts (Note 12)	24327	--
	-----	-----
	834596	811923
	-----	-----

The bank loans are secured on the freehold and long leasehold properties of the company and by personal guarantee of Mr G.O. Lewis. The bank loans granted on 31st October 1991 and 19th January 1994 have a capital repayment deferral of five years from date of advance.

GOLCARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997 (CONTINUED)**

14. HIRE PURCHASE	<u>1997</u>	<u>1996</u>
	£	£
Amount due under hire purchase contracts	38186	--
Less Interest	(6872)	--
	-----	-----
	31314	--
	-----	-----
Repayable by instalments:		
Wholly within one year	6987	--
Wholly within five years	24327	--
	-----	-----
	31314	--
	-----	-----
15. PROVISION FOR LIABILITIES AND CHARGES	<u>1997</u>	<u>1996</u>
	£	£
Deferred taxation		
Accelerated capital allowances	7600	8450
	-----	-----
Further potential liabilities may exist in relation to unrealised surpluses on revaluations. Such liabilities cannot be accurately quantified due to the incidence of indexation and other reliefs which might be available at the time of realisation.		
16. SHARE CAPITAL	<u>1997</u>	<u>1996</u>
	£	£
Authorised		
Ordinary shares of £1 each	500000	500000
	-----	-----
Allotted called up and fully paid		
Ordinary shares of £1 each	10000	100
Capitalisation issue	--	9900
	-----	-----
As at 31st March 1997	10000	10000
	-----	-----
17. REVALUATION RESERVE	<u>1997</u>	<u>1996</u>
	£	£
Surplus on revaluation of properties	217181	227081
Capitalisation Issue	--	(9900)
	-----	-----
As at 31st March 1997	217181	217181
	-----	-----
18. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES	<u>1997</u>	<u>1996</u>
	£	£
31st March 1997	--	--
	-----	-----