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GOLCARE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31st MARCH, 1993

A. D. HARRISON, C.A.

361 DURHAM ROAD, GATESHEAD, TYNE AND WEAR, NE9 5AJ



GOLCARE LIMITED
REPORT OF THE DIRECTORS

The directors present their annual report and the audited accounts for the year ended 31st March, 1993.

Business Review

The principal activity of the company is the operation of private residential care homes for the elderly and there has been no significant change in this activity during the year.

The directors are pleased to report a satisfactory level of trading in the year ended the 31st March, 1993 which, with the anticipated reduction in overhead expenditure mentioned in last years report, has resulted in a substantial improvement in the net profit before taxation earned by the company.

	<u>1993</u>	<u>1992</u>
Turnover	£ 685407	£ 615353
Profit before taxation	£ 65221	£ 6517
Taxation	11131	269
Profit for the financial year	£ 54090	£ 6248

A summary of the movements in tangible fixed assets owned by the company is shown in the notes to the accounts. The expenditure incurred in the year, other than that on motor vehicles, relates to the provision of further equipment and furnishings in the homes owned by the company.

The directors anticipate that the trading profit for the year ending the 31st March, 1994 will be in the region of £ 55000 after providing for depreciation of some £ 39000 on the company's fixed assets. This estimate is based upon both the residential homes operating at the same capacity as in the year ended 31st March, 1993, and again the directors would mention that these homes were valued at £ 895000 for mortgage purposes by Finders, Chartered Surveyors on the 18th June, 1991, being a valuation of the bricks and mortar having regard to earning potential but ignoring any element of goodwill.

COLLARE LIMITED
REPORT OF THE DIRECTORS

Proposed Dividend

The directors propose a dividend of £ 30000 for the year payable on the 4th July, 1994. This is equivalent to £ 300 per share. No dividend was paid in respect of the year ended 31st March, 1992.

Directors

The directors during the year and their interests in the Ordinary 11 Shares of the company are shown below.

	<u>31st March, 1993</u>	<u>31st March, 1992</u>
A. E. Hanlon	-	-
G. O. Lewis	99	99
T. W. Llewellyn	1	1

Auditor

A resolution for the re-appointment of A. D. Harrison, C.A., as auditor of the company is to be proposed at the forthcoming annual general meeting.

Close Company

The company is a close company within the definition of the Income and Corporation Taxes Act, 1988.

Profit and Loss Account

It was discovered, subsequent to the approval of the accounts for the year ended 31st March, 1992, that the director's loan account at that date had been overstated by £ 4531. The appropriate adjustments to the balance on the loan account and to the loss carried forward on the profit and loss account at the 31st March, 1992 have been made in these accounts.

Hillside Grange,
Sunderland Road,
Gateshead,
Tyne and Wear,

22nd April, 1994

By order of the board

A. D. Harrison
Secretary

REPORT OF THE AUDITOR TO THE MEMBERS OF
GOLCARE LIMITED

I have audited the accounts on pages 4 to 11 in accordance with auditing standards.

In my opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 7, give a true and fair view of the state of the affairs of the company at 31 t March, 1993 and of its profit and cash flow statement for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

361 Durham Road,
Gateshead,
Tyne and Wear

A. J. Hamer

Chartered Accountant
Registered Auditor

26th April '93

GOLCARE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 1993

	Note	1993	1992
TURNOVER	2	£ 685407	£ 615353
Cost of sales	3	354395	301032
GROSS PROFIT		<u>331012</u>	<u>314321</u>
Administrative expenses		(158543)	(195211)
Interest payable	5	(107248)	(112593)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>65221</u>	<u>6517</u>
Taxation	7	11131	269
PROFIT FOR THE FINANCIAL YEAR		<u>54090</u>	<u>6248</u>
Proposed dividend		30000	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>24090</u>	<u>6248</u>
Retained loss brought forward		(22401)	(24118)
		<u>1689</u>	<u>(17870)</u>
Adjustment of loss brought forward at the 1st April, 1992	9	-	4531
RETAINED PROFIT/(LOSS) CARRIED FORWARD		£ <u>1689</u>	£ <u>(22401)</u>

The notes on pages 7 to 11 form part of these accounts.

GOLCARE LIMITED
BALANCE SHEET AT 31st MARCH 1993

	Note	1993	1992
FIXED ASSETS			
Tangible assets	8	£ 784490	£ 804306
CURRENT ASSETS			
Debtors	9	£ 153785	£ 72090
Cash at bank and in hand		<u>12990</u>	<u>16170</u>
		166775	88260
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>167834</u>	<u>138207</u>
NET CURRENT LIABILITIES		(1059)	(49947)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>783431</u>	<u>754359</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(771492)	(776660)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(10150)	(-)
		<u>£ 1789</u>	<u>£ (22301)</u>
CAPITAL AND RESERVES			
Called up share capital	14	100	£ 100
Profit and loss account		<u>1689</u>	<u>(22401)</u>
		<u>£ 1789</u>	<u>£ (22301)</u>

The notes on pages 7 to 11 form part of these accounts.

A. J. H. H. H. H.
G. J. H. H. H.

) Directors

These accounts were approved
 by the board of directors on
 the 26/4/94

GOLCARE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MARCH, 1993

	Notes	1993	1992
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	£ 128828	£ 890
SERVICING OF FINANCE			
Interest paid		£ (107248)	£ (112593)
NET CASH OUTFLOW ON SERVICING OF FINANCE		(107248)	(112593)
TAXATION			
Corporation tax recovered/(paid)		£ 550	£ (750)
TAX RECOVERED/(PAID)		550	(750)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		£ (32684)	£ (84824)
Receipts from sales of tangible fixed assets		15300	46794
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(17384)	(38030)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		4746	(150433)
FINANCING			
Long term loan restructured		£ -	£ 137975
Repayment of loans		(5168)	-
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(5168)	137975
(DECREASE) IN CASH AND CASH EQUIVALENTS	17	£ (422)	£ (12508)

GOLCARE LIMITED
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied in dealing with items which are considered material in relation to the company's accounts.

Basic of accounting

The accounts have been prepared under the historical cost convention in accordance with the going concern concept based on the provision that the company's bankers will not withdraw their support.

Depreciation

Depreciation is provided at the following annual rates, on the straight line method, to write off the cost of tangible fixed assets over their estimated useful lives.

Freehold property	2%
Equipment and furnishings	10%
Motor vehicles	25%

A full year's depreciation is provided on freehold property and equipment and furnishings additions in the year purchased whilst depreciation on motor vehicles is calculated only for the period from their date of purchase to the year end.

Deferred taxation

Deferred taxation is calculated on the liability method in respect of the excess of capital allowances over depreciation provided, and after taking into account unused tax losses available for future relief.

2. TURNOVER

Turnover represents fees invoiced by the company in respect of goods and services provided during the year, excluding value added tax.

3. COST OF SALES

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

GOLCARE LIMITED
NOTES TO THE ACCOUNTS

4. STAFF NUMBERS AND COSTS

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

	1993	1992
Management	3	3
Nursing and domestic staff	<u>57</u>	<u>53</u>
	<u>60</u>	<u>56</u>

The aggregate payroll costs of these persons, including directors, were as follows.

	1993	1992
Salaries and wages	£ 284712	£ 237186
Social security costs	14723	12349
Pension scheme costs	<u>7648</u>	<u>1503</u>
	£ 307083	£ 251038

5. INTEREST PAYABLE

	1993	1992
On bank overdrafts	£ 7923	£ 8361
Hire purchase interest on loans repayable within five years	6470	6713
	<u>92855</u>	<u>97519</u>
On bank loans	£ 107248	£ 112593

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging the following:

	1993	1992
Auditor's remuneration	£ 3510	£ 4363
Depreciation of tangible fixed assets	32625	34997
Directors' emoluments	28641	18211
Hire of equipment	10621	43642
Loss on sale of fixed assets	<u>4575</u>	<u>11962</u>
	£ 79972	£ 113175

The emoluments of the chairman, excluding pension contributions, were £ 26241 (1992 £ 17011), and of the other directors acting in the year £ Nil (1992 £ Nil).

GOLCARE LIMITED
NOTES TO THE ACCOUNTS

7. TAXATION

	1993	1992
Corporation tax at 25%	£ 1250	£ 269
Deferred taxation	10150	-
Prior year adjustment	(269)	-
	£ 11131	£ 269

The charge for taxation is based on the profit for the year and the estimated amount of corporation tax payable has been reduced by £ 15050 in respect of losses brought forward which are available against the current year's profit.

8. TANGIBLE FIXED ASSETS

	Freehold property	Equipment and furnishings	Motor vehicles	Total
Cost				
At 1st April, 1992	£ 712919	137992	31200	£ 882111
Additions in year	-	6784	25900	32684
Disposal in year	(-)	(-)	(26500)	(26500)
At 31st March, 1993	£ 712919	144776	30600	£ 888295
Depreciation				
At 1st April, 1992	£ 34782	34440	8583	£ 77805
Charged in year	14258	14480	3887	32625
On disposal	(-)	(-)	(6625)	(6625)
At 31st March, 1993	£ 49040	48920	5845	£ 103805
Net Book Value				
At 31st March, 1993	£ 663879	95856	24755	£ 784490
At 31st March, 1992	£ 678137	103552	23017	£ 804706

The property purchased on the 28th March, 1990 at a cost of £ 281943 and on which conversion costs of £ 316569 have been incurred to the 31st March, 1993 is held on a 99 year lease expiring on the 11th July, 2077 and other assets costing £ 45900 (1992 £ 46500) (Net book value £ 37338 (1992 £ 36025) are the subject of hire purchase contracts.

GOWARE LIMITED
NOTES TO THE ACCOUNTS

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9. DEBTORS

	1993	1992
Trade debtors	£ 1627	£ 888
Prepayments	1259	1945
Director's loan account	129768	57264
Other debtors	7342	-
Hire purchase interest suspense	9048	11243
Taxation recoverable	<u>4741</u>	<u>750</u>
	£ 153785	£ 72090

A total of £ 35000 has been repaid in respect of the director's loan account in the period from the 1st April, 1993 to the 25th April, 1994 and it is anticipated that additional repayments of £ 50000 will be made in the year ending the 31st March, 1995. Taxation recoverable includes £ 4541 of tax paid in respect of the director's loan account which will also be repayable in the year ending the 31st March, 1995.

The amount of hire purchase interest deferred for more than one year at the 31st March, 1993 is £ 5132 (1992 £ 7184).

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993	1992
Bank overdrafts	£ 57401	£ 60159
Trade creditors	15969	17442
Corporation tax	1250	269
Payroll tax	11606	10732
Social security	15122	14228
Hire purchase creditors	16162	15565
Accruals	20324	19812
Proposed dividend	<u>30000</u>	-
	£ 167834	£ 138207

The bank overdrafts are secured by second mortgages over the freehold and leasehold properties of the company.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank loan	£ 750131	£ 750045
Hire purchase creditors	<u>2136</u>	<u>26615</u>
	£ 771492	£ 776660

The bank loan is secured on the freehold and leasehold properties of the company and by the personal guarantee of the chairman of the company. It was advanced to the company on the 31st October, 1991 and capital repayments have been deferred for a period of five years from that date.

GOLCAFE LIMITED
NOTES TO THE ACCOUNTS

12. PROVISIONS FOR LIABILITIES AND CHARGES

An amount of £ 10150 has been charged in the year in the profit and loss account in respect of deferred taxation on the difference between the book and taxation written down values of tangible assets other than freehold and leasehold properties (1992: £ Nil).

13. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st March, 1993 (1992 £ Nil).

14. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1993	1992	1993	1992
Ordinary shares of £1 each	£ 500000	£ 500000	£ 100	£ 100

15. CAPITAL COMMITMENTS

There were no unprovided capital commitments at the 31st March, 1993 (1992 £ Nil).

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1993	1992
Operating profit	£ 172469	£ 119110
Depreciation	32625	34997
Loss on sale of tangible fixed assets	4575	11962
(Increase) in debtors	(82245)	(26413)
Increase/(Decrease) in creditors	1404	(138766)
Net cash inflow from operating activities	£ 128828	£ 890

17. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1993	1992	Change In Year
Cash at bank and in hand	£ 12990	£ 16170	£ (3180)
Bank overdrafts	(57401)	(60159)	2758
	£ (44411)	£ (43989)	£ (422)