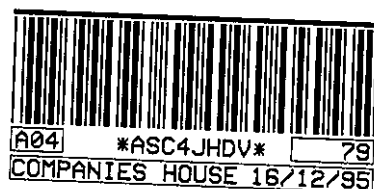


COMPANY REGISTERED NUMBER: 1855768

**GOLCARE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31 MARCH 1995**



GOLCARE LIMITED

CONTENTS

| | PAGE |
|--|-------------|
| DIRECTORS AND OFFICERS | 1 |
| DIRECTORS REPORT | 2 |
| STATEMENT OF DIRECTORS RESPONSIBILITY | 3 |
| AUDITORS REPORT | 4 |
| PROFIT AND LOSS ACCOUNT | 5 |
| STATEMENT OF RECOGNISED GAINS AND LOSSES | 6 |
| RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS | 6 |
| BALANCE SHEET | 7 |
| NOTES TO THE FINANCIAL STATEMENTS | 8/12 |
| MANAGEMENT INFORMATION | 13 |

GOLCARE LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

J.L.LEWIS
G.O.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
Tyne & Wear NE4 9BN

SOLICITORS

Keenlyside & Forster
59 Claremont Avenue
Gateshead
Tyne & Wear NE8 1RH

AUDITORS

N.Maxwell & Co.
670 Durham Road
Gateshead
Tyne & Wear NE9 6JA

GOLCARE LIMITED

DIRECTORS REPORT

The Directors have pleasure in submitting their Annual Report and Accounts for the year ended 31 March 1995.

Principal activities

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

Results and Dividends

The profit for the after taxation and the payment of an interim dividend of £30,000 paid on 24 March 1995 amounted to £27,985 (1994 £83,716). The results are shown on page 5.

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.

Directors

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

| | 31 March 1995 | 31 March 1994 |
|--|--------------------------|--------------------------|
| G.O.Lewis | 99 | 99 |
| J.L.Lewis | 1 | - |
| T.W.Llewellyn - resigned 23 March 1995 | - | 1 |

Events since the Balance Sheet Date

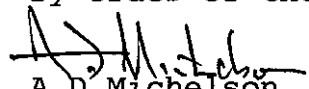
On the 30 September 1995 the Company issued 9900 Ordinary shares fully paid utilising the Revaluation Reserve.

Auditors

A resolution proposing the re- appointment of N.Maxwell & Co., as Auditors of the company will be put to the Annual General Meeting.

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

By order of the Board:


A.D. Michelson
Company Secretary
5 December 1995.

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 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 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 4 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 adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1995 and of the profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

N Maxwell and Co.

N. Maxwell & Co.

Certified Accountants and Registered Auditors

670 Durham Road
Low Fell
Gateshead
Tyne & Wear NE9 6JA

5 December 1995

GOLCARE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1995

| | <u>Note</u> | <u>1995</u> | <u>1994</u> |
|--|-------------|----------------|----------------|
| | | <u>£</u> | <u>£</u> |
| TURNOVER | 2 | 732,017 | 693,547 |
| Cost of Sales | 3 | <u>382,751</u> | <u>379,364</u> |
| GROSS PROFIT | | 349,266 | 314,183 |
| Administrative expenses | | <u>164,029</u> | <u>111,695</u> |
| OPERATING PROFIT | 6 | 185,237 | 202,488 |
| Interest payable | 7 | <u>106,921</u> | <u>107,241</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 78,316 | 95,247 |
| Taxation | 8 | <u>20,331</u> | <u>11,531</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | <u>57,985</u> | <u>83,716</u> |
| Dividend paid | | <u>30,000</u> | <u>-</u> |
| RETAINED PROFIT TRANSFERRED TO RESERVES | | 27,985 | 83,716 |
| Retained profit brought forward | | <u>85,405</u> | <u>1,689</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u>113,390</u> | <u>85,405</u> |

The notes on pages 5 to 12 form part of these accounts

GOLCARE LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1995

| | <u>1995</u> | <u>1994</u> |
|--|---------------|----------------|
| | <u>£</u> | <u>£</u> |
| Profit for the financial year | 57,985 | 83,716 |
| Unrealised Surplus on Revaluation of Property | <u>-</u> | <u>227,081</u> |
| Total Recognised gains and losses relating to the year. | <u>57,985</u> | <u>310,797</u> |

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

| | <u>1995</u> | <u>1994</u> |
|--|----------------|----------------|
| | <u>£</u> | <u>£</u> |
| Profit for the financial year | 57,985 | 83,716 |
| Revaluation of fixed assets | - | 227,081 |
| Deferred tax on revaluation | - | (56,770) |
| Deferred tax on revaluation written back | 56,770 | - |
| Dividend paid | <u>30,000</u> | <u>-</u> |
| Net additions to shareholders funds | 84,755 | 254,027 |
| Shareholders funds at 1 April | <u>255,816</u> | <u>1,789</u> |
| Shareholders funds at 31 March | <u>340,571</u> | <u>255,816</u> |

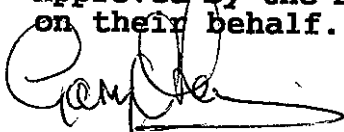
GOLCARE LIMITED

BALANCE SHEET AS AT 31 MARCH 1995

| | <u>Notes</u> | <u>1995</u> | <u>1994</u> |
|--|--------------|------------------|------------------|
| | | <u>£</u> | <u>£</u> |
| FIXED ASSETS | | | |
| Tangible Assets | 9 | 1,113,287 | 1,129,117 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 163,176 | 211,450 |
| Cash at bank & in hand | | <u>5,667</u> | <u>1,556</u> |
| | | 168,843 | 213,006 |
| CREDITORS: Payable within one year. | 11 | <u>84,066</u> | <u>192,200</u> |
| NET CURRENT ASSETS | | <u>84,777</u> | <u>20,806</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,198,064 | 1,149,923 |
| CREDITORS: Payable after one year | 12 | (849,043) | (828,270) |
| Provision for liabilities and charges | 14 | <u>(8,450)</u> | <u>(65,837)</u> |
| | | <u>£ 340,571</u> | <u>£ 255,816</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 100 | 100 |
| Revaluation Reserve | 16 | 227,081 | 170,311 |
| Profit and loss Account | | <u>113,390</u> | <u>85,405</u> |
| | | <u>£ 340,571</u> | <u>£ 255,816</u> |

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 such a company under the Companies Act 1985.

Approved by the Board of Directors on 5 December 1995 and signed on their behalf.


DIRECTOR

GOLCARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDE 31 MARCH 1995

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 there 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 the 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.

GOLCARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1995

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.

4. EMPLOYEE INFORMATION

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

| | <u>1995</u> | <u>1994</u> |
|----------------------|-------------|-------------|
| Management | 3 | 3 |
| Nursing and Domestic | <u>55</u> | <u>55</u> |
| | <u>58</u> | <u>58</u> |

Their total remuneration was:

| | | |
|-----------------------|----------------|----------------|
| Wages and salaries | 313,633 | 299,249 |
| Social Security Costs | 17,455 | 17,986 |
| Pension scheme Costs | <u>6,617</u> | <u>7,805</u> |
| | <u>337,705</u> | <u>325,040</u> |

5. DIRECTORS EMOLUMENTS AND TRANSACTIONS INVOLVING DIRECTORS

| | <u>1995</u> | <u>1994</u> |
|-------------------------|---------------|---------------|
| | <u>£</u> | <u>£</u> |
| Management remuneration | <u>21,570</u> | <u>50,663</u> |

The balance on the directors loan account at 31 March 1995 amounted to £ 104,462 (1994 £158,309).

6. OPERATING PROFIT

The operating profit is stated after charging:

| | <u>1995</u> | <u>1994</u> |
|--|--------------|--------------|
| | <u>£</u> | <u>£</u> |
| Auditor's remuneration | 450 | 750 |
| Depreciation Owned assets | 15,976 | 19,486 |
| Depreciation Assets held under hire purchase | 5,594 | 11,941 |
| Hire of equipment | 9,148 | 9,039 |
| Loss on sale of assets | <u>5,149</u> | <u>1,425</u> |

GOLCARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1995

7. INTEREST PAYABLE

| | 1995 £ | 1994 £ |
|--|----------------|----------------|
| Bank loans and overdrafts: | | |
| Wholly repayable within five years | 3,239 | 8,199 |
| Not wholly repayable within five years | 101,120 | 93,903 |
| Hire purchase | 2,562 | 5,139 |
| | <u>106,921</u> | <u>107,241</u> |

8. TAXATION

| | 1995 £ | 1994 £ |
|-------------------------------|---------------|---------------|
| Corporation @ 25% (1994 25 %) | 20,800 | 12,614 |
| Deferred taxation | (617) | (1,083) |
| Prior year adjustment | 148 | - |
| | <u>20,331</u> | <u>11,531</u> |

9. TANGIBLE FIXED ASSETS

| Cost or Valuation | Freehold Property £ | Leasehold Property £ | Equipment & Motor Furniture £ | Cars £ | Total £ |
|-------------------|---------------------------|----------------------------|-------------------------------------|---------------|------------------|
| At 1 April 1994 | 300,000 | 703,311 | 163,548 | 38,238 | 1,205,097 |
| Additions | 3,111 | 7,830 | 7,148 | 7,182 | 25,271 |
| Disposals | - | - | (1,400) | (24,682) | (26,082) |
| At 31 March 1995 | <u>303,111</u> | <u>711,141</u> | <u>169,296</u> | <u>20,738</u> | <u>1,204,286</u> |

Depreciation

| | | | | | |
|-----------------|----------|----------|---------------|--------------|---------------|
| At 1 April 1994 | - | - | 65,274 | 10,706 | 75,980 |
| Charge for year | - | - | 16,580 | 5,914 | 22,494 |
| Disposals | - | - | (200) | (7,275) | (7,475) |
| | <u>-</u> | <u>-</u> | <u>81,654</u> | <u>9,345</u> | <u>90,999</u> |

Net book value

| | | | | | |
|---------------|----------------|----------------|---------------|---------------|------------------|
| 31 March 1994 | <u>303,111</u> | <u>711,141</u> | <u>87,642</u> | <u>11,393</u> | <u>1,113,287</u> |
| 31 March 1994 | <u>300,000</u> | <u>703,311</u> | <u>98,274</u> | <u>27,532</u> | <u>1,129,117</u> |

Cost or valuation at 31 March 1995 is represented by:

| | | | | | |
|------------------|----------------|----------------|----------------|---------------|------------------|
| Valuation - 1994 | 300,000 | 703,311 | | | 1,003,311 |
| Cost | 3,111 | 7,830 | 169,296 | 20,738 | 200,975 |
| | <u>303,111</u> | <u>711,141</u> | <u>169,296</u> | <u>20,738</u> | <u>1,204,286</u> |

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

GOLCARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1995

9.TANGIBLE FIXED ASSETS (Continued)

| Net book values of assets held under hire purchase contracts. | Equipment & Motor Furniture | Cars | Total |
|--|--------------------------------|---------------|---------------|
| | £ | £ | £ |
| 31 March 1995 | <u>3,855</u> | <u>10,226</u> | <u>14,081</u> |
| 31 March 1994 | <u>15,545</u> | <u>27,532</u> | <u>43,077</u> |

10.DEBTORS

| | 1995 £ | 1994 £ |
|----------------------|----------------|----------------|
| Directors loan | 104,462 | 158,309 |
| Other debtors | 300 | - |
| Prepayments | - | 171 |
| Taxation recoverable | <u>58,414</u> | <u>52,970</u> |
| | <u>163,176</u> | <u>211,450</u> |

11.CREDITORS PAYABLE WITHIN ONE YEAR

| | 1995 £ | 1994 £ |
|-----------------------------------|---------------|----------------|
| Bank overdrafts | - | 48,824 |
| Trade creditors | 14,139 | 9,164 |
| Accruals | 22,363 | 27,612 |
| Corporation tax | 33,562 | 12,614 |
| Social security and other taxes | 8,458 | 8,377 |
| Hire purchase contracts (note 13) | 5,544 | 13,218 |
| S.419 tax | - | 42,391 |
| Proposed dividends | <u>-</u> | <u>30,000</u> |
| | <u>84,066</u> | <u>192,200</u> |

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

12.CREDITORS PAYABLE AFTER ONE YEAR

| | 1995 £ | 1994 £ |
|-----------------------------------|----------------|----------------|
| Bank loans | 843,276 | 811,436 |
| Hire purchase contracts (note 13) | <u>5,767</u> | <u>16,834</u> |
| | <u>849,043</u> | <u>828,270</u> |

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 31 October 1991 and 19 January 1994 have a capital repayment deferral for five years from date of advance.

GOLCARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1995

13.HIRE PURCHASE

| | 1995 £ | 1994 £ |
|--|----------------|----------------|
| Amount due under hire purchase contracts | 13,752 | 38,093 |
| <u>Less Interest</u> | <u>(2,441)</u> | <u>(8,041)</u> |
| | <u>11,311</u> | <u>30,052</u> |
| Repayable by instalments: | | |
| Wholly within one year | 5,544 | 13,218 |
| Wholly within five years | <u>5,767</u> | <u>16,834</u> |
| | <u>11,311</u> | <u>30,052</u> |

14.PROVISION FOR LIABILITIES AND CHARGES

| | 1995 £ | 1994 £ |
|--------------------------------|--------------|---------------|
| Deferred taxation | | |
| Accelerated capital allowances | 8,450 | 9,067 |
| Revaluation of buildings | <u>-</u> | <u>56,770</u> |
| | <u>8,450</u> | <u>65,837</u> |

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. As a result the 1994 provision has been written back to the revaluation reserve.

15.SHARE CAPITAL

| | 1995 £ | 1994 £ |
|-----------------------------------|----------------|----------------|
| Authorised | | |
| Ordinary shares of £1 each | <u>500,000</u> | <u>500,000</u> |
| Allotted called up and fully paid | | |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

16.REVALUATION RESERVE

| | 1995 £ | 1994 £ |
|---------------------------------------|----------------|-----------------|
| Surplus on revaluation of properties | 227,081 | 227,081 |
| <u>Less deferred taxation thereon</u> | <u>-</u> | <u>(56,770)</u> |
| | <u>227,081</u> | <u>170,311</u> |

17.CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

| | 1995 £ | 1994 £ |
|----------|-----------|-----------|
| 31 March | <u>-</u> | <u>-</u> |