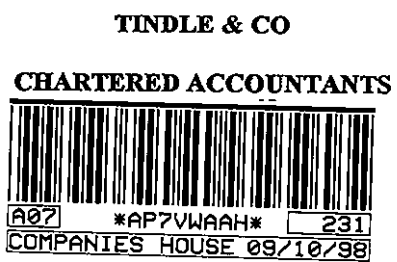


GOLCARE LIMITED
ANNUAL REPORT & ACCOUNTS
31ST MARCH 1998

1855768



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 0BU
BANKERS:	Barclays Bank Plc. 446 Wingrove Road Newcastle Upon Tyne NE4 9BN
SOLICITORS:	Keenlyside & Forster 1 Walker Terrace Gateshead Tyne & Wear NE8 1EB
AUDITORS:	Tindle & Co Chartered Accountants 299A Whitley Road Whitley Bay Tyne & Wear NE26 2SN

GOLCARE LIMITED

CHAIRMAN'S REPORT

TRADING

The trading has improved when compared with last year even though there has been no significant improvement in income due to two factors, fees were held at last years levels by the Local Authority and the low occupancy at Edith House, a smaller home.

The company continued with its policy of upgrading the bedrooms at Edith House to include en-suite facilities. These improvements resulted in an increase in the level of occupancy in the last quarter. An offer to purchase this home at market value was received and accepted by the company.

FUTURE PROSPECTS

With the improvement in the cash flow position, it is anticipated that the company will extend and improve the facilities at Hillside Grange. These alterations will enable this Home to maintain its high occupancy levels. The company also propose to reduce the short term borrowings. These actions taken together will improve income and profits.



G. O. Lewis

31st August 1998

GOLCARE LIMITED

DIRECTORS REPORT

YEAR ENDED 31ST MARCH 1998

The Directors have pleasure in presenting their report and financial statements of the company for the year ended 31st March 1998.

Principal Activities

The principal activity of the company continues to be the provision of private residential care for elderly people.

Results & Activities

The profit for the year after taxation amounted to £53,263 (1997 £16,477) as 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.

The Directors and their interests in shares of the company

The Directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:-

	Ordinary Shares at 31st March	
	1998	1997
G.O. Lewis	9,900	9,900
J.L. Lewis	100	100
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>

Events Since the Balance Sheet Date

On the 8th May 1998 the company entered into a contract to sell one of its homes, Edith House for an amount of £380,000.

Directors' Responsibilities

The Companies Act requires the directors to prepare at the end of each financial year, financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss for the year then ended.

In preparing those financial statements the directors are required to select suitable accounting policies as described on page 7 and apply them on a consistent basis making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOLCARE LIMITED

DIRECTORS'S REPORT (continued)

Auditors

A resolution to re-appoint Tindle & Co. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act.

Small Company Exemptions

In preparing their report the directors have taken advantage of the special exemptions from disclosure conferred by part II of Schedule 8 to the Companies Act 1998 on the basis that, in their opinion, the company qualified as a small company.

Signed on behalf of the directors



A.D. Michelson
Company Secretary

31st August 1998

AUDITOR'S REPORT TO THE MEMBERS OF GOLCARE LIMITED

We have audited the financial statements on pages 5 to 12 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 1998 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

31st August 1998

GOLCARE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 1998**

	Notes	1998 £	Restated 1997 £
TURNOVER	1	698121	685169
Cost of Sales		(345809)	(393332)
GROSS PROFIT		352312	291837
Administrative expenses		192672	134355
OPERATING PROFIT	2	159640	157482
Provision against Investment		—	29938
Interest Payable	4	89266	105338
PROFIT ON ORDINARY ACTIVITY BEFORE TAXATION		70374	22206
Taxation	5	17111	5729
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		53263	16477
Dividend Paid		—	15150
RETAINED PROFIT FOR THE FINANCIAL YEAR		53263	1327

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

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

GOLCARE LIMITED**BALANCE SHEET AS AT 31ST MARCH 1998**

	Notes	1998 £	1998 £	1997 £	Restated 1997 £
FIXED ASSETS					
Tangible Assets	6		1195240		1140906
CURRENT ASSETS					
Debtors	7	180218		171120	
Cash at Bank & in Hand		--		--	
		<u>180218</u>		<u>171120</u>	
CREDITORS: Amounts falling due within one year	8	<u>110790</u>		<u>104898</u>	
NET CURRENT ASSETS			<u>69428</u>		<u>66222</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1264668		1207128
CREDITORS: Amounts falling due after more than one year	9		(776723)		(834596)
Provision for liabilities and charges	12		(6081)		(7600)
			<u>481864</u>		<u>364932</u>
CAPITAL AND RESERVES					
Called up share Capital	13		10000		10000
Revaluation Reserve	14		280850		217181
Profit and Loss Account	15		191014		137751
SHAREHOLDERS FUNDS	16		<u>481864</u>		<u>364932</u>

The directors have taken advantage, in the preparation of the accounts, of special exemptions conferred by Part 1 of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the company qualifies as a small company.

These financial statements were approved by the directors on 31st August 1998 and are signed on their behalf by:



G.O. Lewis
Director

The notes on pages 8 to 12 form part of these financial statements

GOLCARE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents fees invoiced in respect of services provided during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset less its estimated residual value over the useful economic life of that asset as follows:

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

Depreciation is not provided for on freehold property which is a departure from the requirements of Statement of Standard Practice 12. The directors consider that the standard of maintenance and repair is sufficient to maintain the properties at their historic cost valuation and that any such depreciation charge would not be material in the context of these financial statements.

Hire Purchase

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

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.

Deferred Taxation

Provision is made under the liability method, to take into account of the timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all timing differences to the extent that it is considered that a net liability may arise.

GOLCARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998 (CONTINUED)****2. OPERATING PROFIT**

Operating profit is stated after charging:	1998	1997
	£	£
Depreciation	20875	18735
Depreciation assets held under hire purchase	6915	4000
Loss on sale of assets	1881	1001
Auditors Fees	1050	1022
Operators lease costs		
Equipment and Vehicles	7709	7637

3. DIRECTORS' EMOLUMENTS

	1998	1997
	£	£
Aggregate emoluments	52386	29816

4. INTEREST

	1998	1997
	£	£
Finance Charges	2620	1002
Other Interest	86646	104336
	89266	105338

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998	1997
	£	£
Corporation tax based on the results for the year at 21.00% (1997 23.00%)	16750	6500
Deferred taxation	(1519)	(850)
Prior year adjustment	1880	79
	17111	5729

GOLCARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998 (CONTINUED)****6. TANGIBLE FIXED ASSETS**

	Freehold Property £	Leasehold Property £	Equipment & Furniture £	Motor Cars £	Total £
Cost or Valuation					
At 1st April 1997	308371	717507	197968	38750	1262596
Additions	8743	1710	12786	10216	33455
Revaluation	(17114)	80783	—	—	63669
Disposals	—	—	—	(19000)	(19000)
At 31st March 1998	300000	800000	210754	29966	1340720
Depreciation					
At 1st April 1997	—	—	117690	4000	121690
Disposals	—	—	—	(4000)	(4000)
Charge for Year	—	—	20875	6915	27790
At 31st March 1998	—	—	138565	6915	145480
Net Book Value					
31st March 1998	300000	800000	72189	23051	1195240
31st March 1997	308371	717507	80278	34750	1140906

Cost or Valuation at 31st March 1998 is represented by:

Valuation - 12 December 1997	300000	800000	—	—	1100000
Cost	—	—	72189	23051	95240
	300000	800000	72189	23051	1195240

Freehold and Leasehold properties were valued by Taylors Business Surveyors and Valuers on a bricks and mortar basis on 12th December 1997.

Net book value of assets held under hire purchase contracts.

	Motor Cars £
31st March 1998	23051
31st March 1997	34750

GOLCARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998 (CONTINUED)****7. DEBTORS**

	<u>1998</u>	<u>1997</u>
	£	£
Trade Debtors	18604	11791
Directors Loan	119960	102956
*Taxation Recoverable	33332	47822
Other Debtors	7632	7212
Prepayments	690	1339
	<u>180218</u>	<u>171120</u>

8. CREDITORS: Amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£	£
Bank Overdrafts	33341	22760
Trade Creditors	17211	23603
Corporation Tax	20412	5560
Social Security and other Taxes	16686	26743
Accruals	17455	19245
Hire Purchase Contracts (note 13)	5685	6987
	<u>110790</u>	<u>104898</u>

The following liabilities disclosed under creditors falling due within one year are secured by the Company.

	<u>1998</u>	<u>1997</u>
	£	£
Creditors	<u>39026</u>	<u>28320</u>

9. CREDITORS: Amounts falling due after more than one year

	<u>1998</u>	<u>1997</u>
	£	£
Bank Loans	760350	810269
Hire Purchase Contracts	16373	24327
	<u>776723</u>	<u>834596</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company.

	<u>1998</u>	<u>1997</u>
	£	£
Creditors	<u>16373</u>	<u>24327</u>

Included within the creditors falling due after more than one year is an amount of £760,350 (1997 £810,269) in respect of liabilities which fall due for payment after more than five years from the balance sheet date. Mr G.O. Lewis has also given personal guarantees for all loans and overdrafts.

GOLCARE LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998 (CONTINUED)****10. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Amounts payable within one year	5685	6987
Amounts payable between 2 to 5 years	16373	24327
	<u>22058</u>	<u>31314</u>

11. COMMITMENTS UNDER OPERATING LEASES

	<u>1998</u>	<u>1997</u>
	£	£
Operating leases which expire:		
Within one year	2221	--
Within 2 to 5 years	2591	--
	<u>4812</u>	<u>--</u>

12. PROVISION FOR LIABILITIES AND CHARGES

	<u>1998</u>	<u>1997</u>
	£	£
Deferred taxation		
Accelerated capital allowances	6081	7600
	<u>6081</u>	<u>7600</u>

Further potential liabilities may exist in relation to unrealised surpluses on revaluation. Such liabilities cannot be accurately quantified due to the incidence of indexation and other reliefs which might be available at the time of realisation.

13. SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised		
Ordinary Shares of £1 each	500000	500000
Allotted called up and fully paid		
Ordinary shares of £1 each	10000	10000
	<u>10000</u>	<u>10000</u>

14. REVALUATION RESERVE

	<u>1998</u>	<u>1997</u>
	£	£
Surplus on revaluation of properties	217181	217181
Surplus on revaluation of 12 December 1997	63669	--
	<u>280850</u>	<u>217181</u>

15. PROFIT AND LOSS ACCOUNT

	<u>1998</u>	<u>1997</u>
	£	£
Balance brought forward	137751	136424
Retained profit for the financial year	53263	1327
	<u>191014</u>	<u>137751</u>

GOLCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1998

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1998	1997
	£	£
Profit for the financial year	53263	16477
Movement in revaluation reserve	63669	--
Total recognised gains and losses arising during year	116932	16477
Dividend	--	(15150)
Total movement in the year	116932	1327
Opening shareholders' equity funds	364932	363605
Closing shareholders' equity funds	481864	364932