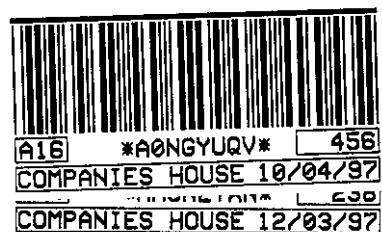


2582268

FERGUSON CARE LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
16TH SEPTEMBER 1996



GIBBONS AND MANNINGTON

Chartered Accountants
7/9 Wellington Square
Hastings
East Sussex
TN34 1PD

FERGUSON CARE LIMITED

COMPANY INFORMATION

Company No : 02582268

Directors : Mrs M F Ferguson
S M Ferguson

Secretary : S M Ferguson

Registered Office : 7/9 Wellington Square
Hastings
East Sussex
TN34 1PD

Auditors : Gibbons and Mannington
7/9 Wellington Square
Hastings
East Sussex
TN34 1PD

Bankers : Trustee Savings Bank PLC
15 Cornfield Road
Eastbourne
East Sussex
BN21 4QB

FERGUSON CARE LIMITED
REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for the period ended 16th September 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements the directors are required to:

select suitable accounting policies and apply them consistently;

make judgements and estimates that are reasonable and prudent; and

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 maintaining 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. They 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.

PRINCIPAL ACTIVITY

The principal activity of the Company which remained unchanged during the year under review was that of the provision of residential and day care for children and adults with a learning disability.

REVIEW OF BUSINESS

The Profit and Loss Account is set out on page 4 and shows the Company's profit for the period together with the retained profits carried forward.

The Company has enjoyed another successful period and remains confident of its future prospects.

The Directors do not recommend the payment of a dividend for the period under review.

SHARE CAPITAL

There have been no changes during the period under review. On 16th September 1996, the issued share capital was acquired by Craegmoor Healthcare Company Limited.

MARKET VALUE OF LAND AND BUILDINGS

The Directors are of the opinion that there has been little change in property prices and that the accounts continue to reflect market values.

continued

FERGUSON CARE LIMITED
REPORT OF THE DIRECTORS
CONTINUED

FIXED ASSETS

The movements in fixed assets during the period are shown on page 12.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company throughout the year were Mrs M F Ferguson and Mr S M Ferguson. Mrs M F Ferguson had a beneficial interest in the whole of the issued share capital of the company until 16th September 1996. Both Directors resigned on 16th September, when Messrs M A Stratford and R L Hayfield were appointed.

AUDITORS

Messrs Gibbons and Mannington will remain in office until all matters relating to the sale of the company have been completed. Messrs Coopers and Lybrand will then be appointed to succeed them.

By Order Of The Board

.....S. J. Bishop.....

Secretary

5th February 1997

FERGUSON CARE LIMITEDREPORT OF THE AUDITORS

To the Shareholders of Ferguson Care Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 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 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 company's 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 information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 16th September 1996 and of the profit and cash flow statement for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Gibbons + Mannington

7/9 Wellington Square
Hastings
East Sussex
TN34 1PD

Gibbons and Mannington
Chartered Accountants
Registered Auditor

28th Feb. 1997

FERGUSON CARE LIMITEDPROFIT AND LOSS ACCOUNTFOR THE PERIOD 1ST MAY 1995 TO 16TH SEPTEMBER 1996

		<u>1996</u>	<u>1995</u>
	<u>NOTES</u>	<u>£</u>	<u>£</u>
Turnover	1	3,189,612	2,144,645
Cost of Sales		(1,729,554)	(1,131,120)
Gross Profit		<u>1,460,058</u>	<u>1,013,525</u>
Other Operating Income	2	2,220	5,460
Administrative Expenses		(734,974)	(520,028)
Operating Profit	3	<u>727,304</u>	<u>498,957</u>
Interest Receivable and Similar Income	4	2,670	2,952
Interest Payable and Similar Charges	5	(39,861)	(56,359)
Profit on ordinary activities before taxation		<u>690,113</u>	<u>445,550</u>
Tax on Profit on ordinary activities	6	(209,622)	(145,005)
Profit on ordinary activities after taxation		<u>480,491</u>	<u>300,545</u>
Dividends		-	-
Retained Profit for the period		<u>480,491</u>	<u>300,545</u>
Retained Profits brought forward		1,192,638	892,093
Retained Profits carried forward		<u>1,673,129</u>	<u>1,192,638</u>

Note : There were no recognised gains or losses for 1995 or 1996 other than those in the Profit and Loss Account.

None of the Company's activities were acquired or discontinued in either of the above periods.

FERGUSON CARE LIMITEDBALANCE SHEET AS AT 16TH SEPTEMBER 1996

		<u>1996</u>		<u>1995</u>	
	<u>NOTES</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Tangible Assets	7		2,753,984		2,747,909
Investment	8		-		112,773
			<u>2,753,984</u>		<u>2,860,682</u>
CURRENT ASSETS					
Stocks	1	8,000		5,400	
Debtors	9	152,461		75,518	
Cash at Bank and in Hand		<u>46,933</u>		<u>1,521</u>	
		207,394		82,439	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	1,287,822		1,417,032	
NET CURRENT LIABILITIES			<u>(1,080,428)</u>		<u>(1,334,593)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,673,556		1,526,089
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11		327		333,351
NET ASSETS			<u>1,673,229</u>		<u>1,192,738</u>
CAPITAL AND RESERVES					
Called Up Share Capital	12		100		100
Profit and Loss Account			1,673,129		1,192,638
			<u>1,673,229</u>		<u>1,192,738</u>



Director

The Financial Statements were approved by
the Board of Directors on 5 FEBRUARY 1997

FERGUSON CARE LIMITEDCASH FLOW STATEMENT FOR THE PERIOD ENDED 16TH SEPTEMBER 1996

		<u>1996</u>		<u>1995</u>	
	<u>NOTES</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Net cash inflow from operating activities	19		514,276		543,695
Returns on investments and servicing of finance					
Interest received		2,670		2,952	
Interest paid		(39,861)		(56,359)	
Dividends paid		<u>-</u>		<u>-</u>	
Net cash outflow from returns on investments and servicing of finance			(37,191)		(53,407)
Taxation					
Corporation tax paid (including advance corporation tax)		(145,005)		(161,402)	
Corporation tax repaid		<u>-</u>		<u>-</u>	
Tax paid			(145,005)		(161,402)
Investing activities					
Payments to acquire intangible fixed assets		-		-	
Payments to acquire tangible fixed assets		(55,693)		(12,045)	
Payments to acquire investments		-		-	
Receipts from sales of tangible fixed assets		<u>103,543</u>		<u>33,000</u>	
Net cash inflow from investing activities			47,850		20,955
Net cash inflow before financing			<u>379,930</u>		<u>349,841</u>
Financing					
New secured loan		7,847		-	
Loan repayments		<u>(340,870)</u>		<u>(354,946)</u>	
Net cash outflow from financing			(333,023)		(354,946)
Increase/(Decrease) in cash and cash equivalents	20		<u>46,907</u>		<u>(5,105)</u>

FERGUSON CARE LIMITEDNOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 16TH SEPTEMBER 19961 Accounting Policies

The principal accounting policies which are adopted in the preparation of the Company's accounts are as follows:-

Basis of Accounting

The Financial Statements have been prepared on a going concern basis under the Historical Cost Convention, and in accordance with Applicable Accounting Standards.

Depreciation

Depreciation of Fixed Assets has been calculated as follows:-

Fixtures and Fittings	15%	on a straight line basis.
Motor Vehicles	25%	on a straight line basis.

Turnover

Turnover represents sales at invoiced value (excluding VAT) to outside customers from continuing activities.

Deferred Taxation

No provision is required for deferred taxation.

Stocks

Stocks are estimated at the lower of cost and net realisable value.

2 Other Operating Income

Other operating income is rent receivable.

3 Operating Profit

Operating profit is arrived at after charging:-

	<u>1996</u>	<u>1995</u>
Loss on Disposal of Tangible		
Fixed Assets	24,908	38,268
Depreciation	35,689	32,578
Leasing Charges	1,294	1,427
Auditors Remuneration	<u>13,513</u>	<u>12,925</u>

4 Interest Receivable and Similar Income

	<u>1996</u>	<u>1995</u>
Bank Interest Received	<u>2,670</u>	<u>2,952</u>

FERGUSON CARE LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 16TH SEPTEMBER 1996(CONTINUED)5 Interest Payable

	<u>1996</u>	<u>1995</u>
Bank Overdraft Interest	245	170
Hire Purchase Interest	1,469	1,260
Interest on Loans repayable wholly or in part after five years	38,147	54,929
	<u>£39,861</u>	<u>£56,359</u>

6 Tax on Profit on Ordinary Activities

	<u>1996</u>	<u>1995</u>
Corporation Tax payable for the period @ 33%	209,622	145,005
	<u>£209,622</u>	<u>£145,005</u>

7 Fixed Assets - Tangible Assets

Details of tangible fixed assets and movements during the period are given in the schedule on page 12.

8 Investment

The company's investment property was sold during the period.

9 Debtors: Amounts falling due within one year

	<u>1996</u>	<u>1995</u>
Trade Debtors	147,411	59,959
Less Provision for Doubtful Debts	(19,099)	-
Prepayments	24,149	15,559
	<u>£152,461</u>	<u>£75,518</u>

10 Creditors: Amounts falling due within one year

	<u>1996</u>	<u>1995</u>
Bank Overdraft	-	1,495
Trade Creditors	25,542	31,007
Corporation Tax payable for the period ended 16th September 1996	209,622	145,005
Taxation and social security costs	18,243	31,580
Accruals	54,585	9,261
Deferred Income - Sales Invoices in Advance	57,236	42,924
Directors Compensation for Loss of Office	30,250	-
Hire Purchase Account	3,923	5,940
Bank Loan Account (1)	-	29,935
Bank Loan Account (2)	-	174,000
Directors Current Account	888,421	945,885
	<u>£1,287,822</u>	<u>£1,417,032</u>

FERGUSON CARE LIMITED
NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 16TH SEPTEMBER 1996
(CONTINUED)

10 Creditors:- Amounts falling due within one year (continued)

The Directors Current Account is interest free and will be repaid to Mrs M F Ferguson on 16th September 1996 when the issued share capital of the Company is sold to Craegmoor Healthcare Company Limited.

11 Creditors: Amounts falling due after more than one year

	<u>1996</u>	<u>1995</u>
Hire Purchase Account	327	990
Bank Loan Account (1)	-	177,791
Bank Loan Account (2)	-	154,570
	<u>£327</u>	<u>£333,351</u>

12 Share Capital

	<u>1996</u>	<u>1995</u>
Authorised Ordinary Shares of £1 each	<u>£1000</u>	<u>£1000</u>
Issued and Fully Paid Ordinary Shares of £1 each	<u>£100</u>	<u>£100</u>

13 Employees

The average number of persons employed by the company (including Directors) during the period was:-

	<u>No. of Employees</u> <u>1996</u>	<u>1995</u>
Care Staff	111	110
Domestics	11	10
Maintenance	6	6
Administration	4	4
	<u>132</u>	<u>130</u>

Costs in respect of these employees:

	<u>1996</u>	<u>1995</u>
Wages and Salaries	1,544,345	1,021,939
Social Security Costs	112,294	77,159
	<u>£1,656,639</u>	<u>£1,099,098</u>

FERGUSON CARE LIMITED
NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 16TH SEPTEMBER 1996
(CONTINUED)

14 Directors

Emoluments:

Management Remuneration	<u>206,575</u>	<u>150,000</u>
Chairman	<u>206,575</u>	<u>150,000</u>

15 Capital Commitments

There were no capital commitments at the period end.

16 Contingent Liabilities

There were no contingent liabilities at the period end.

17 Stock

	<u>1996</u>	<u>1995</u>
Provisions	<u>8,000</u>	<u>5,400</u>
	<u>£8,000</u>	<u>£5,400</u>

18 Leasing

Expenditure during the period is apportioned as follows:

	<u>1996</u>	<u>1995</u>
Office Equipment	<u>1,294</u>	<u>1,427</u>
	<u>£1,294</u>	<u>£1,427</u>

The Company has leasing commitments as follows:

	<u>1996</u>	<u>1995</u>
Within one year	1,035	1,035
Between two and five years	259	1,552
	<u>£1,294</u>	<u>£2,587</u>

FERGUSON CARE LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD ENDED 16TH SEPTEMBER 1996

19 Reconciliation of operating profit to net cash inflow from operating activities

	<u>1996</u>	<u>1995</u>
Operating Profit	727,305	498,957
Depreciation	35,689	32,578
Profit on sale of tangible fixed assets	(1,750)	-
Loss on sale of tangible fixed assets	24,908	38,268
(Increase)/Decrease in Stocks	(2,600)	(100)
(Increase)/Decrease in Debtors	(76,943)	53,438
Increase/(Decrease) in Creditors	(192,333)	(79,446)
Net cash inflow from operating activities	<u>£514,276</u>	<u>£543,695</u>

20 Analysis of changes in cash and cash equivalents during the period

	<u>1996</u>	<u>1995</u>
Balance at 1st May 1995	26	5,131
Net cash inflow	46,907	(5,105)
Balance at 16th September 1996	<u>£46,933</u>	<u>£26</u>

21 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>1996</u>	<u>1995</u>	<u>Change in period</u>
Cash at bank and in hand	46,933	1,521	45,412
Bank overdrafts	-	(1,495)	1,495
	<u>£46,933</u>	<u>£26</u>	<u>£46,907</u>

FERGUSON CARE LIMITEDSCHEDULE OF TANGIBLE ASSETS AS AT 16TH SEPTEMBER 1996

	Freehold Property	Motor Vehicles	Fixtures and Fittings	Total
<u>COST</u>				
As at 1st May 1995	2,676,703	54,678	128,285	2,859,666
Additions during period	40,000	15,693	-	55,693
	2,716,703	70,371	128,285	2,915,359
Disposals during period	-	33,619	-	33,619
	<u>£2,716,703</u>	<u>£36,752</u>	<u>£128,285</u>	<u>£2,881,740</u>
<u>DEPRECIATION</u>				
As at 1st May 1995	-	36,912	74,845	111,757
Provision for period	-	9,230	26,459	35,689
	-	46,142	101,304	147,446
Disposals during period	-	19,690	-	19,690
	-	<u>£26,452</u>	<u>£101,304</u>	<u>£127,756</u>
NET BOOK VALUE 1996	<u>£2,716,703</u>	<u>£10,300</u>	<u>£26,981</u>	<u>£2,753,984</u>
NET BOOK VALUE 1995	<u>£2,676,703</u>	<u>£17,766</u>	<u>£53,440</u>	<u>£2,747,909</u>