



ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2005  
FOR  
COMMUNITY CARELINE SERVICES LIMITED



**COMMUNITY CARELINE SERVICES LIMITED****CONTENTS OF THE ABBREVIATED ACCOUNTS**  
**for the Year Ended 31 March 2005**

Chartered Accountants

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**COMMUNITY CARELINE SERVICES LIMITED****COMPANY INFORMATION**  
**for the Year Ended 31 March 2005**

<b>DIRECTORS:</b>	M Headley L C Headley S J Aylmer G Aylmer
<b>SECRETARY:</b>	S J Aylmer
<b>REGISTERED OFFICE:</b>	Weld Parade Weld Road Birkdale Southport Merseyside PR8 2DT
<b>REGISTERED NUMBER:</b>	2692545
<b>AUDITORS:</b>	HWCA Limited 120-124 Towngate Leyland Lancashire PR25 2LQ
<b>SOLICITORS:</b>	Cobbetts Ship Canal House King Street Manchester M2 4WB

**COMMUNITY CARELINE SERVICES LIMITED**
**REPORT OF THE DIRECTORS**  
**for the Year Ended 31 March 2005**

The directors present their report with the accounts of the company for the year ended 31 March 2005.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of providing domiciliary care services to the community and the support and management of the national network of franchises.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**POST BALANCE SHEET EVENTS**

On 20 July 2006, the company settled its loan note balance with Gresham LLP as detailed in the note 21 to the financial statements.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2005.

**DIRECTORS**

The directors during the year under review were:

M Headley  
L C Headley  
S J Aylmer  
G Aylmer

The beneficial interests of the directors holding office on 31 March 2005 in the issued share capital of the company were as follows:

	31.3.05	1.4.04
<b>Ordinary A £1.00 shares</b>		
M Headley	782	782
L C Headley	-	-
S J Aylmer	-	-
G Aylmer	782	782
<b>Ordinary B £1.00 shares</b>		
M Headley	7	7
L C Headley	566	566
S J Aylmer	147	147
G Aylmer	6	6
<b>Ordinary D £1.00 shares</b>		
M Headley	566	566
L C Headley	-	-
S J Aylmer	-	-
G Aylmer	105	105

**EMPLOYEES**

The company is committed to an active Equal Opportunities Policy from recruitment and selection, through training and development and appraisal to promotion. The company commits itself to the task of establishing and developing an equal opportunity employment policy for members of the disadvantaged groups.

It is our policy to promote an environment free from discrimination, harassment and victimisation where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. The company ensures that employment opportunities are available to all.

**COMMUNITY CARELINE SERVICES LIMITED****REPORT OF THE DIRECTORS**  
**for the Year Ended 31 March 2005****EMPLOYEES – continued**

The company policy is to give full and fair consideration to the recruitment of disabled persons. Where disabled persons are employed, their training, including retraining for alternative work of employees who become disabled and development for promotion, is encouraged and assisted.

The company places considerable value on the involvement of its employees and has continued its existing practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**


Company law requires the 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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. 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.

**AUDITORS**

The auditors, HWCA Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**  
.....  
Director

Date: 31/07/06

**REPORT OF THE INDEPENDENT AUDITORS TO**  
**COMMUNITY CARELINE SERVICES LIMITED**  
**UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages five to seventeen, together with the full financial statements of the company for the year ended 31 March 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages five to nineteen are properly prepared in accordance with that provision.

**Other information**

On .....31/12/06..... we reported, as auditors to the shareholders of the company on the financial statements for the year ended 31 March 2005 prepared under Section 226 of the Companies Act 1985, and our report included the following paragraph:

**"Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the net liability position of the company. In view of the significance of the uncertainties inherent in this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect."

*HWCA Limited*

HWCA Limited  
 120-124 Towngate  
 Leyland  
 Lancashire  
 PR25 2LQ

Date: .....31/7/06.....

**COMMUNITY CARELINE SERVICES LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**for the Year Ended 31 March 2005**

	Notes	31.3.05 £	31.3.04 £
<b>GROSS PROFIT</b>		<b>1,273,330</b>	<b>2,083,886</b>
Administrative expenses		<u>1,741,019</u>	<u>2,563,052</u>
<b>OPERATING LOSS</b>	3	<b>(467,689)</b>	<b>(479,166)</b>
Profits/(losses) on the sale/ termination of operations	4	<u>1,046,234</u>	<u>(240,133)</u>
		<b>578,545</b>	<b>(719,299)</b>
Interest receivable and similar income		<u>3,768</u>	<u>2,805</u>
		<b>582,313</b>	<b>(716,494)</b>
Interest payable and similar charges	5	<u>16,566</u>	<u>14,779</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>565,747</b>	<b>(731,273)</b>
Tax on profit/(loss) on ordinary activities	6	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><b>565,747</b></u>	<u><b>(731,273)</b></u>
<b>RETAINED PROFIT/(DEFICIT) FOR THE YEAR</b>		<u><b>565,747</b></u>	<u><b>(731,273)</b></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

**COMMUNITY CARELINE SERVICES LIMITED****ABBREVIATED BALANCE SHEET****31 March 2005**

	Notes	31.3.05 £	£	31.3.04 £	£
<b>FIXED ASSETS</b>					
Intangible assets	8		225,179		1,015,354
Tangible assets	9		<u>69,823</u>		<u>113,779</u>
			295,002		1,129,133
<b>CURRENT ASSETS</b>					
Stocks	10	3,342		3,342	
Debtors	11	810,517		954,044	
Cash at bank		<u>40,814</u>		<u>53,777</u>	
		854,673		1,011,163	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>2,264,671</u>		<u>3,636,039</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,409,998)</u>		<u>(2,624,876)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(1,114,996)</u>		<u>(1,495,743)</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<u>1,665,000</u>		<u>1,850,000</u>
<b>NET LIABILITIES</b>			<u>(2,779,996)</u>		<u>(3,345,743)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		3,909		3,909
Share premium	17		418,775		418,775
Profit and loss account	17		<u>(3,202,680)</u>		<u>(3,768,427)</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>(2,779,996)</u>		<u>(3,345,743)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:



Director

Approved by the Board on 31/07/06

The notes form part of these abbreviated accounts



**COMMUNITY CARELINE SERVICES LIMITED**
**CASH FLOW STATEMENT**  
**for the Year Ended 31 March 2005**

	Notes	31.3.05 £	£	31.3.04 £	£
Net cash (outflow)/inflow from operating activities	1		(1,302,134)		848,716
Returns on investments and servicing of finance	2		(12,798)		(11,974)
Capital expenditure	2		<u>1,745,005</u>		<u>(12,509)</u>
			430,073		824,233
Financing	2		<u>(443,036)</u>		<u>(818,326)</u>
(Decrease)/Increase in cash in the period			<u>(12,963)</u>		<u>5,907</u>

**Reconciliation of net cash flow to movement in net debt**

	3		
(Decrease)/Increase in cash in the period		(12,963)	5,907
Cash outflow from decrease in debt and lease financing		<u>272,854</u>	<u>178,753</u>
Change in net debt resulting from cash flows		<u>259,891</u>	<u>184,660</u>
Movement in net debt in the period		259,891	184,660
Net debt at 1 April		<u>(2,104,077)</u>	<u>(2,288,737)</u>
Net debt at 31 March		<u>(1,844,186)</u>	<u>(2,104,077)</u>

The notes form part of these abbreviated accounts

**COMMUNITY CARELINE SERVICES LIMITED**
**NOTES TO THE CASH FLOW STATEMENT**  
**for the Year Ended 31 March 2005**
**1. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	31.3.05 £	31.3.04 £
Operating loss	(467,689)	(479,166)
Depreciation charges	135,360	431,959
Loss on disposal of fixed assets	-	6,820
Impairment of Goodwill	-	339,012
Decrease in debtors	313,709	744,832
Decrease in creditors	<u>(1,283,514)</u>	<u>(194,741)</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<b><u>(1,302,134)</u></b>	<b><u>848,716</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.3.05 £	31.3.04 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,768	2,805
Interest paid	(12,681)	(8,018)
Interest element of hire purchase payments	<u>(3,885)</u>	<u>(6,761)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(12,798)</u></b>	<b><u>(11,974)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(54,993)	(27,833)
Sale of intangible fixed assets	1,791,744	-
Sale of tangible fixed assets	<u>8,254</u>	<u>15,324</u>
<b>Net cash inflow/(outflow) for capital expenditure</b>	<b><u>1,745,005</u></b>	<b><u>(12,509)</u></b>
<b>Financing</b>		
Loan repayments in year	(250,500)	(124,833)
Capital repayments in year	(22,354)	(53,920)
Amount withdrawn by directors	(6,289)	-
Factoring account	<u>(163,893)</u>	<u>(639,573)</u>
<b>Net cash outflow from financing</b>	<b><u>(443,036)</u></b>	<b><u>(818,326)</u></b>

**COMMUNITY CARELINE SERVICES LIMITED**
**NOTES TO THE CASH FLOW STATEMENT**  
**for the Year Ended 31 March 2005**
**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.04 £	Cash flow £	At 31.3.05 £
Net cash:			
Cash at bank	<u>53,777</u>	<u>(12,963)</u>	<u>40,814</u>
	<u>53,777</u>	<u>(12,963)</u>	<u>40,814</u>
Debt:			
Hire purchase	(22,354)	22,354	-
Debts falling due within one year	(285,500)	65,500	(220,000)
Debts falling due after one year	<u>(1,850,000)</u>	<u>185,000</u>	<u>(1,665,000)</u>
	<u>(2,157,854)</u>	<u>272,854</u>	<u>(1,885,000)</u>
Total	<u>(2,104,077)</u>	<u>259,891</u>	<u>(1,844,186)</u>

**COMMUNITY CARELINE SERVICES LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS  
for the Year Ended 31 March 2005****1. ACCOUNTING POLICIES****Basis of preparing the financial statements**

Notwithstanding net liabilities at 31 March 2005 of £2,779,996, the financial statements have been prepared on a going concern basis. The directors believe the assumption to be appropriate as the company can meet its current and future day-to-day working capital requirements through debt factoring facilities.

In light of the continuing success in the development of specialist Health and Social Care Services within a number of branches, the decision was also taken to sell a number of other branches providing mainstream services to raise capital for further development in the business. The directors are pleased to confirm that in January 2005 it completed the sale of seven branches for a total consideration of £1,800,000.

The restructuring of the company and the decentralisation strategy has enabled significant cost savings to be achieved in the transactional and operational management of these services, with each branch contributing positively to the company. The directors believe that by specialising on more intensive health and social care services, as detailed in the Virtual Residential Care Prospectus produced by the Company, is resulting in improved margins and contribution from the branches. The Virtual Residential Care model has also impacted positively on staff retention and workforce development opportunities. The directors continue to use their expertise in the innovation and development of homecare services.

Therefore, the directors consider it appropriate to prepare the financial statements on a going concern basis and as such they do not include any adjustments that would result from the basis of preparation being inappropriate.

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of domiciliary care services wholly within the UK. Turnover is recognised on completion of work done.

**Goodwill**

Goodwill arising on the buy-backs of franchises has been amortised over ten years. Goodwill arising on the strategic acquisition of companies in the sector is capitalised and amortised over the directors' view of the estimated remaining useful life of the assets acquired. This is taken as ten years unless a permanent diminution in value occurs in which case further provision is made as appropriate.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Base station	- 33% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and is not discounted.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**COMMUNITY CARELINE SERVICES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**for the Year Ended 31 March 2005**

**1. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Pensions**

The company operates a pension scheme providing benefits based on final pensionable pay for some staff. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the company.

The company also operates a stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**Franchise buybacks**

Repurchases are payable by instalments over various periods between two and five years. The outstanding future payments representing deferred purchase consideration have been included in the amount of goodwill capitalised and creditors.

**2. STAFF COSTS**

	<b>31.3.05</b>	<b>31.3.04</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>9,562,094</b>	11,212,056
Social security costs	<b>682,041</b>	755,828
Other pension costs	<b>19,949</b>	27,353
	<b><u>10,264,084</u></b>	<b><u>11,995,237</u></b>

The average monthly number of employees during the year was as follows:

	<b>31.3.05</b>	<b>31.3.04</b>
Administration	<b>24</b>	40
Direct Care	<b><u>776</u></b>	<u>1,100</u>
	<b><u>800</u></b>	<b><u>1,140</u></b>

**COMMUNITY CARELINE SERVICES LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS - continued  
for the Year Ended 31 March 2005****3. OPERATING LOSS**

The operating loss is stated after charging:

	31.3.05	31.3.04
	£	£
Hire of plant and machinery	9,433	11,701
Depreciation - owned assets	90,696	169,345
Depreciation - assets on hire purchase contracts	-	59,613
Loss on disposal of fixed assets	-	6,820
Goodwill amortisation	44,664	203,003
Auditors' remuneration	19,475	12,000
Impairment of goodwill	-	339,012
	<u>255,121</u>	<u>194,226</u>
Directors' emoluments	<u>255,121</u>	<u>194,226</u>

No contributions were made to pension schemes on behalf of directors during the year (2004: £nil)

Information regarding the highest paid director for the year ended 31 March 2005 is as follows:

	31.3.05
	£
Emoluments etc	<u>112,099</u>

**4. EXCEPTIONAL ITEMS**

The exceptional item of £1,046,234 relates to the difference between the sales proceeds less unamortised goodwill on the sale of eight branches.

During the year ended 31 March 2004 the exceptional item of £240,133 arose from goodwill written off in relation to the closure of branches.

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.3.05	31.3.04
	£	£
Other loan interest	12,681	8,018
Hire purchase	<u>3,885</u>	<u>6,761</u>
	<u>16,566</u>	<u>14,779</u>

**6. TAXATION****Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2005 nor for the year ended 31 March 2004.

**COMMUNITY CARELINE SERVICES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**for the Year Ended 31 March 2005**

**6. TAXATION - continued**

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>31.3.05</b>	<b>31.3.04</b>
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before tax	<u><b>565,747</b></u>	<u><b>(731,273)</b></u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	<b>169,724</b>	<b>(219,382)</b>
Effects of:		
Net expenses not deductible for tax purposes	<b>60,490</b>	235,838
Income not taxable	<b>(315,001)</b>	-
Depreciation for period in excess of capital allowances	<b>40,608</b>	69,849
Tax losses	<b>44,179</b>	-
Tax profits	<u><b>-</b></u>	<u><b>(86,305)</b></u>
Current tax charge	<u><b>-</b></u>	<u><b>-</b></u>

**7. DEFERRED TAX**

The company has estimated losses of £3,096,403 (2004 £3,003,995) available for carry forward against future trading profits. A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses as there is insufficient evidence that the asset will be recognised.

**8. INTANGIBLE FIXED ASSETS**

	<b>Goodwill</b>
	<b>£</b>
<b>COST</b>	
At 1 April 2004	<b>1,534,386</b>
Disposals	<u><b>(1,087,750)</b></u>
At 31 March 2005	<u><b>446,636</b></u>
<b>AMORTISATION</b>	
At 1 April 2004	<b>519,031</b>
Amortisation for year	<b>44,664</b>
Eliminated on disposal	<u><b>(342,238)</b></u>
At 31 March 2005	<u><b>221,457</b></u>
<b>NET BOOK VALUE</b>	
At 31 March 2005	<u><b>225,179</b></u>
At 31 March 2004	<u><b>1,015,355</b></u>

**COMMUNITY CARELINE SERVICES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**for the Year Ended 31 March 2005**

**9. TANGIBLE FIXED ASSETS**

	<b>Base station £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>				
At 1 April 2004	110,059	137,038	1,048,621	1,295,718
Additions	-	-	54,993	54,993
Disposals	-	(16,508)	(212,156)	(228,664)
	<u>110,059</u>	<u>120,530</u>	<u>891,458</u>	<u>1,122,047</u>
<b>DEPRECIATION</b>				
At 1 April 2004	110,059	112,618	959,261	1,181,938
Charge for year	-	13,800	76,896	90,696
Eliminated on disposal	-	(8,254)	(212,156)	(220,410)
	<u>110,059</u>	<u>118,164</u>	<u>824,001</u>	<u>1,052,224</u>
<b>NET BOOK VALUE</b>				
At 31 March 2005	<u>-</u>	<u>2,366</u>	<u>67,457</u>	<u>69,823</u>
At 31 March 2004	<u>-</u>	<u>24,420</u>	<u>89,360</u>	<u>113,780</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<b>Computer equipment £</b>
<b>COST</b>	
At 1 April 2004	179,230
Transfer to ownership	<u>(179,230)</u>
At 31 March 2005	<u>-</u>
<b>DEPRECIATION</b>	
At 1 April 2004	166,706
Transfer to ownership	<u>(166,706)</u>
At 31 March 2005	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 March 2005	<u>-</u>
At 31 March 2004	<u>12,524</u>

**10. STOCKS**

	<b>31.3.05</b>	<b>31.3.04</b>
	<b>£</b>	<b>£</b>
Stocks	<u>3,342</u>	<u>3,342</u>



**COMMUNITY CARELINE SERVICES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**for the Year Ended 31 March 2005**

**11. DEBTORS**

	31.3.05 £	31.3.04 £
Amounts falling due within one year:		
Trade debtors	1,283,085	1,648,710
Resource	(982,623)	(1,146,516)
Other debtors	61,159	35,509
Directors' loan accounts	6,289	-
Prepayments and accrued income	<u>342,607</u>	<u>416,341</u>
	<u>710,517</u>	<u>954,044</u>
 Amounts falling due after more than one year:		
Other debtors	<u>100,000</u>	<u>-</u>
 Aggregate amounts	<u>810,517</u>	<u>954,044</u>

Linked presentation has been adopted during the year for trade debtors and a related factoring account.

The factors provider funds 100% of the invoice value and charges interest on this amount of between 0.8% and 3.4%.

The provider of the finance has agreed in writing that it will seek repayment of finance, both principal and interest, only to the extent that sufficient funds are generated by the trade debtors it has financed and will not seek resources in any other form.

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.05 £	31.3.04 £
Other loans (see note 14)	220,000	285,500
Hire purchase contracts (see note 15)	-	22,354
Trade creditors	599,748	746,704
Social security and other taxes	965,032	1,686,166
Other creditors	349,146	694,952
Accruals and deferred income	<u>130,745</u>	<u>200,363</u>
	<u>2,264,671</u>	<u>3,636,039</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.3.05 £	31.3.04 £
Other loans (see note 14)	<u>1,665,000</u>	<u>1,850,000</u>

**COMMUNITY CARELINE SERVICES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued  
for the Year Ended 31 March 2005**

**14. LOANS**

An analysis of the maturity of loans is given below:

	<b>31.3.05</b>	<b>31.3.04</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year or on demand:		
Other loans	<b>60,000</b>	85,500
Loan notes	<u><b>160,000</b></u>	<u>200,000</u>
	<u><b>220,000</b></u>	<u>285,500</u>
 Amounts falling due between one and two years:		
Loan notes	<u><b>60,000</b></u>	<u>300,000</u>
 Amounts falling due between two and five years:		
Loan notes	<u><b>1,605,000</b></u>	<u>1,550,000</u>

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	<b>31.3.05</b>	<b>31.3.04</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	<u><b>-</b></u>	<u>22,354</u>

Net obligations under hire purchase contracts are secured on the assets to which the contracts relate.

**16. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	<b>31.3.05</b>	<b>31.3.04</b>
			<b>£</b>	<b>£</b>
1,564	Ordinary A	£1.00	<b>1,564</b>	1,564
1,596	Ordinary B	£1.00	<b>1,596</b>	1,596
78	Ordinary C	£1.00	<u><b>78</b></u>	<u>78</u>
			<u><b>3,238</b></u>	<u>3,238</u>

**COMMUNITY CARELINE SERVICES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**for the Year Ended 31 March 2005**

**16. CALLED UP SHARE CAPITAL - continued**

**Rights to dividends**

'A' shares have priority to the payment of dividends. This is as follows:

31/03/02 -	7.5% of net profit
31/03/03 -	10% of net profit
31/03/04 -	15% of net profit
31/03/05 -	22.5% of net profit
thereafter -	30% of net profit

'B' 'C' 'D' shares are entitled to 50% of the aggregate of 'A' dividend paid up to a maximum of £250,000 until 31 March 2004 and thereafter with no limit with the consent of Gresham Trust plc.

**Winding Up**

Any surplus remaining on winding up will be paid in the following order:

- 1 to 'A' shareholders up to the amount of the subscription price including share premium
- 2 to 'B' 'C' and 'D' shareholders up to the amount of subscription price including share premium
- 3 thereafter amongst all shareholders equally

**Voting rights**

'A' shares = 1 vote per share

In certain circumstances, as set out in the legal documentation agreed at completion on 23 February 2003, the voting rights of the 'A' shareholders can be increased to confer 75% of the total votes capable of being exercised at a general meeting.

**17. RESERVES**

	Profit and loss account £	Share premium £	Totals £
At 1 April 2004	(3,768,427)	418,775	(3,349,652)
Retained profit for the year	<u>565,747</u>		<u>565,747</u>
At 31 March 2005	<u>(3,202,680)</u>	<u>418,775</u>	<u>(2,783,905)</u>

**COMMUNITY CARELINE SERVICES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**for the Year Ended 31 March 2005**

**18. PENSION COMMITMENTS**

The company operates a defined benefit scheme in the UK. The company operates a pension scheme for employees who transferred to the company under agreement from Torfaen Council, providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the company. The pension scheme is operated within the LAWDC Pension Scheme. The latest valuation revealed a deficit of £12,000. In the opinion of the directors this is considered immaterial and therefore disclosure required under FRS17 has not been included.

**19. TRANSACTIONS WITH DIRECTORS**

The following loan to directors subsisted during the year ended 31 March 2005:

	£
<b>M Headley</b>	
Balance outstanding at start of year	-
Balance outstanding at end of year	<b>6,289</b>
Maximum balance outstanding during year	<b><u>6,289</u></b>

**20. RELATED PARTY DISCLOSURES**

Included within other loans is an amount of £60,000 (2004: £85,500) from BJA Cackett and JW Cackett, who were shareholders of the company. Interest is chargeable at 9.5% per annum.

The company is ultimately controlled by Michael Headley who is a shareholder and the Managing Director of the company.

**21. POST BALANCE SHEET EVENTS**

On 20 July 2006, Community Careline Services Limited paid Gresham LLP £185,000 in full and final settlement of loan notes with a balance outstanding of £1,670,000 at that date. This agreement will result in a pre-tax credit to the profit and loss account of £1,485,000.

**22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.3.05 £	31.3.04 £
Profit/(Loss) for the financial year	<b><u>565,747</u></b>	<b><u>(731,273)</u></b>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>565,747</b>	<b>(731,273)</b>
Opening shareholders' funds	<b><u>(3,345,743)</u></b>	<b><u>(2,614,470)</u></b>
<b>Closing shareholders' funds</b>	<b><u>(2,779,996)</u></b>	<b><u>(3,345,743)</u></b>
Equity interests	<b><u>(2,779,996)</u></b>	<b><u>(3,345,743)</u></b>