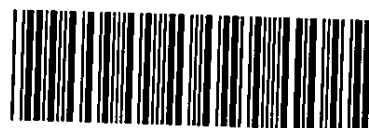


Community Careline Services Limited

Directors' Report and Abbreviated Accounts
for the Year Ended 31 March 2007

www.hwca.com

SATURDAY



RY9TD8Q2

RM

04/04/2009

36

COMPANIES HOUSE



COMMUNITY CARELINE SERVICES LIMITED

CONTENTS PAGE

Company Information	1
Directors' report	2 to 4
Independent auditors' report	5 to 6
Abbreviated profit and loss account	7
Abbreviated balance sheet	8 to 9
Cash flow statement	10
Notes to the abbreviated accounts	11 to 26



COMMUNITY CARELINE SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr M Headley
	Mrs S J Aylmer
	Mr G Aylmer
	Mrs L C Headley
Secretary	Mr M Headley
Registered office	Weld Parade Weld Road Birkdale Southport Merseyside PR8 2DT
Auditors	HWCA Limited Registered Auditors Chartered Accountants 120-124 Towngate Leyland Lancashire PR25 2LQ



COMMUNITY CARELINE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report and the audited financial statements for the year ended 31 March 2007.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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 enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the company is that of providing domiciliary care services to the community and the support and management of the national network of franchises.

Business review

Development and performance of the business

	2007	2006	2005	2004	2003
Turnover	£6,872,296	£8,896,821	£11,409,656	£14,193,707	£15,431,858
Turnover growth	(23)%	(22)%	(20)%	(8)%	19%
Gross profit margin	15%	20%	11%	15%	13%
(Loss) / Profit before tax	£2,854,389	£645,971	£565,748	(£392,260)	(£699,435)



COMMUNITY CARELINE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

..... continued

The year saw a reduction in growth following the sale of Blackpool branch and closure of the Liverpool branch. Turnover decreased by £2,024,525 to £6,872,296. The company's operating profit of £1,063,138 increased substantially due to loan note of £1,485,000 being written off by Gresham LLP.

Position of the business

At the end of the year, the net assets totalled £508,781.

Financial risk

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining sufficient funds to pay creditors as they fall due for payment. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Future developments

As for many businesses of our size, the environment in which the company operates continues to be challenging. The industry is subject to constraints on spending partly brought about by uncertainty in the British economy and partly by other factors. With these risks and uncertainties in mind, the directors are aware that any plans for future development of the company may be subject to unforeseen future events outside of their control. Nevertheless the directors consider that the company is well placed to sustain the current level of activity in the foreseeable future.

Results and dividend

The results for the company are set out in the financial statements.

The directors do not recommend the payment of a dividend.



COMMUNITY CARELINE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

..... continued

Directors

The directors who held office during the year were as follows:

- Mr M Headley
- Mrs S J Aylmer
- Mr G Aylmer
- Mrs L C Headley

Employees

The company is committed to an 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.

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.

Auditors

The auditors, HWCA Limited, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

Approved by the Board and signed on its behalf by:

Mr M Headley
Director

Date: 21/4/09



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

We have examined the abbreviated accounts of Community Careline Services Limited, set out on pages 7 to 26, together with the financial statements of the company for the year ended 31 March 2007 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 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 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin 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.



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

..... continued

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 7 to 26 are properly prepared in accordance with those provisions.

Other information

On 2 April 2009 we reported as the auditor to the members of the company on the financial statements prepared under section 226 of the Companies Act 1985 and our report included the following paragraph:

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Although the company made a profit during the year ended 31 March 2007 it incurred a net loss of £542,582 during the year ended 31 March 2008 and, at that date the company's current liabilities exceeded its total assets by £33,801. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

HWCA Ltd
.....
HWCA Limited
Registered Auditors Chartered Accountants
Date: 21/4/09

120-124 Towngate
Leyland
Lancashire
PR25 2LQ



COMMUNITY CARELINE SERVICES LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31
MARCH 2007**

	Note	2007 £	2006 £
Gross profit		2,496,194	1,780,436
Administrative expenses		(1,433,056)	(1,137,545)
Operating profit	3	<u>1,063,138</u>	<u>642,891</u>
Exceptional profit on sale of branch	4	1,771,122	-
Other interest receivable and similar income		24,829	7,730
Interest payable and similar charges	7	(4,700)	(4,650)
Profit on ordinary activities before taxation		<u>2,854,389</u>	<u>645,971</u>
Tax on profit on ordinary activities	8	(209,979)	(1,605)
Profit for the financial year	18	<u><u>2,644,410</u></u>	<u><u>644,366</u></u>

Turnover and operating profit derive wholly from continuing operations.

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

The notes on pages 11 to 26 form an integral part of these financial statements.



COMMUNITY CARELINE SERVICES LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 MARCH 2007

		2007		2006	
	Note	£	£	£	£
Fixed assets					
Intangible assets	10		117,182		180,516
Tangible assets	11		188,904		59,851
			<u>306,086</u>		<u>240,367</u>
Current assets					
Stocks	12	-		3,342	
Debtors	13	642,746		785,375	
Cash at bank and in hand		<u>802,213</u>		<u>56,952</u>	
		1,444,959		845,669	
Creditors: Amounts falling due within one year	14	<u>(1,242,264)</u>		<u>(3,161,665)</u>	
Net current assets/(liabilities)			<u>202,695</u>		<u>(2,315,996)</u>
Total assets less current liabilities			508,781		(2,075,629)
Creditors: Amounts falling due after more than one year	15		-		(60,000)
Net assets/(liabilities)			<u>508,781</u>		<u>(2,135,629)</u>
Capital and reserves					
Called up share capital	17		3,909		3,909
Share premium reserve	18		418,775		418,775
Profit and loss reserve	18		<u>86,097</u>		<u>(2,558,313)</u>
Shareholders' funds/(deficit)	19		<u>508,781</u>		<u>(2,135,629)</u>

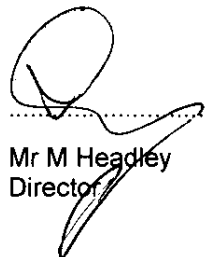
The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The notes on pages 11 to 26 form an integral part of these financial statements.



COMMUNITY CARELINE SERVICES LIMITED
ABBREVIATED BALANCE SHEET AS AT 31 MARCH 2007 (CONTINUED)

Approved by the Board on 2/4/09 and signed on its behalf by:



.....
Mr M Headley
Director

The notes on pages 11 to 26 form an integral part of these financial statements.



COMMUNITY CARELINE SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

		2007	2006
	Note	£	£
Net cash flow from operating activities	20	(710,304)	184,206
Returns on investment and servicing of finance	21	20,129	3,080
Taxation	21	-	-
Capital expenditure and financial investment			
Sale of intangible fixed assets		1,800,000	-
Purchase of tangible fixed assets		(164,564)	(31,148)
		<u>1,635,436</u>	<u>(31,148)</u>
Cash inflow before management of liquid resources and financing		945,261	156,138
Financing			
Repayment of loans and borrowings		(200,000)	(140,000)
		<u>(200,000)</u>	<u>(140,000)</u>
Net cash flow		<u>745,261</u>	<u>16,138</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		2007	2006
	Note	£	£
Increase in cash in the year	22	745,261	16,138
Cash outflow from decrease in debt and lease financing		200,000	140,000
Change in net debt resulting from cash flows		<u>945,261</u>	<u>156,138</u>
Waiver of debt		1,485,000	-
Movement in net funds in the year		<u>2,430,261</u>	<u>156,138</u>
Net debt at the start of the year	22	(1,688,048)	(1,844,186)
Net funds/(debt) at the end of the year	22	<u>742,213</u>	<u>(1,688,048)</u>

The notes on pages 11 to 26 form an integral part of these financial statements.



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

1 Accounting policies

Basis of preparation

Although the company made a profit of £2,644,410 in the year ended 31 March 2007 it made a loss of £542,582 in the year ended 31 March 2008 and at that date had net liabilities of £33,801.

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.

The company met its day to day working capital requirements through its debt factoring facility until this was closed. Subsequent to this and during the year ended 31 March 2008 the company met its day to day working capital requirements through its cash reserves which had been built up following the sale of the Blackpool branch during the year ended 31 March 2007. These cash reserves have been substantially reduced and the ability to meet ongoing working capital requirements depends upon the company trading profitability during the next 12 months so that it can generate positive cash flow.

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.

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 buyback of franchises has been amortised over 10 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 10 years unless permanent diminution in value occurs in which case a further provision is made as appropriate.



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Fixtures and fittings	20% on cost
Computer equipment	33% on cost
Leasehold property improvements	20% on cost

The directors consider that freehold properties are maintained in such a state of repair that their residual value is at least equal to their net book value. As a result, the corresponding depreciation would not be material and therefore is not changed in the profit and loss account. The directors perform annual impairment reviews in accordance with the requirements of the Financial Reporting Standard to ensure that the recoverable amount is not lower than the carrying value.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Retirement benefits

The company does not follow the provisions of FRS 17 as the cost of obtaining the information required from the actuary is disproportionate to the benefit obtained.

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. Therefore contributions to the scheme are charged to the profit and loss in accordance with the amounts payable for the year.

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.



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

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 Other operating income

	2007 £	2006 £
Other income	1,485,000	-

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 resulted in pre-tax credit to the profit and loss account of £1,485,000.

3 Operating profit

Operating profit is stated after charging:

	2007 £	2006 £
Auditors remuneration	12,456	18,685
Auditors' remuneration - non audit services	1,146	-
Depreciation of owned tangible fixed assets	34,990	41,120
Depreciation of leased tangible fixed assets	521	-
Amortisation of intangible fixed assets	34,456	44,664

4 Exceptional items

	2007 £	2006 £
Exceptional profit on sale of branch	1,771,122	-

The exceptional item of £1,771,122 relates to the difference between the sales proceeds of £1,800,000 less unamortised goodwill of £28,278 on the sale of a branch situated in Blackpool.



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

5 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2007 No.	2006 No.
Direct care	493	-
Local management	29	-
Administration	13	16
	<u>535</u>	<u>16</u>

The aggregate payroll costs of these persons were as follows:

	2007 £	2006 £
Wages and salaries	5,748,406	320,001
Social security	408,662	27,689
Other pension costs	19,255	-
	<u>6,176,323</u>	<u>347,690</u>

6 Directors' emoluments

The directors' emoluments for the year are as follows:

	2007 £	2006 £
Directors' emoluments (including benefits in kind)	<u>138,507</u>	<u>143,400</u>

7 Interest payable and similar charges

	2007 £	2006 £
Loan interest	<u>4,700</u>	<u>4,650</u>



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

8 Taxation

Analysis of current period tax charge

	2007 £	2006 £
Current tax		
Corporation tax charge	194,459	1,605
(Over)/under provision in previous year	15,520	-
UK Corporation tax	<u>209,979</u>	<u>1,605</u>

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2006 - lower than) the standard rate of corporation tax in the UK of 30.00% (2006 - 19.00%).

The differences are reconciled below:

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>2,854,389</u>	<u>645,971</u>
Standard rate corporation tax charge	856,317	122,734
Expenses not deductible for tax purposes (including goods)	9,723	25,129
Profit on disposal	(531,337)	-
Accelerated capital allowances	(26,416)	(46,376)
Trading losses (utilised) / carried forward	(300,839)	(99,882)
Capital gain	359,911	-
Under provision of corporation tax in previous years	15,520	-
Trading losses brought back	(172,901)	-
Total current tax for the year	<u>209,979</u>	<u>1,605</u>

9 Deferred tax

The company has estimated losses of £1,394,990 (2006: £2,397,787) available to 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 arise.



COMMUNITY CARELINE SERVICES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31
MARCH 2007**

..... continued

10 Intangible fixed assets

	Goodwill £
Cost	
As at 1 April 2006	382,241
Disposals	<u>(68,743)</u>
As at 31 March 2007	<u>313,498</u>
Amortisation	
As at 1 April 2006	201,724
Eliminated on disposals	<u>(39,864)</u>
Charge for the year	<u>34,456</u>
As at 31 March 2007	<u>196,316</u>
Net book value	
As at 31 March 2007	<u>117,182</u>
As at 31 March 2006	<u>180,517</u>



COMMUNITY CARELINE SERVICES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

11 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Office equipment £	Leasehold improvements £	Total £
Cost					
As at 1 April 2006	-	120,530	922,606	-	1,043,136
Additions	111,500	4,549	18,454	30,061	164,564
As at 31 March 2007	<u>111,500</u>	<u>125,079</u>	<u>941,060</u>	<u>30,061</u>	<u>1,207,700</u>
Depreciation					
As at 1 April 2006	-	119,548	863,737	-	983,285
Charge for the year	-	966	34,024	521	35,511
As at 31 March 2007	<u>-</u>	<u>120,514</u>	<u>897,761</u>	<u>521</u>	<u>1,018,796</u>
Net book value					
As at 31 March 2007	<u>111,500</u>	<u>4,565</u>	<u>43,299</u>	<u>29,540</u>	<u>188,904</u>
As at 31 March 2006	<u>-</u>	<u>982</u>	<u>58,869</u>	<u>-</u>	<u>59,851</u>



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

12 Stocks and work in progress

	2007 £	2006 £
Stocks	-	3,342

13 Debtors

	2007 £	2006 £
Trade debtors	225,327	543,658
Gross factored debts	-	(501,444)
Other debtors	255,509	137,214
Prepayments and accrued income	161,910	605,947
	<u>642,746</u>	<u>785,375</u>

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

The factors provide funds on 100% of the invoice value and charge interest on this amount 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.

14 Creditors: Amounts falling due within one year

	2007 £	2006 £
Other loans	60,000	1,685,000
Trade creditors	47,391	159,528
Corporation tax	211,584	1,606
Social security and other taxes	136,708	409,846
Other creditors	323,695	317,587
Accruals and deferred income	462,886	588,098
	<u>1,242,264</u>	<u>3,161,665</u>



COMMUNITY CARELINE SERVICES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31
MARCH 2007**

..... continued

15 Creditors: Amounts falling due after more than one year

	2007	2006
	£	£
Other loans	<u>-</u>	<u>60,000</u>

16 Maturity of borrowings

Amounts repayable:

	Other Loans
	£
As at 31 March 2007	
In one year or less on demand	<u>60,000</u>
	<u>60,000</u>
As at 31 March 2006	
In one year or less on demand	1,685,000
Between one and two years	60,000
	<u>1,745,000</u>



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

17 Share capital

	2007 £	2006 £
Authorised		
Equity		
1,564 Ordinary A shares of £1 each	1,564	1,564
1,596 Ordinary B shares of £1 each	1,596	1,596
78 Ordinary C shares of £1 each	78	78
671 Ordinary D shares of £1 each	671	671
	<u>3,909</u>	<u>3,909</u>

Allotted, called up and fully paid

Equity		
1,564 Ordinary A shares of £1 each	1,564	1,564
1,596 Ordinary B shares of £1 each	1,596	1,596
78 Ordinary C shares of £1 each	78	78
671 Ordinary D shares of £1 each	671	671
	<u>3,909</u>	<u>3,909</u>

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 were 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.



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

Winding up

Any surplus of winding up will be in the following order:

- 1 - to 'A' shareholder 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 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.

18 Reserves

	Share premium reserve £	Profit and loss reserve £	Total £
Balance at 1 April 2006	418,775	(2,558,313)	(2,139,538)
Transfer from profit and loss account for the year	-	2,644,410	2,644,410
Balance at 31 March 2007	<u>418,775</u>	<u>86,097</u>	<u>504,872</u>

19 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit attributable to members of the company	2,644,410	644,366
Opening equity shareholders' deficit	(2,135,629)	(2,779,995)
Closing equity shareholders' funds/(deficit)	<u>508,781</u>	<u>(2,135,629)</u>



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

20 Reconciliation of operating profit to operating cash flows

	2007 £	2006 £
Operating profit	1,063,138	642,891
Depreciation, amortisation and impairment charges	69,967	85,783
Decrease in stocks	3,342	-
Decrease in debtors	142,629	25,142
Decrease in creditors	(1,989,380)	(569,610)
Net cash (outflow)/inflow from operating activities	(710,304)	184,206

21 Analysis of cash flows

	2007 £	2006 £
Returns on investment and servicing of finance		
Other interest paid	(4,700)	(4,650)
Interest received	24,829	7,730
	20,129	3,080
Taxation		
Taxation paid	-	-

22 Analysis of net funds/(debt)

	At start of period £	Cash flow £	Other non-cash changes £	At end of period £
Cash at bank and in hand	56,952	745,261	-	802,213
Debt due within one year	(1,685,000)	200,000	1,425,000	(60,000)
Debt due after one year	(60,000)	-	60,000	-
Change in debt	(1,745,000)	200,000	1,485,000	(60,000)



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

Net funds/(debt)	<u>(1,688,048)</u>	<u>945,261</u>	<u>1,485,000</u>	<u>742,213</u>
-------------------------	--------------------	----------------	------------------	----------------

23 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 the agreement from Torfaen Council, providing benefits based on final pensionable salary. The company does not follow the provisions of FRS 17 as the cost of obtaining the information required from the actuary is disproportionate to the benefit obtained. Therefore contributions are charged to the profit and loss account as they become payable, there being £19,255 (2006: £nil). The pension scheme is operated within the LAWDC Pension Scheme. The latest valuation revealed a deficit of £37,000 (2006: £41,400). In the opinion of the directors the non compliance with FRS 17 does not have a material impact on the financial statements.



COMMUNITY CARELINE SERVICES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31
MARCH 2007**

..... continued

24 Related parties

Controlling entity

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



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

Related party transactions

Included within other loans is an amount of £60,000 (2006: £60,000) from BJA Cackett and JW Cackett, who were shareholders of the company. Interest is chargeable at 9.5% per annum. The loan was repaid fully on 29 May 2007.

During the year the company traded with C.C.S. Blackpool Limited. C.C.S. Blackpool Limited recharged £nil (2006: £1,847,094) to Community Careline Services Limited. The amounts owed to C.C.S. Blackpool Limited amounted to £188,330 (2006: £188,330). Michael Headley and Greg Aylmer are both directors and shareholders in Community Careline Services Limited and C.C.S. Blackpool Limited.

During the year the company traded with C.C.S. Hertfordshire Limited. C.C.S. Hertfordshire Limited recharged £nil (2006: £647,910) to Community Careline Services Limited. Michael Headley and Greg Aylmer are both directors and shareholders in Community Careline Services Limited and C.C.S. Hertfordshire Limited.

During the year the company traded with C.C.S. Birmingham Limited. C.C.S. Birmingham Limited recharged £nil (2006: £527,155) to Community Careline Services Limited. Michael Headley and Greg Aylmer are both directors and shareholders in Community Careline Services Limited and C.C.S. Birmingham Limited.

During the year the company traded with C.C.S. Liverpool Limited. C.C.S. Liverpool Limited recharged £nil (2006: £1,111,360) to Community Careline Services Limited. Michael Headley and Greg Aylmer are both directors and shareholders in Community Careline Services Limited and C.C.S. Liverpool Limited.

During the year the company traded with C.C.S. Northamptonshire Limited. C.C.S. Northamptonshire Limited recharged £nil (2006: £1,059,037) to Community Careline Services Limited. The amounts owed to C.C.S. Northamptonshire Limited amounted to £129,257 (2006: £129,257). Michael Headley and Greg Aylmer are both directors and shareholders in Community Careline Services Limited and C.C.S. Northamptonshire Limited.

During the year the company traded with C.C.S. Enfield Limited. C.C.S. Enfield Limited recharged £nil (2006: £486,640) to Community Careline Services Limited. Michael Headley and Greg Aylmer are both directors and shareholders in Community Careline Services Limited and C.C.S. Enfield Limited.

During the year the company traded with Houghton Services Limited, formally known as C.C.S. Torfaen Limited. Houghton Services Limited recharged £nil (2006: £1,426,098) to Community Careline Services Limited. Michael Headley and Greg Aylmer are both directors and shareholders in Community Careline Services Limited and Houghton Services Limited.



COMMUNITY CARELINE SERVICES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

..... continued

During the year Community Careline Services Limited was charged management charges of £130,000 (2007:£nil) by ISS Healthcare Limited, a company in which Michael Headley, Linda Headley, Greg Aylmer and Susan Aylmer are shareholders and directors.

Included in other debtors is amounts owed from GBLocal Limited for the amount £222,000, in which Greg Aylmer and Sue Aylmer are directors and shareholders. The loan was fully repaid on 19 August 2008.