

A R HOMECARE LIMITED

FINANCIAL STATEMENTS

31 JULY 1998

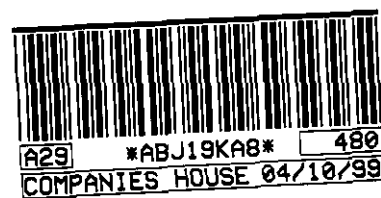
Registered number: 2951091

Incorporated in England

RICHARDSON HALL KENNEDY & CO

Registered Auditor

Chartered Accountants



A R HOMECARE LIMITED
FINANCIAL STATEMENTS
for the year ended 31 July 1998

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A R HOMECARE LIMITED

COMPANY INFORMATION

31 July 1998

DIRECTOR	A Rabet
SECRETARY	Dr A Rabet
REGISTERED OFFICE	Generation House Station Road South Gosforth Newcastle Upon Tyne
BANKERS	National Westminster Bank 24 Mosley Street Newcastle Upon Tyne Tyne & Wear NE99 1ES
SOLICITORS	Mincoff Science & Gold Kensington House 5 Osborne Road Newcastle Upon Tyne NE2 2AA
AUDITOR	Richardson Hall Kennedy & Co Chartered Accountants 7 Gladstone Terrace Gateshead Tyne and Wear NE8 4DZ

A R HOMECARE LIMITED

DIRECTOR'S REPORT

31 July 1998

The director presents herewith the annual report and audited financial statements of the company for the year ended 31 July 1998.

Principal activity

The principal activity of the company were the sale and maintenance of Kirby Cleaners and the sale of rugs.

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Director

The director who was involved in the management of the company during the year was:

A Rabet

Director's interests in shares of the company

The interests of the director in the issued share capital of the company were:

	Ordinary shares of £1 each	
	31 July 1998	1 August 1997
A Rabet	1	1

A R HOMECARE LIMITED

DIRECTOR'S REPORT (CONTINUED)

31 July 1998

Director's interests in contracts

The director had no material interest in any contract of significance to which the company was a party during the year.

Close company provisions

The company is a close company within the provisions of Section 414 of the Income and Corporation Taxes Act 1988.

Auditor

In accordance with section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Messrs Richardson Hall Kennedy & Co as auditor to the company will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities.

By order of the Board



Dr A Rabet
Secretary

17 September 1999

Report of the Auditor to the Shareholders of

A R Homecare Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of director and auditor

As described on page 2 the company's director is responsible for the preparation of 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 director 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. However, the evidence available to us was limited because we were appointed auditor on 6 April 1999 and in consequence we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the trial balance and supporting accounting records supplied to us. Any adjustment to the trial balance would have a consequential significant effect on the loss for the year.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion: disclaimer on view given by financial statements

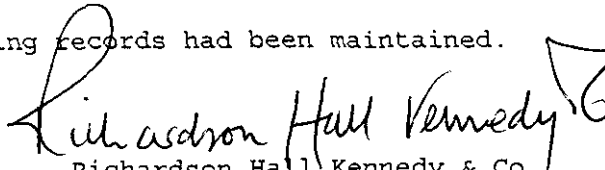
Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 July 1998 or of its loss for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985, and in accordance with the Financial Reporting Standard for Smaller Entities.

In respect of the limitation on our work:

*we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

*we were unable to determine whether proper accounting records had been maintained.

7 Gladstone Terrace
Gateshead, NE8 4DZ


Richardson Hall Kennedy & Co
Registered Auditor
Chartered Accountants

17 September 1999

A R HOMECARE LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 July 1998

	Note	1998 £	1997 £
Turnover	2	430,250	645,032
Cost of sales		(226,982)	(380,793)
Gross profit		203,268	264,239
Administrative expenses		(209,706)	(257,686)
Other operating income		6	55
Operating (loss)/profit		(6,432)	6,608
Interest payable		(10,287)	(3,128)
(Loss)/Profit on ordinary activities before taxation	3	(16,719)	3,480
Taxation	4	-	(6,156)
Loss on ordinary activities after taxation		(16,719)	(2,676)
Dividends		-	(20,000)
Retained loss for the year		(16,719)	(22,676)
Retained profits brought forward		47,428	70,104
Retained profits carried forward		30,709	47,428

The notes on pages 7 to 11 form part of these financial statements
Auditor's Report page 4

A R HOMECARE LIMITED

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BALANCE SHEET

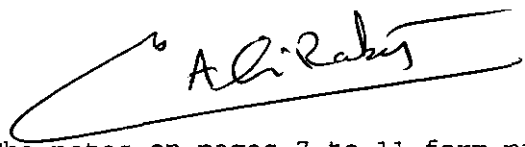
at 31 July 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	5	135,893	50,568
Current assets			
Stocks	6	25,622	21,995
Debtors	7	50,669	90,571
Cash at bank and in hand		1,051	1,153
		<u>77,342</u>	<u>113,719</u>
Creditors: amounts falling due within one year	8	(108,918)	(112,260)
Net current (liabilities)/assets		<u>(31,576)</u>	<u>1,459</u>
Total assets less current liabilities		104,317	52,027
Creditors: amounts falling due after more than one year	9	<u>(73,606)</u>	<u>(4,597)</u>
		<u>30,711</u>	<u>47,430</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		<u>30,709</u>	<u>47,428</u>
		<u>30,711</u>	<u>47,430</u>

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities, were approved by the board on 17 September 1999 and are signed on its behalf by:

A Rabet

Director


The notes on pages 7 to 11 form part of these financial statements
Auditor's Report page 4

Notes to the financial statements - 31 July 1998

1 Accounting Policies**Basis of Accounting**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom under the historical cost convention.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of all fixed assets over their expected useful economic lives. The principal annual rates used for this purpose are:

Plant and machinery etc	12.5% and 25% reducing balance
-------------------------	--------------------------------

Hire and Leasing Transactions

Assets subjected to finance leases or similar agreements are capitalised as fixed assets and depreciation is charged at the appropriate rates. The liabilities relevant to these assets are included in other creditors.

All lease, rental and hire charges for other assets are written off against trading profits in the year in which they are incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred Taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements. Provision is made for deferred taxation under the liability method in these financial statements to the extent that a charge is expected to crystallise in the foreseeable future.

Pension Scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax.

Notes to the financial statements - 31 July 1998

3 (Loss)/Profit on ordinary activities before taxation	1998 £	1997 £
(Loss)/Profit on ordinary activities before taxation is stated after charging		
Auditor's remuneration	1,900	1,850
Directors' emoluments	26,598	17,102
Directors' pension contributions	9,922	6,460
	<hr/>	<hr/>
Depreciation of tangible fixed assets (note 5)		
Depreciation owned assets	3,892	2,516
Depreciation leased assets	6,783	7,328
	<hr/>	<hr/>
	10,675	9,844
	<hr/>	<hr/>
and after crediting		
Profit on sale of assets	-	3,301
	<hr/>	<hr/>

During the year retirement benefits were accruing to one director (1997 - one) in respect of money purchase pension schemes.

4 Taxation	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21.00% (1997 - 23.25%)	-	5,000
Under provision in earlier years	-	1,156
	<hr/>	<hr/>
	-	6,156
	<hr/>	<hr/>

Notes to the financial statements - 31 July 1998

5 Tangible fixed assets

	Plant and Machinery etc £	Land and Buildings £	Total £
Cost or valuation			
As at 1 August 1997	64,542	-	64,542
Additions	-	96,000	96,000
As at 31 July 1998	64,542	96,000	160,542
Depreciation			
As at 1 August 1997	13,974	-	13,974
Charge for year	10,675	-	10,675
As at 31 July 1998	24,649	-	24,649
Net book value			
As at 31 July 1998	39,893	96,000	135,893
As at 31 July 1997	50,568	-	50,568

The net book amount of fixed assets includes £20,348 (1997 £34,814) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

6 Stocks

	1998 £	1997 £
Finished goods	25,622	21,995
	25,622	21,995

7 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	5,637	24,541
Other debtors	45,032	66,030
	50,669	90,571

Notes to the financial statements - 31 July 1998

8 Creditors: amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdraft	42,756	27,485
Trade creditors	14,400	12,100
Other creditors	51,762	72,675
	<u>108,918</u>	<u>112,260</u>

Included in other creditors is an amount of £34,074 (1997 - £42,393) in respect of taxation and social security costs.

9 Creditors: amounts falling due after more than one year

	1998	1997
	£	£
Bank loans	73,606	-
Other creditors	-	4,597
	<u>73,606</u>	<u>4,597</u>

10 Long term loans

	1998	1997
	£	£
Amounts falling due:		
Within one year	21,885	-
After more than one year	73,606	-
	<u>95,491</u>	<u>-</u>

Repayable by instalments wholly within five years:

Bank loans	64,855	-
	<u>64,855</u>	<u>-</u>

Aggregate amount of loans repayable by instalments any of which fall due after five years:

Bank loans	30,636	-
	<u>30,636</u>	<u>-</u>

Notes to the financial statements - 31 July 1998

11 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Loss for the financial year	(16,719)	(2,676)
Dividends	-	(20,000)
Net subtractions from shareholders' funds	<u>(16,719)</u>	<u>(22,676)</u>
Opening shareholders' funds	<u>47,430</u>	<u>70,106</u>
Closing shareholders' funds	<u>30,711</u>	<u>47,430</u>