

BULLEN HEALTHCARE GROUP LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 1998**

REGISTERED NUMBER: 3137456



BULLEN HEALTHCARE GROUP LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

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BULLEN HEALTHCARE GROUP LIMITED

**COMPANY INFORMATION
AT 31 MARCH 1998**

DIRECTORS

P F Bullen
N F Bullen
P Hawthorne

SECRETARY

P F Griffin

REGISTERED OFFICE

7th Floor
43 Castle Street
Liverpool
L2 9TL

AUDITORS

Duncan Sheard Glass
Chartered Accountants
Castle Chambers
43 Castle Street
Liverpool
L2 9TL

SOLICITORS

Mace and Jones, Grundy Kershaw

PRINCIPAL BANKERS

Midland Bank plc

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The subsidiaries activities were in the manufacture and sale of healthcare and surgical equipment .

The net loss after providing for taxation amounted to £35,766.

No dividends were paid during the year and no recommendation is made as to dividends.

The likely developments in the operations of the company and the expected results of these operations in the financial years subsequent to the year ended 31 March 1998 are as follows:

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

Directors retired during the year:
N F Bullen 1st April 1997

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 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 directors are required to:

- 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.

BULLEN HEALTHCARE GROUP LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Duncan Sheard Glass, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board:



P F Bullen
Director

Date: 29th July 1999

BULLEN HEALTHCARE GROUP LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are 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 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 as to whether 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.

GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future having adequate funds to meet its obligations as they fall due. In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the company's working capital requirements. In view of the significance of those disclosures concerning the ability of the company to continue as a going concern we consider that it should be drawn to your attention but our opinion is not qualified.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Duncan Sheard Glass
Chartered Accountants
Registered Auditor
Castle Chambers
43 Castle Street
Liverpool
L2 9TL**

Date: 29th July 1999

BULLEN HEALTHCARE GROUP LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998**

	Notes	1998 £	1997 £
TURNOVER		476,478	515,420
Cost of sales		176,896	193,155
GROSS PROFIT		299,582	322,265
Administrative expenses		250,349	431,455
OPERATING PROFIT / (LOSS)	2	49,233	(109,190)
Interest payable and similar charges	3	(87,201)	(125,218)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(37,968)	(234,408)
Tax on loss on ordinary activities	6	2,202	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(35,766)	(234,408)
Transfers to and from reserves		-	(297,183)
ACCUMULATED LOSS FOR THE FINANCIAL YEAR	19	(35,766)	(531,591)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

BULLEN HEALTHCARE GROUP LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1998**

	1998	1997
	£	£
Loss for the year after taxation	(35,766)	(234,408)
Unrealised movement on revaluation of D.A.C Licences.	400,000	-
TOTAL RECOGNISED GAINS / (LOSSES) RELATING TO THE YEAR	<u>364,234</u>	<u>(234,408)</u>

Historical cost

The difference between the results as disclosed in the profit and loss account before tax, and accumulated loss for the year, on an unmodified historical cost basis is not material.

BULLEN HEALTHCARE GROUP LIMITED**BALANCE SHEET
AT 31 MARCH 1998**

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Intangible assets	7		438,754		47,252
Tangible assets	8		329,865		145,328
Investments	9		60,570		50,004
			829,189		242,584
CURRENT ASSETS					
Stocks	10	56,607		75,632	
Debtors	11	1,682,367		816,839	
Cash at bank and in hand		495		650	
		1,739,469		893,121	
CREDITORS: amounts falling due within one year	12	(1,876,908)		(1,337,050)	
NET CURRENT LIABILITIES			(137,439)		(443,929)
TOTAL ASSETS LESS CURRENT LIABILITIES			691,750		(201,345)
CREDITORS: amounts falling due after more than one year	13		(802,107)		(273,246)
NET LIABILITIES			(110,357)		(474,591)
CAPITAL AND RESERVES					
Called up share capital	16		50,000		2
Share premium account			-		49,998
Revaluation reserve	17		400,000		-
Other reserves	18		7,000		7,000
Profit and loss account	19		(567,357)		(531,591)
TOTAL SHAREHOLDERS' FUNDS	20		(110,357)		(474,591)

Approved by the board of directors on 29th July 1999 and signed on its behalf by:



P F Bullen
Director

The notes on pages 9 to 20 form part of these financial statements.

BULLEN HEALTHCARE GROUP LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1998**

	Notes	1998 £	1997 £
Net cash outflow from operating activities	2	(1,177,939)	(399,545)
Returns on investments and servicing of finance	24	(87,201)	(125,218)
Taxation		2,202	-
Capital expenditure	24	(215,275)	(238,547)
Acquisitions and disposals	24	(10,566)	(50,004)
Cash outflow before use of liquid resources and financing		(1,488,779)	(813,314)
Financing	24	588,605	378,843
DECREASE IN CASH IN THE YEAR		(900,174)	(434,471)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT
IN NET DEBT**

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DECREASE IN CASH IN THE YEAR	(900,174)	(434,471)
Change in net debt resulting from cash flows	(900,174)	(434,471)
New hire purchase contracts	(29,291)	(4,980)
Increase in loans	(559,314)	(323,863)
Movement in debt in the year	(1,488,779)	(763,314)
Net (debt) / funds at 1 April 1997	(763,314)	-
Net debt at 31 March 1998	(2,252,093)	(763,314)

The notes on pages 9 to 20 form part of these financial statements.

BULLEN HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified to include the revaluation of D.A.C licences and are in accordance with applicable accounting standards.

Consolidation

The company and its subsidiary comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets. Depending on the circumstances of each acquisition, goodwill is either set off directly against reserves or amortised through the profit and loss account over the directors' estimate of its estimated economic life.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Freehold land and buildings	2% on cost
Plant and machinery	15% reducing balance
Office furniture and fittings	15% reducing balance
Computer equipment	25% on cost
Motor vehicles	25% reducing balance
Nimbus and Karomed beds	50% on cost

Amortisation of intangible fixed assets

Intangible fixed assets, other than goodwill, are amortised over the directors' estimate of their economic useful life.

Stocks

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

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****1. STATEMENT OF ACCOUNTING POLICIES - (continued)****Pension costs**

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

Basis of preparation of the financial statements

The company has met its working capital requirements, during its reorganisation, by the support of its bankers.

These accounts have been prepared on the going concern basis, on the understanding that this support will continue and that the reorganisation will have a beneficial impact on the results.

2. OPERATING PROFIT / (LOSS)

Operating profit / (loss)	1998	1997
	£	£
After charging:		
Depreciation of fixed assets	28,445	56,132
Loss on disposal of tangible assets	2,291	-
Amortisation of intangible assets	8,498	8,498
Auditors' remuneration	30,022	45,487
Hire of equipment	14,693	10,681
Exceptional items:		
Cost of fundamental reorganisation	-	297,325
	<u>-</u>	<u>297,325</u>
After crediting:		
Profit on disposal of tangible assets	-	11,663
	<u>-</u>	<u>11,663</u>

**Reconciliation of operating profit to
net cash outflow from operating activities**

	1998	1997
	£	£
Operating profit / (loss)	49,233	(109,190)
Depreciation	28,445	56,132
Amortisation	8,498	8,498
Loss / (profit) on disposal of fixed assets	2,291	(11,663)
Decrease / (increase) in stocks	19,025	(75,632)
Increase in debtors	(865,528)	(816,839)
(Decrease) / increase in creditors	(419,903)	846,332
Goodwill purchased and written off in the year	-	(297,183)
Net cash outflow from operating activities	<u>(1,177,939)</u>	<u>(399,545)</u>

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****3. INTEREST PAYABLE AND SIMILAR CHARGES**

	1998	1997
	£	£
On bank loans and overdrafts	85,935	120,433
Lease finance charges and hire purchase interest	1,266	4,785
	<u>87,201</u>	<u>125,218</u>

4. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998	1997
	£	£
Staff costs		
Wages and salaries	297,008	270,047
Social security costs	15,776	-
Other pension costs	3,491	11,363
	<u>316,275</u>	<u>281,410</u>

	1998	1997
	No.	No.
The average number of employees during the year was made up as follows:		
Administration	<u>17</u>	<u>18</u>

	1998	1997
	£	£
Directors' emoluments		
Emoluments	157,703	150,796
Pension contributions to money purchase (defined contribution) schemes	3,491	11,363
	<u>161,194</u>	<u>162,159</u>

	1998	1997
	No.	No.
During the year the following number of directors:		
Accrued benefits under money purchase (defined contribution) pension schemes	<u>2</u>	<u>3</u>

5. PENSION COSTS**Money purchase (defined contribution) pension scheme**

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,491 (1997: £11,363).

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****6. TAX ON LOSS ON ORDINARY ACTIVITIES**

	1998 £	1997 £
The taxation credit comprises:		
Adjustment in respect of prior years	(2,202)	-

7. INTANGIBLE FIXED ASSETS

	D.A.C Licences £	Goodwill £	Total £
Cost:			
At 1 April 1997	-	72,075	72,075
Revaluation	400,000	-	400,000
	<u>400,000</u>	<u>72,075</u>	<u>472,075</u>
Amortisation:			
At 1 April 1997	-	24,823	24,823
Charge for year	-	8,498	8,498
At 31 March 1998	-	<u>33,321</u>	<u>33,321</u>
Net book value:			
At 31 March 1998	<u>400,000</u>	<u>38,754</u>	<u>438,754</u>
At 31 March 1997	<u>-</u>	<u>47,252</u>	<u>-</u>

During the financial year the D.A.C licences were valued by the directors. The valuation was based on the sales proceeds of similar licences sold by the company.

The transfer to revaluation reserve will not affect the tax liability, if the licences are sold at the valuation the potential liability will be approximately £120,000.

BULLEN HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Other assets £	Total £
Cost:					
At 1 April 1997	-	147,839	188,082	93,980	429,901
Additions	200,000	650	4,833	39,000	244,483
Disposals	-	(5,000)	-	(65,752)	(70,752)
At 31 March 1998	200,000	143,489	192,915	67,228	603,632
Depreciation:					
At 1 April 1997	-	106,963	128,132	49,480	284,575
Charge for year	4,584	6,230	11,299	6,332	28,445
On disposals	-	(5,000)	-	(34,253)	(39,253)
At 31 March 1998	4,584	108,193	139,431	21,559	273,767
Net book value:					
At 31 March 1998	195,416	35,296	53,484	45,669	329,865
At 31 March 1997	-	40,876	59,952	44,500	145,328

1998
£

1997
£

Analysis of net book value of land and buildings:

Freehold	195,416	-
	1998 £	1997 £

Included above are assets held under finance leases or hire purchase contracts as follows:

Net book values:		
Motor vehicles	38,188	-
Depreciation charge for the year:		
Motor vehicles	812	-

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

9. INVESTMENTS

Cost or valuation:	1 April 1997 £	Additions £	31 March 1998 £
Other investments	50,004	10,566	60,570

Other investments other than loans

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****9. INVESTMENTS - (continued)**

Shares in related undertakings:

Cost or valuation:	1 April 1997 £	Additions £	31 March 1998 £
Shares:			
Group undertaking	50,004	10,566	60,570
Net book value	<u>50,004</u>		<u>60,570</u>

Financial information summary:

Name and country of incorporation	Type of shareholding	Proportion held
Chares S Bullen Orthotics Ltd	Ordinary shares	100%
Charles S Bullen Stomacare Ltd	Ordinary shares	100%
Bullen International Healthcare Ltd	Ordinary shares	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last financial year were as follows:-

	Capital and reserves £	Results £
Charles S Bullen Orthotics Ltd	248,267	(232,252)
Charles S Bullen Stomacare Ltd	206,202	83,586
Bullen International Healthcare Ltd	(370,350)	(197,048)
	<u>84,119</u>	<u>(345,714)</u>

10. STOCKS

	1998 £	1997 £
Finished goods and goods for resale	<u>56,607</u>	<u>75,632</u>

11. DEBTORS

	1998 £	1997 £
Trade debtors	12,880	14,119
Director's current account	11,101	5,449
Amounts owed by group undertakings	1,578,257	585,535
Other debtors	34,682	178,693
Prepayments and accrued income	45,447	33,043
	<u>1,682,367</u>	<u>816,839</u>

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****12. CREDITORS: amounts falling due within one year**

	1998 £	1997 £
Bank loans and overdrafts	1,441,731	488,328
Net obligations under finance leases and hire purchase contracts	8,750	2,390
Trade creditors	86,024	135,437
Amounts owed to group undertakings	-	157,374
Corporation tax	3,304	-
Other taxes and social security costs	174,506	401,605
Other creditors	137,739	103,847
Accruals and deferred income	24,854	48,069
	<u>1,876,908</u>	<u>1,337,050</u>

Bank loans and overdrafts amounting to £1,441,731 (1997 £488,328) are secured by a floating charge on all the assets of the company and a legal charge on the property.

13. CREDITORS: amounts falling due after more than one year

	1998 £	1997 £
Bank loans and overdrafts	718,975	257,945
Other creditors	57,611	12,711
Net obligations under finance leases and hire purchase contracts	25,521	2,590
	<u>802,107</u>	<u>273,246</u>

Instalments not due within five years	89,474	-
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Bank loans and overdrafts are secured by a floating charge over the assets of the company and a legal charge on the property.

14. BORROWINGS

	1998 £	1997 £
The company's borrowings are repayable as follows		
Up to one year and on demand	1,441,731	488,328
Between one and two years	179,924	56,337
Between two and five years	449,577	201,608
After five years	89,474	-
	<u>2,160,706</u>	<u>746,273</u>
Wholly repayable within five years	<u>2,071,232</u>	<u>746,273</u>
Included in current liabilities	<u>1,441,731</u>	<u>488,328</u>
Instalments not due within five years	<u>89,474</u>	<u>-</u>

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	1998 £	1997 £
The company's obligations are repayable as follows:		
Within one year or on demand	8,750	2,390
In two to five years	25,521	2,590
Total net obligations	<u>34,271</u>	<u>4,980</u>
Net obligations analysed as follows:		
Included in creditors - amounts falling due within one year	8,750	2,390
Included in creditors - amounts falling due after more than one year	25,521	2,590
	<u>34,271</u>	<u>4,980</u>

16. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
Equity interests:		
50,000 Ordinary shares of £1 each	50,000	50,000
5,500 A Ordinary shares of £1 each	5,500	-
	<u>55,500</u>	<u>50,000</u>
Allotted, called up and fully paid:		
Equity interests:		
50,000 Ordinary shares of £1 each	50,000	2

49,998 ordinary shares were allotted during the year. These shares were allotted in consideration for the shares in Charles Bullen Orthotics Ltd.

17. REVALUATION RESERVE

	1998 £	1997 £
Revaluation during the year	400,000	-

18. OTHER RESERVES

	1998 £	1997 £
Capital redemption reserve		
Balance at 1 April 1997 and 31 March 1998	7,000	7,000
Total other reserves	<u>7,000</u>	<u>7,000</u>

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****19. PROFIT AND LOSS ACCOUNT**

	1998 £	1997 £
(Accumulated loss) / Retained profit as at 1 April 1997	(531,591)	-
Loss for the year	(35,766)	(234,408)
Goodwill written off	-	(297,183)
Accumulated loss as at 31 March 1998	<u>(567,357)</u>	<u>(531,591)</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Loss for the financial year	(35,766)	(234,408)
Movement on reserves	400,000	-
Share premium reserves	(49,998)	-
New share capital subscribed	49,998	-
Goodwill written off	-	(297,183)
Net addition / (reduction) to shareholders' funds	364,234	(531,591)
Opening shareholders' funds	(474,591)	57,000
Closing shareholders' funds	<u>(110,357)</u>	<u>(474,591)</u>
Represented by:-		
Equity interests	<u>(110,357)</u>	<u>(474,591)</u>

21. REVENUE COMMITMENTS

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1998 £	1997 £	1998 £	1997 £
Within one year	-	-	4,042	-
More than one year and less than five years	-	-	32,307	7,200
More than five years	7,250	-	-	-
	<u>7,250</u>	<u>-</u>	<u>36,349</u>	<u>7,200</u>

BULLEN HEALTHCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

22. RELATED PARTY DISCLOSURES

During the year, the following related party transactions took place:

1) RECHARGE OF MANAGEMENT EXPENSES TO SUBSIDIARIES

	1998	1997
C.S. Bullen Orthotics Ltd	£294,000	£295,407
C.S. Bullen Stomacare Ltd	£269,000	£226,188
Bullen International Healthcare Ltd	£94,000	£149,652
Bullen International Healthcare (Northern Ireland) Ltd	£7,000	NIL

2) RENTS PAID

A commercial rent of £7,250 (1997 : £7,250) was paid to the C.S. Bullen directors pension scheme.

3)FIXED ASSET PURCHASES

On the 30th June 1997 various fixed assets were transferred from Charles S Bullen Orthotics Ltd ,at net book value.

Freehold property £200,000
Shares in group undertakings £10,566

4)DEBTORS

At the year end the following amounts were owed by subsidiaries:

	1998 £	1997 £
Charles S Bullen Orthotics Ltd	322,889	247,289
Charles S Bullen Stomacare ltd	223,554	-
Bullen International Healthcare Ltd	694,222	196,785
Bullen International Healthcare (N.Ireland)Ltd	185,505	-
Bullen International Healthcare (Pacific) Ltd	-	24,086
Bullen Orthotics Direct Ltd	-	13,070
Bullen International Ireland Ltd	152,087	104,303

Included in debtors is an overdrawn loan account of :

P.Hawthorne	11,101	5,449
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5)CREDITORS

At the year end the following amounts were due by subsidiaries:

Charles S Bullen Stomacare Ltd	-	157,374
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Included in creditors are the following current accounts due to directors or family members:

P F Bullen	34,680	34,065
N Meadows (mother of P F Bullen)	-	243
G Bullen	-	1,707

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****22. RELATED PARTY DISCLOSURES - (continued)**

Included in long term creditors is the following loan:

N Meadows	44,900	64,900
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6)EXECUTIVE PENSION SCHEME

Loans outstanding at the year end	297,046	279,857
The interest expense in the year was	19,227	21,097

23. TRANSACTIONS WITH DIRECTORS

	1998 £	1997 £
Amounts owed by directors		
P Hawthorne current account	11,101	5,449

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

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest paid	(85,935)	(120,433)
Interest element of hire purchase contracts	(1,266)	(4,785)
Net cash outflow from returns on investments and servicing of finance	<u>(87,201)</u>	<u>(125,218)</u>
Capital expenditure		
Purchase of intangible fixed assets	-	(55,750)
Purchase of negative goodwill	-	7,000
Purchase of tangible fixed assets	(244,483)	(237,704)
Receipts from sale of tangible fixed assets	29,208	47,907
Net cash outflow from capital expenditure	<u>(215,275)</u>	<u>(238,547)</u>
Acquisitions and disposals		
Purchase of subsidiary undertakings	(10,566)	(50,004)
Net cash outflow from acquisitions and disposals	<u>(10,566)</u>	<u>(50,004)</u>
Financing		
Issue of ordinary share capital	-	50,000
New long-term loans	505,930	270,656
New short-term loans	53,384	53,207
Capital element of hire purchase contract payments	29,291	4,980
Net cash inflow from financing	<u>588,605</u>	<u>378,843</u>

BULLEN HEALTHCARE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998****25. ANALYSIS OF CHANGES IN NET DEBT**

	1997	Cash flow	1998
	£	£	£
Cash at bank and in hand	650	(155)	495
Bank overdraft	(435,121)	(900,019)	(1,335,140)
		(900,174)	
Debt due within one year	(53,207)	(53,384)	(106,591)
Debt due after one year	(270,656)	(505,930)	(776,586)
Hire purchase contracts and finance lease agreements	(4,980)	(29,291)	(34,271)
	<u>(763,314)</u>	<u>(1,488,779)</u>	<u>(2,252,093)</u>

26. CONTINGENT LIABILITIES

The company in common with all companies in the group is subject to an unlimited cross guarantee in respect of all liabilities due to the Midland Bank plc.