

Registered no 05116610

Truecare Holdings Limited
Annual report and accounts
for the year ended 30 September 2009



Truecare Holdings Limited

Annual report and accounts for the year ended 30 September 2009

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Truecare Holdings Limited

Directors and advisers

Directors

P Gold (retired 31 December 2009)
E Johnston
A Hayden
K Whittle
D Cole (appointed 01 April 2009)

Independent auditors

PricewaterhouseCoopers LLP
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

Secretary and registered office

Edwina Johnston
PO Box 2101
Kirtons Farm Road
Pingewood
Reading
RG30 3ZR

Solicitors

M and A Solicitors
Kenneth Pollard House
5-19 Cowbridge Road East
Cardiff
CF11 9AB

Bankers

Allied Irish Bank (GB)
51 Belmont Road
Uxbridge
Middlesex
UB8 1RZ

The Royal Bank of Scotland plc
South Corporate
Ground Floor
Abbey Gardens
4 Abbey Street
Reading
Berkshire
RG1 3BA

Truecare Holdings Limited

Directors' report for the year ended 30 September 2009

The directors present their report and the audited financial statements of the Group and Company for the year ended 30 September 2009

Principal activities and review of the business:

The principal activity of the Group and Company is the provision of intensive care and educational support to adults with learning disabilities and associated complex needs and mental health disorders in 13 residential care homes all based in Hampshire

Review of business:

Occupancy improved during the year and has continued to improve in 2010

Results and Dividends

The results for the Group and Company which are set out in the consolidated profit and loss account on page 6, show an operating profit of £1,355,165 (2008 £393,872) and turnover of £9,302,977 (2008 £7,994,798) for the year

The directors do not recommend the payment of a dividend (2008 £NIL)

Future developments

The directors continue to seek such opportunities for organic growth as well as expanding by acquisition of businesses in our specialist sector. The environment is expected to remain competitive in 2010, however we remain confident that the Group will improve on its current level of performance in 2010

Principal risks and activities:

The management of the business and execution of the Group and Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Group are considered to relate to the continued provision of adequate government funding and the ongoing compliance with current and future legislation affecting the sector

Key Performance Indicators:

Given the straight forward nature of the business we are of the opinion that analysis using key performance indicators is not necessary for the understanding of the development, performance or the position of the business

Financial Risk Management

Liquidity risk

The Company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions

Interest rate cash flow risk

The Company has interest bearing liabilities. The Company does not hedge any of its current interest rate exposure on these liabilities. The directors will continue to revisit the appropriateness of this policy

Foreign exchange risk

The Group does not undertake any material foreign currency transactions

Truecare Holdings Limited

Directors' report for the year ended 30 September 2009 (continued)

Employees

The Group has continued its policy of providing information to employees concerning its development by both formal and informal meetings. The directors have continued to provide information on financial and economic factors which have influenced the commercial performance of the organisation. These policies and procedures are subject to regular review.

Disabled employees

The Group adopts the policy of giving full and fair consideration to the employment and training of disabled persons, having regard for their particular aptitudes and disabilities. Arrangements are made, where possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to those aptitudes and abilities.

Directors

The directors who held office during the year are given below:

P. Gold (retired 31 December 2009)

A. Hayden

E. J. Johnston

K. Whittle

D. Cole (appointed 01 April 2009)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure of information to auditors

All directors in office at the time the report is approved confirm:

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's and the Group's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's and the Group's auditors are aware of that information.

Truecare Holdings Limited


Qualifying third party indemnity provisions

The Group maintains liability insurance for its directors and officers

Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the board


E Johnston
Company Secretary
25 June 2010

Truecare Holdings Limited

Independent auditors' report to the members of Truecare Holdings Limited

We have audited the Group and Parent Company financial statements (the "financial statements") of Truecare Holdings Limited for the year ended 30 September 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Group's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2009 and of the group's loss and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

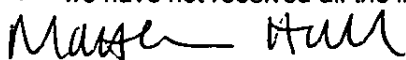
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Matthew Hall (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

25 June 2010

Truecare Holdings Limited

Consolidated profit and loss account for the year ended 30 September 2009

	Note	2009 £	2008 £
Turnover	2	9,302,977	7,994,798
Cost of sales		(5,157,444)	(4,719,681)
Gross profit		4,145,533	3,275,117
Administrative expenses		(2,790,368)	(2,881,245)
Operating profit	3	1,355,165	393,872
Interest receivable and similar income		20	5,073
Interest payable and similar charges	6	(889,882)	(1,204,323)
Profit/(Loss) on ordinary activities before taxation		465,303	(805,378)
Tax on profit/(loss) on ordinary activities	7	(369,073)	47,165
Profit/(Loss) for the financial period	18	96,230	(758,213)

The group's results for the year above are derived entirely from continuing activities

The group has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of recognised gains and losses has been presented

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents

Truecare Holdings Limited

Consolidated and company balance sheets as at 30 September 2009

	Note	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Fixed assets					
Intangible assets	9	7,293,902	7,786,033	654,426	695,081
Tangible assets	10	6,787,972	6,826,071	475,836	500,521
Investments	11	-	-	9,320,264	9,320,264
		14,081,874	14,612,104	10,450,526	10,515,866
Current assets					
Debtors	12	1,354,363	1,420,873	2,155,684	3,662,527
Cash at bank and in hand		247,663	99,569	15,165	87,679
		1,602,026	1,520,442	2,170,849	3,750,206
Creditors - Amounts falling due within one year	14	(18,059,180)	(2,895,917)	(16,017,579)	(1,205,432)
Net current (liabilities)/assets		(16,457,154)	(1,375,475)	(13,846,730)	2,544,774
Total assets less current liabilities		(2,375,280)	13,236,629	(3,396,204)	13,060,640
Creditors - Amounts falling due after more than one year	15	-	(15,708,139)	-	(15,708,139)
Net (liabilities)		(2,375,280)	(2,471,510)	(3,396,204)	(2,647,499)
Capital and reserves					
Called up share capital	17	1,000	1,000	1,000	1,000
Profit and loss account (deficit)	18	(2,376,280)	(2,472,510)	(3,397,204)	(2,648,499)
Equity shareholders' (deficit)	19	(2,375,280)	(2,471,510)	(3,396,204)	(2,647,499)

The financial statements on pages 6 to 21 were approved by the board of directors on 25 June 2010 and were signed on its behalf by



E Johnston
Director

Truecare Holdings Limited - Registered no 05116610

Truecare Holdings Limited

Consolidated cash flow statement for the year ended 30 September 2009

	Note	£	2009 £	£	2008 £
Net cash inflow from operating activities	23		2,502,803		1,595,222
Returns on investments and servicing of finance:					
Interest received		20		5,073	
Interest paid		(810,284)		(1,214,148)	
Net cash outflow from returns on investments and servicing of finance			(810,264)		(1,209,075)
Taxation			-		-
Capital expenditure:					
Purchase of tangible fixed assets		(330,004)		(570,435)	
Proceeds from sale of tangible fixed assets		2,700		8,500	
Net cash outflow from capital expenditure			(327,304)		(561,935)
Net cash outflow before financing			1,365,235		(175,788)
Financing:					
Capital element of finance lease payments		-		(697)	
Debt					
Repayments		(1,119,600)		-	
Net cash outflow from financing			(1,119,600)		(697)
Increase/(Decrease) in net cash			245,635		(176,485)

Reconciliation to net debt

	Note	2009 £	2008 £
Net debt at 1 October	24	(16,642,125)	(16,380,741)
Movement in net cash	24	245,635	(176,485)
Movement in borrowings	24	1,119,600	-
Cash element of finance lease payments	24	-	697
Other non-cash changes	24	(85,596)	(85,596)
Net debt at 30 September	24	(15,362,486)	(16,642,125)

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

1 Principal accounting policies

Basis of accounting and changes in accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies adopted by the company is set out below.

The financial statements are prepared in accordance with the historical cost convention.

Basis of preparing financial statements

The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. In concluding on the going concern basis, the directors have reviewed future cash flow following the extension of the existing facility to 31 December 2011 which has been agreed with the Bank since the year end (see note 26). Based on this assessment, the directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis. Since the year end, the banking facilities with Allied Irish Bank (GB) have been extended to 31 December 2011.

Basis of consolidation

The consolidated financial statements of the Group include the accounts of Truecare Holdings Limited ("the Company") and all its subsidiary undertakings (together, the "Group"), made up to 30 September 2009. Intercompany transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

Uniform accounting policies are adopted by the parent undertaking and all its subsidiaries in the Group.

Tangible fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental costs of acquisition. Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis (to their estimated residual value) over the expected useful economic lives of the assets concerned. The principal annual rates for this purpose are:

Freehold buildings	50 years
Leasehold Improvements	5 years or length of lease
Fixtures, fittings and equipment	3-5 years
Motor vehicles	4 years

Although the group depreciates its freehold buildings, as required by FRS 15, the directors consider that the nature of those buildings – essentially normal domestic dwellings – and the fact that they are maintained to a high standard means that actual depreciation (rather than accounting depreciation) will not be significant. Freehold land is not depreciated.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of services supplied, and is recognised as the relevant services are delivered.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable and non-taxable items.

Deferred taxation is provided or recognised on the liability method for all material timing differences between profit as computed for taxation purposes and profit as stated in the accounts on a full provision basis in accordance with FRS 19. Deferred tax assets are not recognised where their recoverability is not certain.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

1 Principal accounting policies (continued)

Investments

Investments held as fixed assets are stated at cost less provisions for impairment in value. Impairment reviews are performed annually by the Directors.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Pension scheme arrangements

The group makes contributions to defined contribution group personal pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the company to the schemes during the period.

Related party transactions

FRS 8 'Related party disclosures' requires disclosure of the details of material transactions between the reporting entity and any related parties. The company has taken advantage of the exemption available under FRS 8 not to disclose related party transactions with companies of which 90% or more of the voting rights are controlled within the group. All other related party transactions are disclosed in note 25.

Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the fair value of net assets acquired. Goodwill arising on acquisitions is capitalised and amortised on a straight line basis, over its useful economic life, which is not expected to exceed 20 years. Impairment tests on the carrying value are undertaken at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recovered. When the carrying value exceeds the recoverable amount the excess is written off to the profit and loss account.

Amortisation of issue costs

Group and company secured bank loans are stated net of unamortised issue costs. These costs together with the interest expense are allocated to the profit and loss account over the term of the facilities at a constant rate on the carrying amount shown in the balance sheet. The amortisation of debt issue costs are recorded through administrative expenses.

2 Segmental information

The turnover and profit before tax arise in the United Kingdom and are attributable to the one principal activity of the group.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

3 Operating profit

	2009 £	2008 £
Operating profit is stated after charging/(crediting):		
Wages and salaries	4,485,751	3,860,357
Social security costs	390,431	350,071
Pension costs (note 20)	23,509	25,573
Staff costs	4,899,691	4,236,001
Depreciation charge for the year		
- Tangible owned fixed assets		
- freehold properties	67,682	160,008
- other fixed assets	277,156	260,357
Goodwill amortisation	492,131	586,128
Amortisation of debt costs	85,596	85,596
Operating lease charges		
- Plant and machinery	116,714	106,780
- Other assets property	384,566	384,067
Loss/(Profit) on disposal of fixed assets	20,565	(7,190)
Services provided by the company's auditor:		
- Fees payable for the statutory audit of the Company	-	-
- Fees payable for the statutory audit of subsidiary company	20,661	20,661
- Fees payable for other services – tax compliance	3,719	3,719

4 Directors' emoluments

	2009 £	2008 £
Aggregate emoluments	24,000	24,000
Sums paid to third parties for directors' services	40,598	41,247
	64,598	65,247

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

5 Employee information

The average monthly number of persons (including directors) employed by the group during the year was

	2009 Number	2008 Number
By activity:		
Directors – Executive	2	2
Care staff	278	210
Administration	15	15
	295	227

6 Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank loans and overdrafts	889,882	1,204,323

7 Tax on loss on ordinary activities

	2009 £	2008 £
Current Tax		
UK corporation tax on profits of the year	317,228	-
Total current tax	317,228	-
Deferred Tax (Note 13)		
Origination and reversal of timing differences	51,845	(47,165)
Tax charge / (credit) on loss on ordinary activities	369,073	(47,165)

Factors affecting the tax charge for the period:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28%) The differences are explained below

Profit/Loss on ordinary activities before tax	465,303	(805,378)
At standard rate of corporation tax of 28% (2008 29%)	130,284	(233,560)
Expenses not deductible for tax purposes	180,285	134,717
Depreciation in excess of capital allowance	6,659	60,684
Group relief surrendered not paid	-	21,527
Losses not utilised	-	15,771
Change in tax rate	-	861
Current tax charge for the year	317,228	-

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

8 Loss for the financial year

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. Of the loss for the year a loss of £748,705 (2008 profit of £24,635) is dealt with in the financial statements of the company.

9 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 October 2008 and 30 September 2009	9,842,711
Aggregate amortisation	
At 1 October 2008	2,056,678
Charge for the year	492,131
At 30 September 2009	2,548,809
Net book amount	
At 30 September 2009	7,293,902
At 30 September 2008	7,786,033

Company	Goodwill £
Cost	
At 1 October 2008 and 30 September 2009	813,154
Amortisation	
At 1 October 2008	118,073
Charge for the year	40,655
At 30 September 2009	158,728
Net book value	
At 30 September 2009	654,426
At 30 September 2008	695,081

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

10 Tangible fixed assets

Group	Freehold Land & Buildings £	Leasehold improvements £	Fixtures Fittings & Equipment £	Motor Vehicles £	Total £
Cost					
At 1 October 2008	6,547,794	540,332	735,355	19,710	7,843,191
Additions	1,993	56,108	270,585	1,318	330,004
Disposals	-	(111,212)	(153,253)	(7,186)	(271,651)
At 30 September 2009	6,549,787	485,228	852,687	13,842	7,901,544
Accumulated depreciation					
At 1 October 2008	429,172	272,053	308,936	6,959	1,017,120
Charge for the year	67,682	80,865	191,920	4,371	344,838
Disposals	-	(96,503)	(149,873)	(2,010)	(248,386)
At 30 September 2009	496,854	256,415	350,983	9,320	1,113,572
Net book amount					
At 30 September 2009	6,052,933	228,813	501,704	4,522	6,787,972
At 30 September 2008	6,118,622	268,279	426,419	12,751	6,826,071

The net book value of undepreciated land was £1,257,508 (2008 £1,257,508)

Company	Freehold Land & Building £	Fixtures Fittings & Equipment £	Motor Vehicles £	Total £
Cost				
At 1 October 2008	500,000	106,255	6,027	612,282
Additions	-	9,721	-	9,721
Disposals	-	(72,831)	-	(72,831)
At 30 September 2009	500,000	43,145	6,027	549,172
Accumulated depreciation				
At 1 October 2008	36,458	70,909	4,394	111,761
Charge for the year	12,500	20,399	1,507	34,406
Disposals	-	(72,831)	-	(72,831)
At 30 September 2009	48,958	18,477	5,901	73,336
Net book amount				
At 30 September 2009	451,042	24,668	126	475,836
At 30 September 2008	463,542	35,346	1,633	500,521

The net book value of undepreciated land was £NIL (2008 £NIL)

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

11 Fixed asset investments

Company	£
At 1 October 2008 and 30 September 2009	9,320,264

Interests in group undertakings

All subsidiary undertakings are included in the consolidation

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by group	Principal activity
Subsidiary undertakings				
Truecare Group Limited	England and Wales	All classes	100%	Provision of residential care
Choice Care Group Limited	England and Wales	All classes	100%	Dormant

The group has no fixed asset investments

12 Debtors

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Trade debtors	1,152,135	1,253,054	123,565	128,706
Deferred tax asset (Note 13)	45,903	97,748	-	-
Other debtors	65,622	18,417	-	-
Prepayments & accrued income	90,703	51,654	5,989	13,985
Amounts owed by group undertakings	-	-	2,026,130	3,519,836
Total debtors	1,354,363	1,420,873	2,155,684	3,662,527

Amounts owed by group undertakings bear interest at a rate of 2% above base per annum are unsecured and repayable by 2019

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

13 Deferred tax asset

Group	£
At 1 October 2008	97,748
Credited to the profit and loss account	(51,845)
At 30 September 2009	45,903

Company	
At 1 October 2008	-
Credited to the profit and loss account	-
At 30 September 2009	-

The deferred tax asset (included in debtors, note 12) is made up as follows

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Accelerated capital allowances	(45,114)	(97,028)	-	-
Other timing differences	(789)	(720)	-	-
	(45,903)	(97,748)	-	-

14 Creditors - amounts falling due within one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank and other borrowings (note 16)	15,610,149	1,033,555	15,610,149	936,014
Trade creditors	171,800	182,191	3,351	12,028
Amounts owed to group undertakings	-	-	13,930	13,930
Other creditors	214,158	77,985	49,532	-
Corporation tax	317,228	-	-	-
Other taxation and social security	92,775	82,179	-	47,344
Accruals and deferred income	1,653,070	1,520,007	340,617	196,116
	18,059,180	2,895,917	16,017,579	1,205,432

Amounts due to group undertaking bear interest at a rate of 2% above base per annum are unsecured and repayable by 2019

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

15 Creditors - amounts falling due after one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank and other borrowings (note 16)	-	15,708,139	-	15,708,139

The maturity profile of the carrying amount of the company and group's bank and other borrowings at 30 September 2009 was as follows

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
In one year or less, or on demand	15,610,149	1,033,555	15,610,149	936,014
In more than one year but not more than two years	-	15,708,139	-	15,708,139
In more than two years but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	15,610,149	16,741,694	15,610,149	16,644,153

16 Loans and other borrowings

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank loans and overdrafts secured	15,610,149	16,741,694	15,610,149	16,644,153

Bank loans and overdrafts are secured by fixed and floating charges over the Group and all property and assets present and future, including goodwill, book debts, uncalled capital, fixtures, fixed plant and machinery. Bank loans bear interest 2% to 3% over LIBOR. The bank overdraft bears interest at 3% over base and is repayable on demand.

This loan was extended subsequent to the year end. See note 26.

Group and company secured bank loans are stated net of unamortised issue costs of £258,781 (2008 £344,377). The company incurred total issue costs of £506,137 in respect of the 5 year committed facility entered into in December 2006. These costs together with the interest expense are allocated to the profit and loss account over the terms of the facilities at a constant rate on the carrying amount.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

17 Called up share capital

Share Capital	2009 £	2008 £
Authorised		
24,490 B Ordinary shares of 1p each	245	245
75,510 Preferred Ordinary of 1p each	755	755
	1,000	1,000
<hr/>		
	2009 £	2008 £
Allotted, called up and fully paid		
24,490 B Ordinary shares of 1p each	245	245
75,510 Preferred Ordinary of 1p each	755	755
	1,000	1,000

The rights attaching to each class of share are as follows

Dividends

No dividends shall be declared or paid on any Equity Shares without the prior written consent of the Investors. The Equity Shares shall rank pari passu in respect of any dividends or other distribution of income.

Winding Up

On a return of assets on liquidation or otherwise, the assets of the Company remaining after payment of its debts and liabilities and available for distribution to holders of Equity Shares shall be distributed between the holders of the Equity Share pro rata to their percentage of Equity Shares.

Voting rights

Each holder of the Ordinary shares and the Preferred Ordinary shares (with a shareholding of more than 5%) are entitled to one vote for each Equity Share of which he is the holder. During a default period, the holders of the Ordinary shares present shall be entitled to attend but not vote at any general meeting of the Company and accordingly the holders of the Preferred Ordinary Shares shall be the only members entitled to vote at any such meeting. All holders of Preferred Ordinary Shares shall be entitled to receive notice of and attend any general meeting of the company.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

18 Reserves

Group	Profit and loss account deficit £
At 1 October 2008	(2,472,510)
Profit for the year	96,230
At 30 September 2009	(2,376,280)

Company	Profit and loss account deficit £
At 1 October 2008	(2,648,499)
Loss for the year	(748,705)
At 30 September 2009	(3,397,204)

19 Reconciliation of movements in shareholders' (deficit)/funds

	2009 £	2008 £
Group		
Profit/(Loss) for the financial year	96,230	(758,213)
Net increase/(decrease) in shareholders' funds	96,230	(758,213)
Opening shareholders' deficit	(2,471,510)	(1,713,297)
Closing shareholders' deficit	(2,375,280)	(2,471,510)

	2009 £	2008 £
Company		
(Loss)/Profit for the financial year	(748,705)	24,635
Net (decrease)/ increase in shareholders' funds	(748,705)	24,635
Opening shareholders' deficit	(2,647,499)	(2,672,134)
Closing shareholders' deficit	(3,396,204)	(2,647,499)

20 Pension commitments

The group operates a defined contribution pension scheme, the assets of which are held in a separately administered fund. The aggregate pension costs for the year were £23,509 (2008 £25,573). The contributions outstanding at 30 September 2009 were £2,819 (2008 £2,571).

21 Capital commitments

The group has contracts in place for future capital expenditure not provided for in the financial statements of £16,494 (2008 £9,000).

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

22 Financial commitments

At 30 September 2009 the group had annual commitments under non-cancellable operating leases expiring as follows

	2009		2008	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	6,395	24,780	35,552	15,723
Within two and five years	33,000	58,928	38,371	42,347
In over five years	312,030	-	309,734	-
	351,425	83,708	383,657	58,070

23 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	1,355,165	393,872
Loss/Profit on disposal of fixed assets	20,565	(7,190)
Depreciation charge	344,838	420,365
Goodwill amortisation	492,131	586,128
Amortisation of debt costs	85,596	85,596
Decrease/(Increase) in debtors	81,525	(1,120,471)
Increase in creditors	122,981	1,236,922
Total net cash inflow from operating activities	2,502,803	1,595,222

24 Reconciliation of movement in net debt

	2008 £	Cash flow £	Other non-cash changes £	2009 £
Cash at bank and in hand	99,569	148,094	-	247,663
Overdrafts	(97,541)	97,541	-	-
	2,028	245,635	-	247,663
Debt due after 1 year	(15,708,139)	-	15,708,139	-
Debt due within 1 year	(936,014)	1,119,600	(15,793,735)	(15,610,149)
	(16,644,153)	1,119,600	(85,596)	(15,610,149)
Net debt	(16,642,125)	1,365,235	(85,596)	(15,362,486)

Non-cash changes comprise amortisation of debt issue costs

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2009

25 Related party transactions

A Hayden and K Whittle are appointed as directors on behalf of Sovereign Capital Partners LLP, and their services for acting as directors are paid for by Truecare Holdings Limited

During the year, the group entered into the following transactions with Sovereign Capital Partners LLP and funds managed by it

	2009 £	2008 £
Sovereign Capital Partners LLP		
Directors' fees	40,598	41,247

At 30 September 2009 there was an amount of £Nil due to funds managed by Sovereign Capital Partners LLP (2008 £Nil)

Group and company

During the year, the company was charged for wages and salaries, directors' remuneration and staff pension costs amounting to £562,636 (2008 £483,739) by Community Homes of Intensive Care and Education Limited (a company in which certain directors are also directors and shareholders) in respect of 6 administration staff and 14 care staff. An amount of £49,532 and an amount of £26,068 (2008 £47,344) was owed by Truecare Group Ltd to Community Homes of Intensive Care and Education Ltd. An amount of £41,528 (2008 £nil) was owed by Orchard End Ltd to Truecare Group Ltd.

26 Subsequent events

Since the year end, the company has extended its term loan facility with Allied Irish Bank (GB). The loan is repayable in quarterly instalments of £283,000, with the final payment of the balance on 31 December 2011. The loans are secured by fixed and floating charges over the Group and all property and assets present and future, including goodwill, book debts, uncalled capital, fixtures, fixed plant and machinery. Bank loans bear interest at 4% to 5.5% over LIBOR.

27 Ultimate controlling party

The directors do not consider there to be any ultimate controlling party. Funds managed by Sovereign Capital Partners LLP have a 75.5% interest in the share capital of Truecare Holdings Limited at 30 September 2009.