

Total Care Alliance Limited

Report and Financial Statements

Period Ended

30 September 2005



BDO Stoy Hayward
Chartered Accountants

Total Care Alliance Limited

Annual report and financial statements for the period ended 30 September 2005

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Directors

P A Hall
R Khan
M Muir
N Christodoulou
R Cressey
R Pearson

Secretary and registered office

R Cressey
1 Stuart Road
Bredbury
Stockport, SK6 2SR

Company number

05274924

Auditors

BDO Stoy Hayward LLP
Commercial Buildings
11-15 Cross Street
Manchester
M2 1WE

Total Care Alliance Limited

Report of the directors for the period ended 30 September 2005

The directors present their report together with the audited consolidated financial statements for the period ended 30 September 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the period.

Principal activities, trading review and future developments

The principal activity of the company during the year was that of a holding company. The company was incorporated on 1 November 2004 with an accounting reference date of 30 November 2005. The company changed its accounting reference date during the year, to 30 September 2005, and therefore these accounts are for an 11 month period.

The company acquired a subsidiary, Advanced Childcare Limited, on the 9 December 2004. Total Care Alliance Limited, incorporating Advanced Childcare Limited and Independent Childcare Group of Schools Limited, provides specialist care and education for young people aged 10-18 years of age. A Fostering service is being developed for children and young people from birth onwards.

The directors are satisfied with the group's performance and consider the group to be well placed for the future.

Directors

A Mughal (appointed 1 November 2004, resigned 8 December 2004)

P A Hall (appointed 8 December 2004)

R Khan (appointed 8 December 2004)

M Muir (appointed 8 December 2004)

N Christodoulou (appointed 16 November 2004)

R Cressey (appointed 25 January 2005)

R Pearson (appointed 8 December 2004)

The directors of the company and their interests in the share capital of the company during the year were:

	Ordinary shares of 1p each		Ordinary A shares of 1p each		Ordinary B shares of 1p each	
	30 September 2005	Incorporation *	30 September 2005	Incorporation *	30 September 2005	Incorporation *
	£	£	£	£	£	£
A Mughal	-	-	-	-	-	-
P A Hall	9,677	9,677	-	-	-	-
R Khan	62,904	62,904	-	-	-	-
M Muir	9,677	9,677	-	-	-	-
N Christodoulou	-	-	-	-	62,903	62,903
R Cressey	14,516	14,516	-	-	-	-
R Pearson	-	-	-	-	-	-

* or date of appointment (if later)

Total Care Alliance Limited

Report of the directors for the year ended 30 September 2005 (Continued)

Directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward LLP were appointed as auditors to the company on 8th December 2004. BDO Stoy Hayward LLP have confirmed their agreement to continue as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the Board



Secretary

Date

11/5/06

Total Care Alliance Limited

Report of the independent auditors

To the shareholders of Total Care Alliance Limited

We have audited the financial statements of Total Care Alliance Limited for the period ended 30 September 2005 on pages 5 to 21 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements with it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Total Care Alliance Limited

Report of the independent auditors (*Continued*)

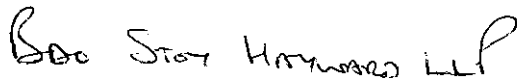
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 group'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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company as at 30 September 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Manchester

Date 15 May 2006

Total Care Alliance Limited

Consolidated profit and loss account for the period ended 30 September 2005

	Note	11 months ended 30 September 2005 £
Turnover	2	4,762,502
Cost of sales		2,554,060

Gross profit		2,208,442
Administrative expenses		(1,807,660)

Operating profit	5	400,782
Interest receivable and similar income	6	32,824
Interest payable and similar charges	7	(560,854)

Loss on ordinary activities before taxation		(127,248)
Taxation on loss from ordinary activities	8	155,344

Loss on ordinary activities after taxation and retained loss for the period		(282,592)

All amounts relate to continuing activities.

All recognised gains and losses in the current period are included in the profit and loss account.

The notes on pages 9 to 21 form part of these financial statements.

Total Care Alliance Limited

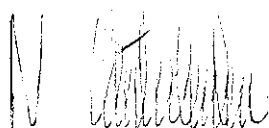
Consolidated balance sheet at 30 September 2005

	Note	2005 £	2005 £
Fixed assets			
Intangible assets	10		4,322,264
Tangible assets	11		4,948,586
			<hr/>
			9,270,850
Current assets			
Debtors	13	681,145	
Cash at bank and in hand		870,805	
		<hr/>	
		1,551,950	
Creditors: amounts falling due within one year	14	(1,643,410)	
		<hr/>	
Net current liabilities			(91,460)
			<hr/>
Total assets less current liabilities			9,179,390
Creditors: amounts falling due after more than one year	15	(8,922,289)	
Provisions for liabilities and charges	16	(17,758)	
		<hr/>	
			(8,940,047)
			<hr/>
Net assets			239,343
			<hr/>
Capital and reserves			
Called up share capital	19		4,694
Share premium account	20		517,241
Profit and loss account	20		(282,592)
			<hr/>
Shareholders' funds			239,343
			<hr/>

The financial statements were approved by the board on 11/5/06

Signed on behalf of the board of directors

Director



The notes on pages 9 to 21 form part of these financial statements.

Total Care Alliance Limited

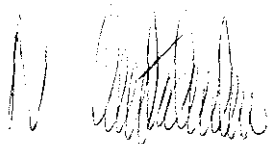
Balance sheet at 30 September 2005

	Note	2005 £	2005 £
Fixed assets			
Tangible assets	11		2,218,123
Investments	12		5,280,932
			<u>7,499,055</u>
Current assets			
Debtors	13	1,734,696	
Cash at bank and in hand		228,389	
		<u>1,963,085</u>	
Creditors: amounts falling due within one year	14	(729,286)	
		<u> </u>	
Net current assets			1,233,799
			<u> </u>
Total assets less current liabilities			8,732,854
			<u> </u>
Creditors: amounts falling due after more than one year	15		(8,840,840)
			<u> </u>
Net liabilities			(107,986)
			<u> </u>
Capital and reserves			
Called up share capital	19		4,694
Share premium account	20		517,241
Profit and loss account	20		(629,921)
			<u> </u>
Shareholders' funds			(107,986)
			<u> </u>

The financial statements were approved by the board on 11/5/06

Signed on behalf of the board of directors

Director



The notes on pages 9 to 21 form part of these financial statements.

Total Care Alliance Limited

Consolidated cash flow statement for the period ended 30 September 2005

	Note	2005 £	2005 £
Net cash inflow from operating activities	21		1,133,942
Returns on investments and servicing of finance			
Interest received		32,824	
Interest paid		(156,648)	
Interest element of finance lease rental payments		(1,768)	
Net cash outflow from returns on investments and servicing of finance			(125,592)
Taxation			
UK corporation tax			(187,610)
Capital expenditure and financial Investment			
Purchase of tangible fixed assets		(2,495,267)	
Receipts on sale of tangible fixed assets		4,766	
			(2,490,501)
Acquisition			
Cash consideration	28	(3,285,416)	
Cash acquired	28	(66,055)	
Costs	28	(503,491)	
			(3,854,962)
Cash outflow before use of liquid resources and financing			(5,524,723)
Financing			
Bank loan		7,944,257	
Capital element of finance lease rental payments		23,864	
Loans repaid		(2,021,947)	
Share capital		449,354	
			6,395,528
Increase in cash	22		870,805

The notes on pages 9 to 21 form part of these financial statements.

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover comprises the invoiced value of residential, educational and fostering services supplied by the group, net of value added tax and trade discounts.

Cost of sales

Cost of sales comprises teachers' and carers' salaries and agency staffing costs, together with the associated costs of teaching materials, social activities and school meals.

Intangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the assets and liabilities acquired, is capitalised and amortised on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	- 2% straight line
Leasehold improvements	- 33 1/3% straight line
Fixtures, fittings and equipment	- 33 1/3% straight line
Motor vehicles	- 50% straight line

Freehold land is not depreciated.

Valuation of investments

Investments held as fixed assets are stated at cost.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are discounted.

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005
(Continued)

1 Accounting policies *(Continued)*

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present obligations under the lease.

Pension costs

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 September each year on an acquisition basis.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005
(Continued)

3 Directors

**11 months
ended
30 September
2005
£**

Directors' remuneration consists of:

Emoluments	281,051
Payments to defined contribution pension scheme	1,067
	<hr/>

4 Staff costs

Staff costs, including directors' emoluments, were as follows:

**11 months
ended
30 September
2005
£**

Wages and salaries	2,388,602
Social security costs	211,022
Other pension costs	6,572
	<hr/>
	2,606,196

The average monthly number of employees, including executive directors, during the period was:

	Number
Administration	13
Teaching	11
Careworkers	118
	<hr/>
	142

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005
(Continued)

5 Operating profit

**11 months
ended
30 September
2005
£**

This has been arrived at after charging/(crediting):

Amortisation of intangible assets	182,023
Depreciation of tangible fixed assets:	
- owned by the group	222,320
- held under finance lease or hire purchase contracts	17,800
Auditor's remuneration	16,000
Operating lease rentals - land and buildings	43,000
- other	4,979
Pension cost	6,572
Profit on sale of fixed assets	(4,766)

6 Interest receivable and similar income

**11 months
ended
30 September
2005
£**

Other interest receivable	32,824
---------------------------	--------

7 Interest payable and similar charges

**11 months
ended
30 September
2005
£**

Bank loans and overdrafts	199,020
Other loans	360,066
Finance charges under finance leases and hire purchase contracts	1,768
	560,854

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005
(Continued)

8 Taxation on loss from ordinary activities

	11 months ended 30 September 2005 £
<i>Current tax</i>	
UK corporation tax on loss of the period	137,586
<i>Deferred tax</i>	
Origination and reversal of timing differences	17,758
	<u>155,344</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	11 months ended 30 September 2005 £
Loss on ordinary activities before tax	(127,248)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(38,174)
Effects of:	
Expenses not deductible for tax purposes	120,084
Capital allowances for year in excess of depreciation	(16,483)
Marginal rates of tax	(10,094)
Other timing differences	82,253
Current tax charge for period	<u>137,586</u>

9 Profit attributable to the company

The loss for the financial period dealt with in the financial statements of the parent company was £629,921. As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005
(Continued)

10 Intangible fixed assets

Group

	Goodwill £
<i>Cost</i>	
Additions (note 28)	4,504,287
At 30 September 2005	<u>4,504,287</u>
<i>Amortisation</i>	
Charge for the period	182,023
At 30 September 2005	<u>182,023</u>
<i>Net book amount</i>	
At 30 September 2005	<u>4,322,264</u>

11 Tangible assets

Group

	Land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
Acquisition (note 28)	2,600,000	15,819	77,620	2,693,439
Additions	2,342,237	59,199	93,831	2,495,267
Disposals	-	(18,350)	-	(18,350)
At 30 September 2005	<u>4,942,237</u>	<u>56,668</u>	<u>171,451</u>	<u>5,170,356</u>
<i>Depreciation</i>				
Charge for the period	180,841	24,134	35,145	240,120
Disposals	-	(18,350)	-	(18,350)
At 30 September 2005	<u>180,841</u>	<u>5,784</u>	<u>35,145</u>	<u>221,770</u>
<i>Net book value</i>				
At 30 September 2005	<u>4,761,396</u>	<u>50,884</u>	<u>136,306</u>	<u>4,948,586</u>

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2005 (Continued)

11 Tangible assets (Continued)

<i>Company</i>	Land and buildings £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>			
Additions	2,213,657	30,665	2,244,322
At 30 September 2005	2,213,657	30,665	2,244,322
<i>Depreciation</i>			
Charge for the period	24,205	1,994	26,199
At 30 September 2005	24,205	1,994	26,199
<i>Net book value</i>			
At 30 September 2005	2,189,452	28,671	2,218,123

The net book value of motor vehicles includes an amount of £44,660 in respect of assets held under finance leases or hire purchase contracts. The company had no assets held under such leases at the year end.

12 Fixed asset investments

Company	Shares in subsidiary undertakings 2005 £
<i>Cost</i>	
Additions	5,280,932
At 30 September 2005	5,280,932

The company's investment represents a 100% holding of the ordinary shares of Advanced Childcare Limited, a company incorporated in England. The company provides specialist care and education for young people.

13 Debtors

	Group 2005 £	Company 2005 £
<i>Due within one year</i>		
Trade debtors	410,965	-
Amounts due from group undertakings	-	1,498,789
Other debtors	578	-
Prepayments and accrued income	71,017	37,322
	482,560	1,536,111
<i>Due after more than one year</i>		
Prepayments and accrued income	198,585	198,585
	681,145	1,734,696

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2005
(Continued)

14 Creditors: amounts falling due within one year

	Group 2005 £	Company 2005 £
Bank loans and overdrafts (note 17)	325,000	325,000
Trade creditors	170,648	-
Corporation tax	160,086	-
Other tax and social security	86,121	-
Net obligations under finance leases and hire purchase contracts (note 18)	30,237	-
Deferred Consideration	350,000	350,000
Other creditors	117	-
Accruals and deferred income	521,201	54,286
	<u>1,643,410</u>	<u>729,286</u>

Group

Included in accruals is £2,858 relating to outstanding contributions payable to the pension scheme.

The deferred consideration of £1,419,444 relates to amounts arising from the purchase agreement. It is calculated on estimated results over the next three years starting with the 12 month period from 8 December 2004.

15 Creditors: amounts falling due after more than one year

	Group 2005 £	Company 2005 £
Bank loans and overdrafts (note 17)	3,710,924	3,710,924
Deferred Consideration (note 14)	1,069,444	1,069,444
Net obligations under finance leases and hire purchase contracts (note 18)	9,449	-
Other loans (note 17)	4,060,472	4,060,472
Other creditors	72,000	-
	<u>8,922,289</u>	<u>8,840,840</u>

16 Provisions for liabilities and charges

	Group £	Company £
<i>Deferred taxation</i>		
Charged to profit and loss account	17,758	-
	<u>Group £</u>	<u>Company £</u>
Accelerated capital allowances	17,758	-

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the year ended 30 September 2005
(Continued)

17 Loans

	Group 2005 £	Company 2005 £
<i>Bank loans payable by instalments as follows:</i>		
Within one year	325,000	325,000
Between one and two years	325,000	325,000
Between two and five years	1,712,896	1,712,896
After more than five years	1,673,028	1,673,028
	<u>4,035,924</u>	<u>4,035,924</u>
<i>Other loans not payable by instalments:</i>		
Between two and five years	4,060,472	4,060,472
	<u>4,060,472</u>	<u>4,060,472</u>

The long term bank loans attract interest at between 1.75% to 2.25% above the bank's base rate. The loan facilities are repayable in full by 30 November 2014. The bank loans are secured over the group's properties.

The other loan is a deep discounted bond issued by Bowmark Capital. It is repayable by 9 December 2009.

18 Finance leases

Net obligations under finance leases and hire purchase agreements fall due as follows:

	Group 2005 £	Company 2005 £
Within one year	30,237	-
Between one and five years	9,449	-
	<u>39,686</u>	<u>-</u>

Finance leases and hire purchase creditors are secured on the assets concerned.

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005
(Continued)

19 Share capital

	Authorised		Allotted, called up and fully paid	
	2005 Number	2005 £	2005 Number	2005 £
Ordinary shares of 1p each	500,000	5,000	106,451	1,065
Ordinary A shares of 1p each	500,000	5,000	300,000	3,000
Ordinary B shares of 1p each	500,000	5,000	62,903	629
	<u>1,500,000</u>	<u>15,000</u>	<u>469,354</u>	<u>4,694</u>

During the period 106,451 ordinary shares with an aggregate nominal value of £1,065 were issued for £121,935. 300,000 ordinary A shares with an aggregate nominal value of £3,000 were issued for £300,000 and 62,903 ordinary B shares with an aggregate nominal value of £629 were issued for £100,000. Total consideration paid for these shares amounted to £521,935 of which £449,354 was paid in cash and £72,581 was paid in conjunction with the acquisition detailed in note 28.

Ordinary shares, ordinary A shares, and ordinary B shares carry the same rights except for the appointment of non executive directors (ordinary A shares only), consent for transfer of shares (ordinary A shares only), and allocation of assets on liquidation or sale (when in certain circumstances ordinary B shares have different rights).

20 Reserves

	Group		Company	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
Loss for the period	-	(282,592)	-	(629,921)
Premium on share issue	517,241	-	517,241	-
At 30 September 2005	<u>517,241</u>	<u>(282,592)</u>	<u>517,241</u>	<u>(629,921)</u>

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005(Continued)

21 Reconciliation of operating profit to net cash inflow from operating activities

	11 months ended 30 September 2005 £
Operating profit	400,782
Amortisation of intangible assets	182,023
Depreciation of tangible fixed assets	240,120
Profit on sale of fixed assets	(4,766)
Increase in debtors	381,300
Increase in creditors	(65,517)
Net cash inflow from operating activities	1,133,942

22 Analysis of changes in net debt

	Cash flows £	Other changes £	At 30 September 2005 £
Cash at bank and in hand	870,805	-	870,805
Debt due within one year	(5,922,310)	5,597,310	(325,000)
Debt due after one year	-	(7,771,396)	(7,771,396)
Finance leases	23,864	(63,550)	(39,686)
Total	(5,027,641)	(2,237,636)	(7,265,277)

23 Commitments under operating leases

As at 30 September 2005, annual commitments under non-cancellable operating leases were as set out below:

	Group		Company	
	Land and buildings 2005 £	Other 2005 £	Land and buildings 2005 £	Other 2005 £
Operating leases which expire:				
Within one year	-	4,358	-	-
After more than five years	43,000	-	-	-

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005
(Continued)

24 Capital commitments

	2005 £
Contracted but not provided for	471,000

25 Related party transactions

During the period, the company entered into the following arrangements in which the directors had an interest:

(a) Rental payments to R Khan (including as joint landlord)	£44,270
(b) Consultancy payments to M Muir	£6,000

No amounts in respect of any of the above were outstanding at 30 September 2005.

26 Pension costs

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

Contributions made by the company to the scheme during the period amounted to £6,572.

27 Controlling parties

At 30 September 2005 the ultimate controlling party of the company was Bowmark Capital Limited who own 63.9% of the issued share capital.

Total Care Alliance Limited

Notes forming part of the consolidated financial statements for the period ended 30 September 2005
(Continued)

28 Acquisitions

On 9th December 2004 the company acquired the shares of Advanced Childcare Limited for £5,280,932.

The results and cash flows relating to this business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition.

The overall results for the period have been accounted for using the acquisition accounting method.

	Book value £	Provisional Fair value £
Tangible fixed assets	2,693,439	2,693,439
Debtors	1,062,446	1,062,446
Cash	(66,055)	(66,055)
Creditors	(2,703,075)	(2,703,075)
Taxation	(210,110)	(210,110)
Net assets acquired	776,645	776,645
Goodwill	4,504,287	4,504,287
	5,280,932	5,280,932
Satisfied by:		
Cash Consideration		3,285,416
Deferred consideration/loan notes		1,419,444
Share capital		72,581
Acquisition costs		503,491
		5,280,932