

# **Total Care Alliance Limited**

Report and Financial Statements

Year Ended

30 September 2007

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# **Total Care Alliance Limited**

**Annual report and financial statements  
for the year ended 30 September 2007**

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## **Directors**

R Khan  
T Allen  
R Pearson  
P Woods  
C Echte

## **Secretary and registered office**

T Allen  
1 Stuart Road  
Bredbury  
Stockport  
SK6 2SR

## **Company number**

05274924

## **Auditors**

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

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# **Total Care Alliance Limited**

## **Report of the directors for the year ended 30 September 2007**

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The directors present their report together with the audited consolidated financial statements for the year ended 30 September 2007

### **Principal activities, trading review and future developments**

The principal activity of the company during the year was that of a holding company

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 business is entirely UK based and there have been no changes in the company's activities in the year under review.

### **Review of the business**

The profit and loss account is set out on page 6 and shows turnover for the year of £10,297,299 (2006: £8,343,437) and loss for the year of £1,280,359 (2006: £696,843).

### **Principal risks and uncertainties**

The market for the private supply of residential care for young people with behavioural, emotional and social difficulties (BESD) consists of both long term contracts for complete homes and short notice contracts for specific individuals. The latter is known as the "Spot" market.

In the "Spot" market because there are no long term contracts with local authority customers there is less certainty of income. In the last twelve months the overall market for residential care for young people with BESD has seen an increase in supply of beds/homes that has made the competition for referrals of young people by local authorities greater. The company has less than half of its beds as "spot bed" provision, the remainder being block contract beds. Since the year end the company has further reduced its exposure to the Spot market by closing a four bed home in Manchester.

The business has senior debt of £4.9 million which is subject to movements in interest rates.

# Total Care Alliance Limited

## Report of the directors for the year ended 30 September 2007 (*Continued*)

### Directors

R Khan  
N Christodoulou (resigned 14th December 2006)  
R Cressey (resigned 25<sup>th</sup> June 2008)  
M Muir (resigned 15<sup>th</sup> May 2007)  
R Pearson  
P Hall (resigned 15<sup>th</sup> May 2007)  
C Echtle  
P Woods (appointed 4<sup>th</sup> May 2007, resigned 14<sup>th</sup> March 2008)  
T Allen (appointed 25<sup>th</sup> June 2008)

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 2007	30 September 2006	30 September 2007	30 September 2006	30 September 2007	30 September 2006
P A Hall	-	9,677	-	-	-	-
R Khan	70,162	62,904	-	-	24,193	-
M Muir	-	9,677	-	-	-	-
N Christodoulou	-	-	-	-	14,516	62,903
R Cressey	16,935	14,516	-	-	-	-
R Pearson	-	-	-	-	-	-
C Echtle	-	-	-	-	24,194	-
P Woods	24,193	-	-	-	-	-

### Directors' responsibilities

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 and of the profit or loss of the company for that year. 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.

## **Total Care Alliance Limited**

### **Report of the directors for the year ended 30 September 2007 (Continued)**

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#### **Auditors**

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of the information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the Annual General Meeting.

#### **By order of the Board**



T Allen

#### **Secretary**

Date 29 July 2008

# **Total Care Alliance Limited**

## **Report of the independent auditors for the year ended 30 September 2007**

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### **To the shareholders of Total Care Alliance Limited**

We have audited the group and parent company financial statements (the "financial statements") of Total Care Alliance Limited for the year ended 30 September 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within 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.

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Total Care Alliance Limited

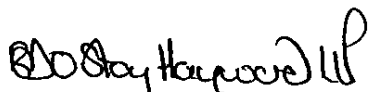
## Report of the independent auditors for the year ended 30 September 2007 (*Continued*)

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### *Opinion*

#### In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 September 2007 and of its loss for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 September 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



**BDO STOY HAYWARD LLP**  
*Chartered Accountants  
and Registered Auditors*  
Manchester

Date 29 JULY 2008

# Total Care Alliance Limited

## Consolidated profit and loss account for the year ended 30 September 2007

	Note	Year ended 30 September 2007 £	Year ended 30 September 2006 £
<b>Turnover</b>	2	10,297,299	8,343,437
Cost of sales		(7,256,214)	(5,468,182)
		<u>3,041,085</u>	<u>2,875,255</u>
<b>Gross profit</b>		3,041,085	2,875,255
Administrative expenses		(3,438,361)	(2,864,383)
		<u>(397,276)</u>	<u>10,872</u>
<b>Operating (loss)/profit</b>	5	(397,276)	10,872
Interest receivable and similar income	6	17,990	15,607
Interest payable and similar charges	7	(986,181)	(850,007)
		<u>(1,365,467)</u>	<u>(823,528)</u>
<b>Loss on ordinary activities before taxation</b>		(1,365,467)	(823,528)
Taxation credit on loss from ordinary activities	8	85,108	126,685
		<u>(1,280,359)</u>	<u>(696,843)</u>
<b>Loss on ordinary activities after taxation and retained loss for the year</b>		<u>(1,280,359)</u>	<u>(696,843)</u>

All amounts relate to continuing activities

The notes on pages 11 to 23 form part of these financial statements



# Total Care Alliance Limited

## Consolidated statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 30 September 2007

	2007 £	2006 £
<b>Consolidated statement of total recognised gains and losses</b>		
Loss for the financial year	(1,280,359)	(696,843)
Unrealised surplus on revaluation of properties	1,078,077	-
	<u>                    </u>	<u>                    </u>
Total recognised gains and losses for the financial year	(202,282)	(696,843)
	<u>                    </u>	<u>                    </u>
 <b>Note of historical cost of profits and losses</b>	 <b>2007</b>	 <b>2006</b>
	<b>£</b>	<b>£</b>
Reported loss on ordinary activities before taxation	(1,365,467)	(823,528)
Difference between actual and historical cost depreciation charge	1,992	2,296
	<u>                    </u>	<u>                    </u>
Historical cost loss on ordinary activities before taxation	(1,363,475)	(821,232)
	<u>                    </u>	<u>                    </u>
Retained historical cost loss for the year after taxation	(1,278,367)	(694,547)
	<u>                    </u>	<u>                    </u>

The notes on pages 11 to 23 form part of these financial statements

# Total Care Alliance Limited

## Consolidated balance sheet at 30 September 2007

	Note	£	2007 £	£	2006 £
<b>Fixed assets</b>					
Intangible assets	10		3,033,454		3,210,156
Tangible assets	11		6,682,084		6,340,323
			<u>9,715,538</u>		<u>9,550,479</u>
<b>Current assets</b>					
Debtors	13	1,608,730		1,103,367	
Cash at bank and in hand		<u>367,036</u>		<u>573,609</u>	
			1,975,766		1,676,976
<b>Creditors: amounts falling due within one year</b>	14		(2,959,703)		(1,969,651)
<b>Net current liabilities</b>			<u>(983,937)</u>		<u>(292,675)</u>
<b>Total assets less current liabilities</b>			8,731,601		9,257,804
<b>Creditors: amounts falling due after more than one year</b>	15		(9,362,600)		(9,703,188)
<b>Provisions for liabilities and charges</b>	16		-		(12,116)
			<u>(9,362,600)</u>		<u>(9,715,304)</u>
<b>Net (liabilities)</b>			<u>(630,999)</u>		<u>(457,500)</u>
<b>Capital and reserves</b>					
Called up share capital	19		4,839		4,694
Share premium account	20		545,880		517,241
Revaluation Reserve	20		1,078,077		-
Profit and loss account	20		<u>(2,259,795)</u>		<u>(979,435)</u>
<b>Shareholders' (deficit)</b>			<u>(630,999)</u>		<u>(457,500)</u>

The financial statements were approved by the board on *29 July 2008*

Signed on behalf of the board of directors



T ALLEN

Director

The notes on pages 11 to 23 form part of these financial statements

# Total Care Alliance Limited

Balance sheet  
at 30 September 2007

	Note	£	2007 £	£	2006 £
<b>Fixed assets</b>					
Tangible assets	11		3,887,532		4,080,206
Investments	12		4,394,039		4,394,039
			<u>8,281,571</u>		<u>8,474,245</u>
<b>Current assets</b>					
Debtors	13	169,884		208,423	
Cash at bank and in hand		338,041		224,602	
		<u>507,925</u>		<u>433,025</u>	
<b>Creditors: amounts falling due within one year</b>	14	(1,673,493)		(466,636)	
<b>Net current (liabilities)</b>			<u>(1,165,568)</u>		<u>(33,611)</u>
<b>Total assets less current liabilities</b>			7,116,003		8,440,634
<b>Creditors: amounts falling due after more than one year</b>	15		(9,359,479)		(9,697,184)
<b>Net liabilities</b>			<u>(2,243,476)</u>		<u>(1,256,550)</u>
<b>Capital and reserves</b>					
Called up share capital	19		4,839		4,694
Share premium account	20		545,880		517,241
Revaluation Reserve	20		408,049		
Profit and loss account	20		(3,202,244)		(1,778,485)
<b>Shareholders' deficit</b>			<u>(2,243,476)</u>		<u>(1,256,550)</u>

The financial statements were approved by the board on 29 July 2008

Signed on behalf of the board of directors



T ALLEN

Director

The notes on pages 11 to 23 form part of these financial statements

# Total Care Alliance Limited

## Consolidated cash flow statement or the year ended 30 September 2007

	Note	Year ended 30 September 2007 £	Year ended 30 September 2006 £
<b>Net cash inflow from operating activities</b>	21	540,740	1,027,789
<b>Returns on investments and servicing of finance</b>			
Interest received		17,990	15,607
Interest paid		(437,247)	(357,205)
Interest element of finance lease rental payments		(4,544)	(3,647)
		<u>          </u>	<u>          </u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		(423,801)	(345,245)
<b>Taxation</b>			
UK corporation tax		3,745	(42,784)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(688,797)	(2,249,469)
Receipts on sale of tangible fixed assets		809,318	502,453
		<u>          </u>	<u>          </u>
		120,521	(1,747,016)
<b>Acquisition</b>			
Payment of deferred consideration		-	(317,241)
		<u>          </u>	<u>          </u>
		-	(317,241)
<b>Cash outflow before use of liquid resources and financing</b>		<u>          </u>	<u>          </u>
		241,205	(1,424,497)
<b>Financing</b>			
Bank loan (repaid)/received		(223,455)	1,546,325
Capital element of finance lease rental payments		(85,021)	(94,024)
Loans repaid		(232,500)	(325,000)
Proceeds of Share capital issued in year		28,784	-
		<u>          </u>	<u>          </u>
		(512,192)	1,127,301
<b>(Decrease) in cash</b>	22	<u>          </u>	<u>          </u>
		(270,987)	(297,196)

The notes on pages 11 to 23 form part of these financial statements

# Total Care Alliance Limited

## Notes forming part of the consolidated financial statements for the year ended 30 September 2007

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied.

#### *Basis of preparation*

The consolidated balance sheet as at 30 September 2007 has net liabilities of £630,999. The group meets its day to day working capital requirements utilising when necessary funds made available by the group's bankers. The group has further bank facilities which have been used to finance certain property acquisitions. The group has a £6,535,434 unsecured deep discounted bond payable to Bowmark Capital LLP, who have indicated to the directors their continuing support for the group. The directors have prepared detailed Trading and Cash Flow forecasts for the period to 31 July 2009. The directors anticipate that the future trading results and cash flows of the trading companies will improve once all the recently won contract homes are opened and occupancy is optimised. The group banking facilities have been re-negotiated as at 31 March 2008, and will provide sufficient working capital based upon the group's business plan. For these reasons, the directors have prepared the financial statements on a going concern basis.

#### *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.

#### *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.

# Total Care Alliance Limited

## Notes forming part of the consolidated financial statements for the year ended 30 September 2007 (*Continued*)

### 1 Accounting policies (*Continued*)

#### *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

#### *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 year 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 year 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.

# Total Care Alliance Limited

## Notes forming part of the consolidated financial statements for the year ended 30 September 2007 (Continued)

### 2 Turnover

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

### 3 Directors

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Directors' remuneration consists of		
Emoluments	401,500	364,701
Payments to defined contribution pension scheme	2,820	11,280
	<u>404,320</u>	<u>375,981</u>

Emoluments of the highest paid director were £93,869 (2006 £81,360) Company pension contributions of £ 2,820 (2006 £11,280) were made to a defined contribution pension scheme on his behalf

### 4 Staff costs

Staff costs, including directors' emoluments, were as follows

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Wages and salaries	6,076,751	4,675,565
Social security costs	574,171	448,909
Other pension costs	13,975	18,978
	<u>6,664,897</u>	<u>5,143,452</u>

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

	Number	Number
Administration	39	30
Teaching	18	17
Careworkers	183	161
	<u>240</u>	<u>208</u>

# Total Care Alliance Limited

Notes forming part of the consolidated financial statements  
for the year ended 30 September 2007 *(Continued)*

## 5 Operating profit

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
This has been arrived at after charging/(crediting)		
Amortisation of intangible assets	176,702	225,215
Depreciation of tangible fixed assets		
- owned by the group	701,970	480,321
- held under finance lease or hire purchase contracts	23,965	67,034
Auditor's remuneration	25,850	24,136
Operating lease rentals		
- land and buildings	43,000	43,000
- other	6,373	4,852
Pension cost	13,975	18,978
Profit on sale of fixed assets	(64,743)	(69,845)
	<u>176,702</u>	<u>225,215</u>

## 6 Interest receivable and similar income

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Other interest receivable	17,990	15,607
	<u>17,990</u>	<u>15,607</u>

## 7 Interest payable and similar charges

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Bank loans and overdrafts	433,536	356,740
Other loans	548,101	489,620
Finance charges under finance leases and hire purchase contracts	4,544	3,647
	<u>986,181</u>	<u>850,007</u>



# Total Care Alliance Limited

Notes forming part of the consolidated financial statements  
for the year ended 30 September 2007 (Continued)

## 8 Taxation on loss from ordinary activities

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
<i>Current tax</i>		
UK corporation tax (credit) on loss for the year	-	(121,043)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(85,108)	(5,642)
	<u>(85,108)</u>	<u>(126,685)</u>

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

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Loss on ordinary activities before tax	(1,365,467)	(823,528)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 30%)	(409,640)	(247,058)
Effects of		
Expenses not deductible for tax purposes	194,260	172,020
Capital allowances for year in excess of depreciation	37,509	(1,349)
Non qualifying profit on disposal	-	(20,475)
Adjustment to tax charge in respect of previous periods	-	(121,043)
Other timing differences	119,476	96,862
Group relief	58,395	-
Current tax charge for year	<u>-</u>	<u>(121,043)</u>

## 9 Profit attributable to the company

The loss for the financial year dealt with in the financial statements of the parent company was £1,423,759 (2006 £1,148,564). 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 year ended 30 September 2007 (*Continued*)

## 10 Intangible fixed assets

Group	Goodwill £
<i>Cost</i>	
At 1 October 2006 and 30 September 2007	3,617,394
<i>Amortisation</i>	
At 1 October 2006	407,238
Charge for the year	176,702
At 30 September 2007	583,940
<i>Net book value</i>	
At 30 September 2007	3,033,454
At 30 September 2006	3,210,156

## 11 Tangible assets

Group	Land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost or valuation</i>				
At 1 October 2006	6,756,700	198,398	416,259	7,371,357
Additions	510,413	51,673	172,108	734,194
Revaluation	108,221	-	-	108,221
Disposals	(875,165)	(55,814)	(22,627)	(953,606)
At 30 September 2007	6,500,169	194,257	565,740	7,260,166
<i>Depreciation</i>				
At 1 October 2006	739,495	92,315	199,223	1,031,033
Charge for the year	509,340	82,804	133,791	725,935
Revaluation	(969,856)	-	-	(969,856)
Disposals	(154,216)	(42,591)	(12,223)	(209,030)
At 30 September 2007	124,763	132,528	320,791	578,082
<i>Net book value</i>				
At 30 September 2007	6,375,406	61,729	244,949	6,682,084
At 30 September 2006	6,017,204	106,082	217,037	6,340,323

# Total Care Alliance Limited

## Notes forming part of the consolidated financial statements for the year ended 30 September 2007 (Continued)

### 11 Tangible assets (Continued)

The net book value of motor vehicles includes an amount of £44,147 (2006 - £106,083) in respect of assets held under finance leases or hire purchase contracts

<i>Company</i>	<b>Land and buildings £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<i>Cost or valuation</i>			
At 1 October 2006	4,218,742	158,762	4,377,504
Additions	510,413	69,947	580,360
Revaluation	(36,376)		(36,376)
Disposals	(875,165)	(18,913)	(894,078)
At 30 September 2007	3,817,614	209,796	4,027,410
<i>Depreciation</i>			
At 1 October 2006	260,355	36,943	297,298
Charge for the year	389,256	64,188	453,444
Revaluation	(444,425)		(444,425)
Disposals	(154,216)	(12,223)	(166,439)
At 30 September 2007	50,970	88,908	139,878
<i>Net book value</i>			
At 30 September 2007	3,766,644	120,888	3,887,532
At 30 September 2006	3,958,387	121,819	4,080,206

The freehold properties were professionally revalued by King Sturge, Bigwoods, Ryder Dutton and Century 21 - firms of chartered surveyors, at open market value from August 2007 to February 2008. These valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Statement of Asset Valuation Practice and Guidance Notes.

The gross value of land and buildings is stated at

	<b>2007 £</b>	<b>2006 £</b>
Market value – 2007	6,312,500	6,443,742
Cost	187,669	312,958
	6,500,169	6,756,700

The depreciated historical cost of freehold land and buildings is

	<b>2007 £</b>	<b>2006 £</b>
Cost	6,222,058	6,687,561
Accumulated depreciation based on historical cost	1,083,930	782,869
Depreciated historical cost	5,138,128	5,904,692

## Total Care Alliance Limited

Notes forming part of the consolidated financial statements  
for the year ended 30 September 2007 (*Continued*)

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### 12 Fixed asset investments

Company  
Shares in  
subsidiary  
undertakings  
2007  
£

*At 30 September 2006 and 30 September 2007*

4,394,039

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The company's investment represents a 100% holding in the ordinary shares of Advanced Childcare Limited and its subsidiary undertaking Independent Childcare Group of Schools Limited. Both companies are incorporated in England. The companies provide specialist care and education for young people.

# Total Care Alliance Limited

Notes forming part of the consolidated financial statements  
for the year ended 30 September 2007 (Continued)

## 13 Debtors

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
<i>Due within one year</i>				
Trade debtors	1,272,588	-	790,951	-
Other debtors	53,924	-	13,130	-
Prepayments and accrued income	77,915	38,573	129,336	38,473
Deferred tax	72,992	-	-	-
	<u>1,477,419</u>	<u>38,573</u>	<u>933,417</u>	<u>38,473</u>
<i>Due after more than one year</i>				
Prepayments and accrued income	131,311	131,311	169,950	169,950
	<u>1,608,730</u>	<u>169,884</u>	<u>1,103,367</u>	<u>208,423</u>

## 14 Creditors: amounts falling due within one year

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Bank loans (note 17)	609,542	609,542	325,000	325,000
Bank overdrafts	64,414	-	-	-
Trade creditors	133,657	-	239,750	-
Corporation tax	-	-	-	-
Other tax and social security	328,225	-	146,038	-
Net obligations under finance leases and hire purchase contracts (note 18)	25,149	-	61,891	-
Deferred consideration	223,849	223,849	-	-
Other creditors	226	5	72,000	-
Accruals and deferred income	1,574,641	36,720	1,124,972	19,482
Amounts due to group undertakings	-	803,377	-	122,154
	<u>2,959,703</u>	<u>1,673,493</u>	<u>1,969,651</u>	<u>466,636</u>

Group

Included in accruals is £9,322 (2006 £2,837) relating to outstanding contributions payable to the pension scheme

Deferred consideration relates to the acquisition of Advanced Childcare Limited

## 15 Creditors: amounts falling due after more than one year

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Bank loans and overdrafts (note 17)	4,261,752	4,261,752	4,932,249	4,932,249
Deferred consideration (note 10)	-	-	215,309	215,309
Net obligations under finance leases and hire purchase contracts (note 18)	3,121	-	6,004	-
Other loans (note 17)	5,097,727	5,097,727	4,549,626	4,549,626
	<u>9,362,600</u>	<u>9,359,479</u>	<u>9,703,188</u>	<u>9,697,184</u>

# Total Care Alliance Limited

Notes forming part of the consolidated financial statements  
for the year ended 30 September 2007 (*Continued*)

## 16 Provisions for liabilities and charges

			Group £	Company £
<i>Deferred taxation</i>				
At 1 October 2006			12,116	-
Credited to profit and loss account			(85,108)	-
At 30 September 2007			<u>(72,992)</u>	<u>-</u>
	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Accelerated capital allowances	(14,710)	17,473	-	-
Other	(58,282)	(5,357)	-	-
	<u>(72,992)</u>	<u>12,116</u>	<u>-</u>	<u>-</u>

## 17 Loans

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
<i>Bank loans payable by instalments as follows</i>				
Within one year	609,542	609,542	325,000	325,000
Between one and two years	638,583	638,583	1,036,821	1,036,821
Between two and five years	2,123,499	2,123,499	2,249,535	2,249,535
After more than five years	1,499,670	1,499,670	1,645,893	1,645,893
	<u>4,871,294</u>	<u>4,871,294</u>	<u>5,257,249</u>	<u>5,257,249</u>
<i>Other loans not payable by instalments</i>				
Between one and two years	5,097,727	5,097,727	-	-
Between two and five years	-	-	4,549,626	4,549,626
	<u>9,969,021</u>	<u>9,969,021</u>	<u>9,806,875</u>	<u>9,806,875</u>

The long term bank loans attract interest at between 1.75% to 4.00% 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 to Bowmark Capital LLP. It is repayable by 9 December 2009 or some later date as agreed between the parties.

# Total Care Alliance Limited

Notes forming part of the consolidated financial statements  
for the year ended 30 September 2007 (*Continued*)

## 18 Finance leases

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

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Within one year	25,149	-	61,891	-
Between one and five years	3,121	-	6,004	-
	<u>28,270</u>	<u>-</u>	<u>67,895</u>	<u>-</u>

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

## 19 Share capital

	Authorised		Allotted, called up and fully paid	
	2007 Number	2007 £	2007 Number	2007 £
Ordinary shares of 1p each	500,000	5,000	120,967	1,210
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>483,870</u>	<u>4,839</u>

	Authorised		Allotted, called up and fully paid	
	2006 Number	2006 £	2006 Number	2006 £
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>

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)

During the year 14,516 Ordinary shares of 1p each were issued for a total cash consideration of £28,784

# Total Care Alliance Limited

Notes forming part of the consolidated financial statements  
for the year ended 30 September 2007(Continued)

## 20 Reserves

Group	Share premium account £	Revaluation Reserve £	Profit and loss account £
At 1 October 2006	517,241	-	(979,435)
Loss for the year	-	-	(1,280,359)
Premium on issue of additional share capital	28,639	-	-
Revaluation	-	1,078,077	-
At 30 September 2007	545,880	1,078,077	(2,259,794)

Company	Share premium account £	Revaluation Reserve £	Profit and loss account £
At 1 October 2006	517,241	-	(1,778,485)
Loss for the year	-	-	(1,423,759)
Premium increase in year	28,639	-	-
Revaluation	-	408,049	-
At 30 September 2007	545,880	408,049	(3,202,244)

## 21 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	Year ended 30 September 2007 £	2006 £
Operating (loss)/profit	(397,276)	10,872
Amortisation of intangible assets	176,702	225,215
Depreciation of tangible fixed assets	725,935	547,353
Profit on sale of fixed assets	(64,743)	(69,845)
Increase in debtors	(432,371)	(422,222)
Increase in creditors	532,493	736,416
Net cash inflow from operating activities	540,740	1,027,789

## 22 Analysis of changes in net debt

	At 1 October 2006 £	Cash flows £	Other non-cash items £	At 30 September 2007 £
Cash at bank and in hand	573,609	(270,987)	-	302,622
Debt due within one year	(325,000)	232,500	(517,042)	(609,542)
Debt due after one year	(9,481,875)	-	122,396	(9,359,479)
Finance leases	(67,875)	85,021	(45,416)	(28,270)
Total	(9,301,141)	46,534	(440,062)	(9,694,669)



# Total Care Alliance Limited

## Notes forming part of the consolidated financial statements for the year ended 30 September 2007 (Continued)

### 23 Commitments under operating leases

As at 30 September 2007, the group had annual commitments under non-cancellable operating leases as set out below

	2007 £	Land and buildings 2006 £	2007 £	Other 2006 £
Operating leases which expire				
Within one year	-	-	1,770	4,358
Between two and five years	-	-	4,829	-
After more than five years	43,000	43,000	-	-
	<u>43,000</u>	<u>43,000</u>	<u>-</u>	<u>-</u>

### 24 Capital commitments

	2007 £	2006 £
Contracted but not provided for	-	97,525
	<u>-</u>	<u>97,525</u>

### 25 Related party transactions

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

- (a) Rental payments to R Khan (including as joint landlord) £24,442 (£28,615 – 2006)
- (b) Sale of property to R Khan £786,000

No amounts in respect of any of the above were outstanding at 30 September 2007

### 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 year amounted to £13,975 (£18,978 – 2006)

### 27 Controlling parties

From 9 December 2004, Total Care Alliance Limited has been ultimately controlled by funds managed by Bowmark Capital LLP

As at 30 September 2007, R Pearson had a beneficial interest in the 300,000 ordinary A shares of the company owned by funds managed by Bowmark Capital LLP