

Company No. 2230827
(England and Wales)

ST CLOUD CARE PLC

Financial Statements

year ended

31 March 1999



ST CLOUD CARE PLC

Annual report and financial statements for the year ended 31 March 1999

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Directors

L D J Connell
P M Connell

Secretary and registered office

D C Connell
31 Greenend Road
Chiswick
London W4 1AP

Auditors

Elman Wall
Chartered Accountants & Registered Auditors
1 Bickenhall Mansions
Bickenhall Street
London W1H 3LF

ST CLOUD CARE PLC

Report of the directors for the year ended 31 March 1999

The directors submit their report together with the audited financial statements for the year ended 31 March 1999.

Change of Name

The company was formerly registered as St. Cloud Nursing Homes Limited a private company. The company changed its name to St.Cloud Care PLC and was re-registered under the Companies Act 1985 as a Public Limited Company on the 2 October 1998.

Results

The profit and loss account is set out on page 3 and shows the result for the year. In accordance with the directors' policy decision, the company does not distribute profits, and so the directors do not recommend a payment of dividend. The surplus for the year is to be added to reserves.

Principal activity, Trading Review And Future Developments

The principal activity of the company is the provision of residential and nursing care, day care services and associated domiciliary services. The directors believe the company's enhanced trading performance should continue to improve through the following financial year as sales have risen, reflecting the benefit of substantial new investment at two of the company's existing Homes.

Significant changes in fixed assets

The changes in the fixed assets are set out in note 8 to the financial statements.

The directors are of the opinion that sufficient on-going maintenance is undertaken to maintain the expected useful life of the freehold property. Consequently, no depreciation is charged to the profit and loss account in the year.

Directors

The directors of the company and their beneficial interest in the ordinary share capital of the company during the year were:

	Ordinary shares of £1 each	
	1999	1998
L D J Connell	25,000	25,000
P M Connell	25,000	25,000

Trade Creditors' Payment Policy

It is the company's policy to pay trade creditors according to the terms and conditions stated on the supplier's invoice.

Year 2000

The directors have reviewed the operations of the company and planned the necessary steps to be year 2000 compliant. There is unlikely to be any material costs to the company.

ST CLOUD CARE PLC

Report of the directors for the year ended 31 March 1999 (continued)

Statement of 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;
- 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

Elman Wall have expressed their willingness to continue in office, and a resolution to reappoint them will be proposed at the forthcoming general meeting.

By order of the board



P M CONNELL
DIRECTOR

Date 25/8/99

ST CLOUD CARE PLC

Profit and loss account for the year ended 31 March 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Turnover	2	1,524,488	1,206,296
Cost of Sales		801,884	622,347
		-----	-----
Gross profit		722,604	583,949
Administrative expenses		437,067	378,659
		-----	-----
		285,537	205,290
Other operating income		22,280	12,334
		-----	-----
Operating profit	5	307,817	217,624
Other income		1	687
Interest payable	6	163,565	132,143
		-----	-----
Profit/loss on ordinary activities before taxation		144,253	86,168
Taxation	7	-	-
		-----	-----
Profit/Loss on ordinary activities after taxation		144,253	86,168
Retained profits brought forward		138,585	52,417
		-----	-----
Retained profits carried forward		282,838	138,585
		=====	=====

Continuing Operations:

Year to 31 March 1999

None of the company's activities were acquired or discontinued in the year.

Year to 31 March 1998

A further residential home was acquired as a going concern in September 1997.

The figures for the above two financial years relate entirely to continuing operations.

Statement of Total Recognised Gains and Losses

The recognised gains for the year are shown in note 16 to the Financial Statements.

The notes on pages 6 to 14 form part of these accounts

ST CLOUD CARE PLC

Balance sheet at 31 March 1999

		<u>31 March 1999</u>		<u>31 March 1998</u>	
	<u>Note</u>	£	£	£	£
<u>Fixed assets</u>					
Tangible assets	8		3,019,940		1,914,759
<u>Current assets</u>					
Stock	9	2,804		3,579	
Debtors	10	79,265		50,471	
Cash at bank and in hand		96,736		49,798	
		-----		-----	
		178,805		103,848	
<u>Creditors:</u>					
Amounts falling within one year	11	396,614		301,393	
		-----		-----	
Net current liabilities			(217,809)		(197,545)
			-----		-----
Total assets less current liabilities			2,802,131		1,717,214
<u>Creditors:</u>					
Amounts falling due after more than one year	12		(1,586,059)		(1,041,395)
			-----		-----
Net Assets			1,216,072		675,819
			=====		=====
<u>Capital Reserves</u>					
Called up share capital	13		50,000		50,000
Revaluation reserve	17		883,234		487,234
Profit and loss account			282,838		138,585
			-----		-----
Shareholders equity funds	14		1,216,072		675,819
			=====		=====

The financial statements were approved by the Board on 25/8/99

P M CONNELL - Director

The notes on pages 6 to 14 form part of these accounts

ST CLOUD CARE PLC

Cash flow statement for the year ended 31 March 1999

	<u>Note</u>	£	<u>1999</u> £	£	<u>1998</u> £
Net cash inflow from operating activities	18		375,389		262,467
Servicing of finance			(159,929)		(129,009)
Interest paid			----- 215,460		----- 133,458
Capital Expenditure					
Purchase of tangible fixed assets		766,983		426,867	
Sale of tangible fixed assets		(3,650)		(468)	
		-----		-----	
			763,333		426,399
			-----		-----
Cash outflow before use of Liquid resources and financing			(547,873)		(292,941)
Financing					
Bank and other loans		711,513		307,027	
Capital element of bank and Other loan repayments		(116,702)		(32,793)	
Proceeds from issue of shares		-		49,990	
		-----		-----	
			594,811		324,224
			-----		-----
Increase in cash	19		46,938		31,283
			=====		=====

The notes on pages 6 to 14 form part of these accounts

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. There have been no changes in the accounting policies during the year.

Accounting convention

The financial statements have been prepared under the historical cost convention using the following accounting policies:

Turnover

Turnover represents net invoiced value.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives, at the following annual rates:

Fixtures and fittings	-	15% per annum on written down value
Motor vehicles	-	25% per annum on cost

Freehold property is not depreciated as it is the directors opinion that sufficient maintenance work is continually undertaken to preserve its expected useful life.

Stock

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability will crystallise.

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999 (continued)

2 TURNOVER

The turnover of the company is attributable to the principal activity of the company. All turnover arose in the United Kingdom.

3 EMPLOYEES

	<u>1999</u> £	<u>1998</u> £
Wages and salaries	731,946	583,536
Social security costs	46,908	38,877
	<u>778,854</u>	<u>622,413</u>
	=====	=====

Average number of employees including part-time staff and directors for the year are:

170	152
===	===

4 DIRECTORS

	<u>1999</u> £	<u>1998</u> £
Fees and remuneration for management services	105,056	83,500
	=====	=====

5 OPERATING PROFIT

	<u>1999</u> £	<u>1998</u> £
This has been arrived at after charging:		
Depreciation	56,177	51,994
Auditors remuneration	3,200	1,998
And after crediting:		
Profit on sale of assets	2,025	-
Other operating income - rents received	22,280	12,334
	=====	=====

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999 (continued)

6 INTEREST PAYABLE

	<u>1999</u>	<u>1998</u>
	£	£
Bank interest	3,636	3,134
Loan interest	159,929	129,009
	<u>-----</u>	<u>-----</u>
	163,565	132,143
	<u>=====</u>	<u>=====</u>

7 TAXATION

Due to the availability of losses brought forward, a charge to Corporation Tax does not arise.

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999 (continued)

8 TANGIBLE ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 April 1998	1,627,708	386,063	6,500	2,020,271
Improvements to freehold	685,646	-	-	685,646
Additions	-	69,837	11,500	81,337
Revaluation	396,000	-	-	396,000
Disposals	-	-	(6,500)	(6,500)
	-----	-----	-----	-----
At 31 March 1999	2,709,354	455,900	11,500	3,176,754
	=====	=====	=====	=====
Depreciation				
At 1 April 1998	-	100,637	4,875	105,512
Charge for year	-	53,302	2,875	56,177
Disposal	-	-	(4,875)	(4,875)
	-----	-----	-----	-----
At 31 March 1999	-	153,939	2,875	156,814
	=====	=====	=====	=====
Net book value				
At 31 March 1999	2,709,354	301,961	8,625	3,019,940
	=====	=====	=====	=====
At 31 March 1998	1,627,708	285,426	1,625	1,914,759
	=====	=====	=====	=====

The directors (one of whom is a Chartered Surveyor) have re-valued the properties following the continuous improvements made to the properties. The carrying value of the properties has been increased by £396,000 and the surplus arising has been credited to revaluation reserve. The valuation was undertaken on the 31 March 1999 in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance Notes.

	<u>1999</u> £	<u>1998</u> £
Freehold land and building are stated		
At open market value	2,709,354	1,627,708
	=====	=====
The historical cost of land and building is	1,826,120	1,140,474
	=====	=====

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999 (continued)

9 STOCK

	<u>1999</u>	<u>1998</u>
	£	£
Materials	2,804	3,579
	=====	=====

10 DEBTORS

	<u>1999</u>	<u>1998</u>
	£	£
Trade debtors	76,289	45,370
Other debtors	598	2,826
Prepayments	2,378	2,275
	-----	-----
	79,265	50,471
	=====	=====

All amounts shown fall due within one year.

11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1999</u>	<u>1998</u>
	£	£
Loan (secured - see note 12)	87,000	60,500
Trade creditors	38,512	27,445
Other taxation and social security	18,390	11,188
Other creditors	66,758	54,755
Directors' loan accounts	136,653	113,005
Accruals and deferred income	47,385	33,132
Residents Funds	1,916	1,368
	-----	-----
	396,614	301,393
	=====	=====

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999 (continued)

12 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1999</u> £	<u>1998</u> £
Loan (secured)	1,586,059	1,041,395
	-----	-----
	1,586,059	1,041,395
	=====	=====

The loan is secured by legal charge over the freehold properties.

The loan is repayable in instalments as analysed below.

	<u>1999</u> £	<u>1998</u> £
Repayable in less than 1 year	87,000	60,500
Repayable between 1-2 years	94,000	60,500
Repayable between 2-5 years	331,600	181,500
Repayable in 5 years or more	1,160,459	799,395
	-----	-----
	1,673,059	1,101,895
	=====	=====

13 CALLED UP SHARE CAPITAL

	<u>1999</u> £	<u>1998</u> £
<u>Authorised</u>		
Ordinary shares of £1 each	100,000	100,000
	=====	=====
<u>Allotted, issued and fully paid:</u>		
Ordinary shares of £1 each	50,000	50,000
	=====	=====

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999 (continued)

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1999</u> £	<u>1998</u> £
Profit for the year	144,253	86,168
Share capital issued	-	49,990
Surplus on revaluation of property	396,000	253,000
	-----	-----
Net addition in shareholders' funds	540,253	389,158
Opening shareholders' funds	675,819	286,661
	-----	-----
Closing shareholders' funds	1,216,072	675,819
	=====	=====

15 TRANSACTIONS WITH DIRECTORS

During the year, £17,308 was paid as interest in equal amounts to both directors in respect of interest due on their loan accounts.

At the balance sheet date the amount due of £136,653 on the directors current accounts was due as follows:

	£
P M Connell	64,760
L D J Connell	71,893

	136,653
	=====

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999 (continued)

16 TOTAL RECOGNISED GAINS AND LOSSES

	<u>1999</u> £	<u>1998</u> £
Profit for the financial year after taxation	144,253	86,168
Unrealised surplus on revaluation of property	396,000	253,000
	-----	-----
Total recognised gains for the year	540,253	339,168
	=====	=====

17 REVALUATION RESERVE

	<u>1999</u> £	<u>1998</u> £
At 1 April 1998	487,234	234,234
Revaluation during the year	396,000	253,000
	-----	-----
At 31 March 1999	883,234	487,234
	=====	=====

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1999</u> £	<u>1998</u> £
Operating profit	307,817	217,624
Bank charges and interest	(3,636)	(3,134)
Other income	1	687
Depreciation	56,177	51,994
Profit on sale of assets	(2,025)	-
Increase/(decrease) in stock	775	(496)
(Increase) in debtors	(28,794)	(24,309)
Increase in creditors	45,074	20,101
	-----	-----
Net cash inflow from operating activities	375,389	262,467
	=====	=====

ST CLOUD CARE PLC

Notes forming part of the accounts for the year ended 31 March 1999 (continued)

19 RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT

	<u>1999</u> £	<u>1998</u> £
Increase in cash in the year	46,938	31,283
Net cash inflow from increase in debt	(594,811)	(274,234)
	-----	-----
Movement in net debt in the year	(547,873)	(242,951)
Opening in net debt	(1,165,100)	(922,151)
	-----	-----
Closing net debt	(1,712,973)	(1,165,102)
	=====	=====
<u>Net cash inflow from increase in debt</u>		
	£	£
New loans	711,513	307,027
Less capital element of loans repaid	116,702	32,793
	-----	-----
	594,811	274,234
	=====	=====

20 ANALYSIS OF NET DEBT

	At 1 April 1998 £	Cash Flow £	At 31 March 1999 £
Cash in hand and at bank	49,798	46,941	96,739
Debt due within one year	(173,503)	(50,150)	(223,653)
Debt due after one year	(1,041,395)	(544,664)	(1,586,059)
	-----	-----	-----
	(1,165,100)	(547,873)	(1,712,973)
	=====	=====	=====

ST CLOUD CARE PLC

Report of the auditors

To the shareholders of St Cloud Care PLC

We have audited the financial statements on pages 3 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 1 and 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amount and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the preparation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company at 31 March 1999 and of the profit for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.



Elman Wall

Chartered Accountants and
Registered Auditors
1 Bickenhall Mansions
Bickenhall Street
LONDON W1H 3LF

Date: 25/8/99