

Abbott Healthcare Limited

Report and Financial Statements

Year Ended

30 September 2010

Company Number 5990762

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Abbott Healthcare Limited

Report and financial statements
for the year ended 30 September 2010

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Directors

G R Ward
M J Bociek

Secretary and registered office

M J Bociek, 16 Eaton Court Road, St Neots, Huntingdon, Cambridgeshire, PE19 8ER

Company number

5990762

Auditors

BDO LLP, Clarendon House, Clarendon Road, Cambridge, CB2 8FH

Abbott Healthcare Limited

Report of the directors for the year ended 30 September 2010

The directors present their report together with the audited financial statements for the year ended 30 September 2010

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year

Principal activities, review of business and future developments

The company's principal activity is that of a holding company

The group's principal activities are the provision of domiciliary care services to provide practical and personal assistance to people who are unable to care for themselves, and the provision of training services to the healthcare sector

The group has continued to grow organically and derives the majority of its revenue from Cambridgeshire County Council. Demand for domiciliary care remains very strong and recruitment in this sector has eased due to the economic recession

There has been another strong financial performance by the Group during the year, with emphasis on having a well trained workforce through the in-house training facilities. This has resulted in an increase in turnover of £540,915 to £6,541,532, and an increase in operating profit of £25,006 to £96,323

Other achievements during the year include attaining a 3 star rating from CQC and obtaining the Investors in People award, as well as expansion of services into the Peterborough area

Key performance indicators

Management monitor the business through a range of key performance indicators, including (2010 figures in brackets)

- Annual hours of care (800)
- Debtor days (11)
- Creditor days (25)
- Percentage of staff that are NVQ qualified (80%)

Principal risks and uncertainties

The main risk facing the company is the ability of social services to continue to adequately fund domiciliary care given the cutbacks imposed by central government. Interest rate rises do not pose a threat as the group has very low gearing and the group does not have significant exposure to currency fluctuations

Continued rises in the National Minimum Wage, coupled with the likelihood of no fee increases from social services, will inevitably reduce margins in this sector as holiday entitlements and pension costs for staff continue to increase overall labour costs

Future developments

The company has relied upon organic growth to date, but consideration will now be given to supplement this with growth by acquisitions in neighbouring counties to increase our footprint

The population demographics in the UK indicate that the number of elderly people will rise significantly in the future, to 23% of the population in 2034. By 2034, the number of people aged over 85 and over is projected to be 2.5 times larger than in 2009, reaching 3.5 million, and accounting for 5% of the total population. As this is the target market, growth in business should continue

Abbott Healthcare Limited

Report of the directors for the year ended 30 September 2010 (*continued*)

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee involvement

The flow of information to staff has been maintained by our bi-weekly newsletters. In addition members of the management team hold regular meetings with staff to discuss matters of current interest and concern in the business, and a carer representation group has also recently been formed.

Directors

The directors of the company during the year were

G R Ward
M J Bociek

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 that law the directors have elected to prepare the group and company 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 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,
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Abbott Healthcare Limited

Report of the directors for the year ended 30 September 2010 (*continued*)

Auditors

All of the current directors have taken all 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 that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

M J Bociek



Secretary

Date

18/01/2011

Abbott Healthcare Limited

Independent auditor's report

TO THE MEMBERS OF ABBOTT HEALTHCARE LIMITED

We have audited the financial statements of Abbott Healthcare Limited for the year ended 30 September 2010 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. 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)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

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 group's and the parent 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 2010 and of the group's profit 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.

Abbott Healthcare Limited

Independent auditor's report *(continued)*

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



*George Brooks (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
United Kingdom*

Date *18 January 2011*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Abbott Healthcare Limited

Consolidated profit and loss account for the year ended 30 September 2010

	Note	2010 £	2009 £
Turnover	3	6,541,532	6,000,617
Cost of sales		<u>4,264,162</u>	<u>3,809,978</u>
Gross profit		2,277,370	2,190,639
Administrative expenses		<u>2,181,047</u>	<u>2,119,322</u>
Group operating profit	4	96,323	71,317
Other interest receivable and similar income		713	4,161
Interest payable and similar charges	7	<u>(3,252)</u>	<u>(6,659)</u>
Profit on ordinary activities before taxation		93,784	68,819
Taxation on profit on ordinary activities	8	<u>8,156</u>	<u>2,374</u>
Profit on ordinary activities after taxation	17	101,940	71,193

All amounts relate to continuing activities

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

Abbott Healthcare Limited

Consolidated statement of total recognised gains and losses for the year ended 30 September 2010

	Note	2010 £	2009 £
Consolidated statement of total recognised gains and losses			
Profit for the financial year		101,940	71,193
Total gains and losses for the year before currency adjustments		101,940	71,193
Exchange translation differences on consolidation	17	(6,631)	(16,351)
Total recognised gains and losses for the financial year		95,309	54,842

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

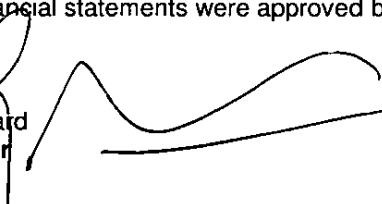
Abbott Healthcare Limited

Consolidated balance sheet at 30 September 2010

<i>Company number 5990762</i>	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	10		427,569		425,921
Current assets					
Debtors	12	924,054		998,097	
Cash at bank and in hand		159,113		449,513	
		<u>1,083,167</u>		<u>1,447,610</u>	
Creditors amounts falling due within one year	13	<u>1,110,275</u>		<u>1,558,503</u>	
Net current liabilities			<u>(27,108)</u>		<u>(110,893)</u>
Total assets less current liabilities			<u>400,461</u>		<u>315,028</u>
Provisions for liabilities	14		<u>18,678</u>		<u>28,554</u>
			<u>381,783</u>		<u>286,474</u>
Capital and reserves					
Called up share capital	16		100,000		3,003,000
Profit and loss account	17		281,783		(2,716,526)
Shareholders' funds	18		<u>381,783</u>		<u>286,474</u>

The financial statements were approved by the board of directors and authorised for issue on 18 January 2011

G R Ward
Director



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

Abbott Healthcare Limited

Company balance sheet at 30 September 2010

<i>Company number 5990762</i>	Note	2010 £	2009 £
Fixed assets			
Fixed asset investments	11	100,000	100,000
Current assets			
Debtors	12	3,000	3,000
Total assets		<u>103,000</u>	<u>103,000</u>
Capital and reserves			
Called up share capital	16	100,000	3,003,000
Profit and loss account	17	3,000	(2,900,000)
Shareholders' funds	18	<u>103,000</u>	<u>103,000</u>

The financial statements were approved by the board of directors and authorised for issue on 18 January 2011


G R Ward
Director

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

Abbott Healthcare Limited

Consolidated cashflow statement for the year ended 30 September 2010

	Note	2010 £	2010 £	2009 £	2009 £
Net cash outflow from operating activities	21		(249,977)		(117,271)
Returns on investments and servicing of finance					
Interest received		713		4,161	
Interest paid bank loans		-		(424)	
Interest paid other loans		-		(6,235)	
		<u>713</u>		<u>4,161</u>	
Net cash inflow/(outflow) from returns on investments and servicing of finance			713		(2,498)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(41,136)		(45,230)	
Receipts from sale of tangible fixed assets		-		229,124	
		<u>(41,136)</u>		<u>229,124</u>	
Net cash (outflow)/inflow from capital expenditure and financial investment			(41,136)		183,894
Cash (outflow)/inflow before use of financing			(290,400)		64,125
Financing					
Loans repaid			-		(53,519)
			<u>-</u>		<u>(53,519)</u>
(Decrease)/increase in cash	22		<u>(290,400)</u>		<u>10,606</u>

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

Abbott Healthcare Limited

Notes forming part of the financial statements for the year ended 30 September 2010

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

Basis of consolidation

The consolidated financial statements incorporate the results of Abbott Healthcare Limited and all of its subsidiary undertakings as at 30 September 2010 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

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

Leasehold property	- 2% straight line
Plant and machinery	- 10% - 25% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 10% - 25% straight line
Computer equipment	- 25% straight line

Goodwill

Goodwill arising on an acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which ranges from 10 to 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Abbott Healthcare Limited

Notes forming part of the financial statements for the year ended 30 September 2010 (*continued*)

1 Accounting policies (*continued*)

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

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

- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Operating leases

Annual rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

Employee benefit trust

An Employee Benefit Trust ("EBT") arrangement exists for the benefit of the directors and staff of the group. Payments in connection with the EBT are charged to the profit and loss account in the period for which the benefits accrue to the individual employees and directors.

In accordance with UITF Abstract 32, Employee Benefit Trusts and Other Intermediate Payment Arrangements, where the group retains future economic benefits from the assets of the EBT, and it has control over the rights of other access to those future economic benefits, the assets and liabilities of the EBT are included on the balance sheet.

Abbott Healthcare Limited

Notes forming part of the financial statements for the year ended 30 September 2010 (continued)

2 Comparatives

During the year the directors performed a review of the classification of all expenses within the profit and loss account. This resulted in the reclassification of certain expenses between cost of sales and administrative expenses to more appropriately reflect their nature.

The comparative figures in the profit and loss account have not been adjusted. Applying the current year classification to the prior year balances would result in an increase in cost of sales of £139,551, and a corresponding decrease in administrative expenses.

3 Turnover

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

4 Operating profit

	2010 £	2009 £
This is arrived at after charging		
Depreciation of tangible fixed assets	39,488	53,149
Hire of plant and machinery - operating leases	11,068	1,433
Hire of other assets - operating leases	36,500	36,500
Auditors' remuneration - fees payable to the group's auditor for the audit of the group's annual accounts	30,985	24,000
	<u> </u>	<u> </u>

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

5 Employees

Staff costs (including directors) consist of

	Group 2010 £	Group 2009 £
Wages and salaries	5,632,254	5,203,618
Social security costs	314,635	285,252
Other pension costs	12,400	10,128
	<u> </u>	<u> </u>
	5,959,289	5,498,998
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was 266 (2009 - 224).

Included within wages and salaries is £800,000 (2009 - £750,000) in respect of incentivisation awards related to the EBT scheme.

Abbott Healthcare Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 (*continued*)

6 Directors' remuneration

	2010 £	2009 £
Directors' emoluments	973,966	909,788
Company contributions to money purchase pension schemes	12,400	10,128

There were 2 directors in the group's defined contribution pension scheme during the year (2009 - 2)

The total amount payable to the highest paid director in respect of emoluments and amounts receivable under long term incentive schemes was £843,403 (2009 - £793,160)

7 Interest payable and similar charges

	2010 £	2009 £
Bank loans and overdrafts	-	424
Other interest payable	3,252	6,235

Abbott Healthcare Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 (*continued*)

8 Taxation on profit on ordinary activities

	2010 £	2009 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	1,720	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(9,876)	(2,374)
	(8,156)	(2,374)
Taxation on profit on ordinary activities	(8,156)	(2,374)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	93,784	68,819
	93,784	68,819
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2009 - 21%)	19,695	14,452
Effect of		
Expenses not deductible for tax purposes	277	6,254
Capital allowances for period in excess of depreciation	(3,384)	(1,961)
Utilisation of tax losses	(23,951)	(18,745)
Short-term timing differences	9,083	-
	1,720	-
Current tax charge for the year	1,720	-

9 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a result after tax of £Nil (2009 - £2,900,000 loss) which is dealt with in the financial statements of the parent company.

Abbott Healthcare Limited

Note forming part of the financial statements
for the year ended 30 September 2010 (continued)

10 Tangible fixed assets	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Group						
<i>Cost</i>						
At 1 October 2009	541,163	176,282	-	88,936	5,679	812,060
Additions	-	35,424	2,001	3,711	-	41,136
At 30 September 2010	541,163	211,706	2,001	92,647	5,679	853,196
<i>Depreciation</i>						
At 1 October 2009	209,145	101,042	-	70,273	5,679	386,139
Provided for the year	4,344	29,214	458	5,472	-	39,488
At 30 September 2010	213,489	130,256	458	75,745	5,679	425,627
<i>Net book value</i>						
At 30 September 2010	327,674	81,450	1,543	16,902	-	427,569
At 30 September 2009	332,018	75,240	-	18,663	-	425,921

Abbott Healthcare Limited

Notes forming part of the financial statements for the year ended 30 September 2010 *(continued)*

10 Tangible fixed assets *(continued)*

The leasehold land and building was valued on 21 January 2008 by D H Barford and Co Chartered surveyors at open market value. The market value at the date of this valuation report was £390,000. Since the valuation was prepared the property market deteriorated and the directors assessed the value of the leasehold property on the basis of comparable properties available for sale to be £336,000 as at 30 September 2008.

11 Fixed asset investments

Company

	Group undertakings £
<i>Cost</i>	
At 1 October 2009 and 30 September 2010	3,000,000
<i>Provisions</i>	
At 1 October 2009 and 30 September 2010	2,900,000
<i>Net book value</i>	
At 30 September 2009 and 30 September 2010	100,000

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Beaumont Healthcare Limited	England & Wales	100%	Provision of healthcare services
Abbott Training Limited (formerly Abbott Recruitment Limited)	England & Wales	100%	Recruitment and training of healthcare staff
Abbott International Staffing Solutions Inc *	Canada	100%	Recruitment consultancy

* 100% subsidiary of Abbott Training Limited. The accounts prepared for this company are not audited.

Goodwill

All goodwill relating to the acquisition of the subsidiary companies was fully written off in the year ended 30 September 2008.

Abbott Healthcare Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 *(continued)*

12 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	196,379	266,689	-	-
Amounts owed by group undertakings	-	-	3,000	3,000
Other debtors	-	499,869	-	-
Prepayments and accrued income	727,675	231,539	-	-
	924,054	998,097	3,000	3,000
	924,054	998,097	3,000	3,000

All amounts shown under debtors fall due for payment within one year

13 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade creditors	24,854	35,290	-	-
Taxation and social security	167,365	159,835	-	-
Other creditors	515,955	163,107	-	-
Accruals and deferred income	402,101	1,200,271	-	-
	1,110,275	1,558,503	-	-
	1,110,275	1,558,503	-	-

Abbott Healthcare Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 *(continued)*

14 Provisions for liabilities

Group

	Deferred taxation £
At 1 October 2009	28,554
Credited to profit and loss account	(9,876)
	18,678
At 30 September 2010	18,678

Deferred taxation

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Accelerated capital allowances	31,645	29,891	-	-
Other short-term timing differences	(12,967)	(1,337)	-	-
	18,678	28,554	-	-

15 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £12,400 (2009 - £10,128).

Abbott Healthcare Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 *(continued)*

16 Share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
97,000 Ordinary shares of £1 each	97,000	3,000,000
3,000,000 A Ordinary shares of £0.001 each	3,000	3,000
	100,000	3,003,000
	100,000	3,003,000

Both the Ordinary shares and A Ordinary shares are bearer shares

During the year the capital of the company was reduced by the transfer of £2,903,000 from ordinary share capital to distributable reserves by order of a special resolution

17 Reserves

Group

	Profit and loss account £
At 1 October 2009	(2,716,526)
Translation differences on foreign currency net investments in subsidiary undertakings	(6,631)
Profit for the year	101,940
Capital reduction	2,903,000
	281,783
At 30 September 2010	281,783

Company

	Profit and loss account £
At 1 October 2009	(2,900,000)
Capital reduction	2,903,000
	3,000
At 30 September 2010	3,000

Abbott Healthcare Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 *(continued)*

18 Reconciliation of movements in shareholders' funds

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Profit/(loss) for the year	101,940	71,193	-	(2,900,000)
Other net recognised gains and losses relating to the year	(6,631)	(16,351)	-	-
Net additions to/(deductions from) shareholders' funds	95,309	54,842	-	(2,900,000)
Opening shareholders' funds	286,474	231,632	103,000	3,003,000
Closing shareholders' funds	381,783	286,474	103,000	103,000

19 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	Other 2010 £	Land and buildings 2009 £	Other 2009 £
Operating leases which expire				
In two to five years	36,500	7,919	36,500	7,919

Abbott Healthcare Limited

Notes forming part of the financial statements for the year ended 30 September 2010 (*continued*)

20 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries

Related party transactions and balances

Included within other creditors is a balance of £351,585 (2009 - £497,880 debtor) owed by the group to G Ward, a director. The maximum loan outstanding during the year was £657,880 (2009 - £497,880). No interest is charged on this amount. During the previous year the group also purchased a motor vehicle from G Ward at its market value of £6,000.

During the year, the group paid a commercial annual rent of £36,500 (2009 - £36,500) for the use of premises owned by G Ward.

At the balance sheet date there was a balance due from S Reiter (G Ward's daughter) of £15,248 (2009 - £15,248), relating to expenses paid by the group on behalf of S Reiter's sole trader business.

Included within other creditors is an amount of £164,370 (2009 - £161,118) owed to the GRW Family Trust (the 'Trust'). Interest of £3,252 (2009 - £6,235) was charged on this loan during the year. In addition, during the previous year the group sold, at market value, its freehold property to the Trust for £225,000.

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

	2010 £	2009 £
Operating profit	96,323	71,317
Depreciation of tangible fixed assets	39,488	53,149
Profit on sale of tangible fixed assets	-	(15,528)
Decrease/(increase) in debtors	74,043	(542,335)
(Decrease)/increase in creditors	(453,171)	334,978
Exchange adjustments	(6,660)	(18,852)
	<hr/>	<hr/>
Net cash outflow from operating activities	(249,977)	(117,271)
	<hr/>	<hr/>

Abbott Healthcare Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 *(continued)*

22 Reconciliation of net cash flow to movement in net funds

	2010 £	2009 £
(Decrease)/increase in cash	(287,373)	8,173
Cash inflow from changes in debt	-	53,519
	<hr/>	<hr/>
Movement in net funds	(287,373)	61,692
Opening net funds	450,836	389,144
	<hr/>	<hr/>
Closing net funds	<u>163,463</u>	<u>450,836</u>

23 Analysis of net funds

	At 1 October 2009 £	Cash flow £	At 30 September 2010 £
Cash at bank and in hand	450,836	(287,373)	163,463
	<hr/>	<hr/>	<hr/>
Total	<u>450,836</u>	<u>(287,373)</u>	<u>163,463</u>

24 Major non-cash transactions

During the year the group purchased a pre-funded Employee Benefit Trust for £2,000,000