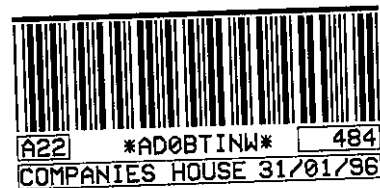


REGISTRARS COPY

1973823

CHALLENGE CARE LIMITED
SMALL COMPANY ABBREVIATED ACCOUNTS
YEAR ENDED 31ST MARCH 1995



KOUNNIS FREEMAN
BRIDGE HOUSE
648-652 HIGH ROAD
LEYTON
LONDON E10 6RN

REF: C471R

CHALLENGE CARE LIMITED
SMALL COMPANY ABBREVIATED ACCOUNTS 1995
COMPANY REGISTRATION NUMBER 1973823

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AUDITORS' REPORT TO THE MEMBERS OF
CHALLENGE CARE LIMITED
IN ACCORDANCE WITH PARAGRAPH 28 OF SCHEDULE 8 TO THE
COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the full financial statements of Challenge Care Ltd for the year ended 31st March 1995. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion, the company is entitled to the exemptions claimed in the directors statement on page 3 and the abbreviated accounts have been properly prepared in accordance with Schedule 8 to the Companies Act 1985.

On the 26 June 1995 we reported to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the period ended 31st March 1995 and our audit report was as follows:

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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 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 company's circumstances, consistently applied and adequately disclosed.


AUDITORS REPORT - Contd

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 error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from disagreement about accounting practice

As explained in note 1b the freehold property has not been depreciated as required by Statement of Standard Accounting Practice No 12.

Except for any adjustments that might arise from the matter referred to above in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


KOUNNIS FREEMAN
Registered Auditor
Bridge House
648-652 High Road
London E10 6RN

27 June 1995

CHALLENGE CARE LIMITED

BALANCE SHEET

AS AT 31ST MARCH 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	3	<u>604339</u>	<u>422081</u>
CURRENT ASSETS			
Debtors		208052	160129
Cash at bank and in hand		<u>125325</u>	<u>109484</u>
		333377	269613
CREDITORS: Amounts falling due within one year	4	(<u>309431</u>)	(<u>209032</u>)
NET CURRENT ASSETS/(LIABILITIES)		<u>23946</u>	<u>60581</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		628285	482662
CREDITORS: Amounts falling due after more than one year		(<u>187530</u>)	(<u>200032</u>)
		<u>440755</u>	<u>282630</u>
CAPITAL AND RESERVES			
Called up share capital	2	100	100
Profit and loss account		<u>440655</u>	<u>282530</u>
		<u>440755</u>	<u>282630</u>

Advantage is taken of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985 with respect to the delivery of individual accounts. In the opinion of the directors, the company is entitled to those exemptions on the grounds that it has met the qualifications for a small company specified in Sections 246 and 249.

Director: *G. S. DICKS*.....

Signature: *[Signature]*.....

CHALLENGE CARE LIMITED
NOTES TO THE BALANCE SHEET
YEAR ENDED 31ST MARCH 1995

1. ACCOUNTING POLICIES

a. Turnover

This comprises the value of zero rated services provided in the normal course of business.

b. Tangible fixed assets and depreciation

Depreciation is provided at the rates calculated to write off the assets over their estimated useful lives as follows:-

Furniture, fixtures and fittings - 10% (reducing balance)
 Motor vehicles - 20% (reducing balance)

The directors do not consider it necessary to provide for depreciation for the freehold property as it is subject to continuous maintenance and its residual value is considered to be in excess of cost.

c. Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that is probable that a liability or asset will crystallise in the future.

2. CALLED UP SHARE CAPITAL	1995	1994
	£	£
Ordinary Shares of £1 each		
Authorised - 100	<u>100</u>	<u>100</u>
Allotted, issued and fully paid - 100	<u>100</u>	<u>100</u>

NOTES TO THE BALANCE SHEET - Contd

3. TANGIBLE ASSETS

	Total £
Cost	
As at 1.04.94	466740
Additions	199334
Disposals	(2450)
At 31st March 1995	<u>663624</u>
Depreciation	
As at 1.04.94	44659
Additions	15822
Disposals	(1196)
At 31st March 1995	<u>59285</u>
Net Book Value	
At 31st March 1995	<u>604339</u>
At 31st March 1994	<u>422081</u>

4. CREDITORS

The following bank and building society loans are secured by fixed charges over the freehold buildings of the company.

	1995 £	1994 £
Falling due within one year	-	32846
Falling due after one year	<u>181677</u>	<u>184693</u>
	<u>181677</u>	<u>217539</u>

Creditors falling due within one year include £51923 (1994 - £44000) owed to the directors.