

CARE HAVEN LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 1998

**HORWATH
CLARK WHITEHILL**
Chartered Accountants

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23-7-98

CARE HAVEN LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31 MARCH 1998

DIRECTORS: S Dhandra
N Dhandra
S Manoharan
F Sinclair - Brown
D Clinton

The directors have pleasure in presenting their report and accounts for the year ended 31 March 1998.

RESULTS AND DIVIDENDS

The results for the year are shown on page 4. The directors recommend the payment of a dividend of £1,400,000 (1997 nil).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's performance has, in the opinion of the directors, been satisfactory.

PRINCIPAL ACTIVITIES

The principal activity of the company is design and project management.

TANGIBLE FIXED ASSETS

Details of changes in the fixed assets of the company are set out in note 7 to the accounts.

DIRECTORS INTERESTS

Mr Manoharan has 5,000 shares in the parent company. He also holds 26,000 (1997: 21,000) options to subscribe for ordinary shares of 10p each in the parent company at prices ranging between 118.5p and 214p. These options are exercisable in the years 1996 to 2005.

All the other directors at 31 March 1998 were also directors of the ultimate parent company. Their interests are disclosed in that company's accounts.

YEAR 2000

The directors have assessed the risk that the company's business and operations will be adversely affected by what is known as the Year 2000 problem. They have identified, as the primary areas of risk, the company's own computer systems and equipment and to a lesser extent, problems encountered by the company's clients and suppliers.

The directors have implemented a programme of assessing the affect of those risks in each area of the business to determine the scale of the Year 2000 problem. They have prepared, and are implementing, plans to replace or modify, as appropriate, the company's systems and equipment, and where necessary identify alternative suppliers.

As the Year 2000 compliance programme will be funded from existing resources it is not possible to identify with precision the costs associated with that programme. In view of the importance of the Year 2000 compliance programme, resources, if necessary, will be reallocated from other planned expenditure.

CARE HAVEN LIMITED
REPORT OF THE DIRECTORS (Continued)
YEAR ENDED 31 MARCH 1998

CREDITORS' PAYMENT POLICY

Our strategy is to have mutually beneficial long-term relationships with our suppliers. The company's policy is to settle the terms of payment with suppliers and abide by those terms.

AUDITORS

During the year the auditors changed their name to Horwath Clark Whitehill and have signed their audit report in their new name.

The auditors will retire at the forthcoming Annual General Meeting and offer themselves for re-appointment.

By Order of the Board

Robert A. M. -

Secretary

24.06.98

CARE HAVEN LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for the period. In preparing those accounts 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 accounts 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 or other irregularities.

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**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
CARE HAVEN LIMITED**



We have audited the accounts on pages 4 to 10 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Unqualified Opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31 March 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
and Registered Auditors

23 June 1998

CARE HAVEN LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 1998

	Notes	1998 £	1997 £
TURNOVER	2	6,733,984	17,002,008
Cost of Sales		<u>5,548,967</u>	<u>14,983,721</u>
GROSS PROFIT		1,185,017	2,018,287
Administrative expenses		<u>1,085,650</u>	<u>1,196,727</u>
OPERATING PROFIT	4	99,367	821,560
Interest payable and similar charges	5	<u>(4,185)</u>	<u>(10,884)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		95,182	810,676
Tax on profit on ordinary activities	6	<u>3,938</u>	<u>6,546</u>
PROFIT FOR THE YEAR		91,244	804,130
Dividends		<u>1,400,000</u>	<u>-</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR		<u>(1,308,756)</u>	<u>804,130</u>
RETAINED PROFIT AT 1 APRIL 1997		1,326,971	522,841
(Loss)/Profit for the year		<u>(1,308,756)</u>	<u>804,130</u>
RETAINED PROFIT AT 31 MARCH 1998		<u>18,215</u>	<u>1,326,971</u>

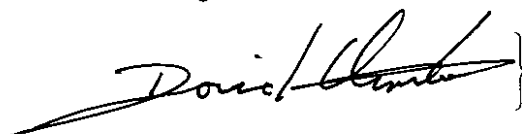
The profit and loss account contains all the gains and losses recognised in the current and preceding year and is the only movement in shareholders' funds.

The notes on pages 6 to 10 form part of these accounts.

CARE HAVEN LIMITED
BALANCE SHEET
31 MARCH 1998

	Notes	£	1998 £	1997 £
FIXED ASSETS				
Tangible assets	7		51,362	114,131
CURRENT ASSETS				
Stocks	8	27,603		268,284
Debtors	9	1,817,259		2,492,101
Cash at bank and in hand		1,820,467		1,391,063
		3,665,329		4,151,448
CREDITORS: amounts falling due within one year	10	3,688,476		2,911,421
NET CURRENT (LIABILITIES)/ASSETS			(23,147)	1,240,027
TOTAL ASSETS LESS CURRENT LIABILITIES			28,215	1,354,158
CREDITORS: amounts falling due after more than one year	11		-	17,187
NET ASSETS			28,215	1,336,971
Financed by:				
CAPITAL AND RESERVES				
Called up share capital	12		10,000	10,000
Profit and loss account			18,215	1,326,971
EQUITY SHAREHOLDERS' FUNDS			28,215	1,336,971

Approved by the board on 23RD JUNE 1998.
and signed on its behalf:

 } Director

The notes on pages 6 to 10 form part of these accounts.

CARE HAVEN LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 1998

1. ACCOUNTING POLICIES

a) Basis of Accounting

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Depreciation

Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost, in equal annual instalments, of each asset over its expected useful life, as follows:

Motor vehicle	- 25%
Office equipment	- 20% - 33 1/3%

c) Stocks and Work in Progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Cost is determined on a 'first in, first out' basis and in the case of work-in-progress and finished goods includes all direct expenditure and production and other overheads, based on normal levels of activity, incurred in bringing products to their present location and condition.

d) Long Term Contracts

The amounts of profit attributable to the stage of a long term contract is recognised when the outcome of the contract can be established with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits. Provision is made for any losses which are foreseen.

Where payments on account exceed cumulative turnover, the excess is classified as a deduction from any balance on that contract in stocks, with any residual balance in excess of cost being classified within creditors.

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit less any foreseeable losses.

e) Deferred Taxation

Deferred taxation is calculated using the liability method and is provided to the extent that it is probable that a liability will arise within the foreseeable future

f) Leased Assets

Where the company has entered into finance leases, the obligations to the lessor are shown as part of borrowing and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title. Rentals payable under operating leases are charged to the profit and loss account as incurred. Assets held under hire purchase contracts are accounted for as if held under finance leases.

CARE HAVEN LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 1998

1. ACCOUNTING POLICIES (Continued)

g) Cash Flow Statement

The company has not prepared a cash flow statement because it has taken advantage of the FRS 1 exemption from so doing on the basis that it is a wholly owned subsidiary and its ultimate parent company, Associated Nursing Services plc, has included such a statement in its own accounts.

2. TURNOVER

Turnover represents amounts invoiced to customers less trade discounts and excluding VAT. All turnover arises entirely in the United Kingdom.

3. EMPLOYEE INFORMATION

	1998 £	1997 £
a) Directors' emoluments:		
For consultancy services	70,000	70,000
For executive services	<u>164,516</u>	<u>114,516</u>
	<u>234,516</u>	<u>184,516</u>

Director's fees in respect of consultancy services were paid to Contlaw Management Services. Fees in respect of executive services were paid to Associated Nursing Services Plc.

b) Staff costs for all employees including directors:

Wages and salaries	343,775	527,561
Social security costs	33,212	50,239
Recharges from associate companies	344,516	151,714
To Contlaw Management Services	<u>70,000</u>	<u>70,000</u>
	<u>791,503</u>	<u>799,514</u>

The monthly average number of employees during the year was 16 (1997 -39).

4. OPERATING PROFIT

This is stated after charging:

Auditors' remuneration	6,000	7,500
Depreciation:		
On owned assets	21,098	8,732
On assets held under hire purchase contracts	<u>34,460</u>	<u>62,962</u>

CARE HAVEN LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 1998

5. INTEREST PAYABLE	1998 £	1997 £
Bank loans and overdrafts	-	156
Hire purchase	<u>4,185</u>	<u>10,728</u>
	<u>4,185</u>	<u>10,884</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:

Corporation tax at 31% (1997: 33%)	<u>3,938</u>	<u>6,546</u>
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The company's charge to taxation has been reduced by the receipt of taxable losses from other group companies for which no payment will be made.

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Computers £	Total £
Cost			
1 April 1997	177,847	83,304	261,151
Additions/transfers	46,610	-	46,610
Disposals	<u>(132,201)</u>	<u>-</u>	<u>(132,201)</u>
31 March 1998	<u>92,256</u>	<u>83,304</u>	<u>175,560</u>
Depreciation			
1 April 1997	96,070	50,950	147,020
Charge for the year	33,269	22,289	55,558
Disposals	<u>(78,380)</u>	<u>-</u>	<u>(78,380)</u>
31 March 1998	<u>50,959</u>	<u>73,239</u>	<u>124,198</u>
Net Book Values			
31 March 1998	<u>41,297</u>	<u>10,065</u>	<u>51,362</u>
<i>1 April 1997</i>	<u><i>81,777</i></u>	<u><i>32,354</i></u>	<u><i>114,131</i></u>

CARE HAVEN LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 1998

7. TANGIBLE FIXED ASSETS (Continued)	1998	1997
	£	£
Assets held under hire purchase contracts included within the heading motor vehicles were as follows:		
Cost	18,521	177,847
Accumulated depreciation	(11,575)	(96,070)
Net Book Value	6,946	81,777
Included in "computers":		
Cost	40,493	40,493
Accumulated depreciation	(35,086)	(21,588)
Net Book Value	5,407	18,905
8. STOCKS		
Long term contract balances	27,603	268,284
Long term contract balances comprise net costs less foreseeable losses.		
9. DEBTORS		
Trade debtors	466,316	377,461
Amounts owed by group undertakings	1,037,350	1,541,846
Other debtors	270,865	535,617
Prepayments and accrued income	42,728	37,177
	1,817,259	2,492,101
10. CREDITORS:		
amounts falling due within one year		
Trade creditors	1,122,582	1,202,977
Other creditors	22,510	6,120
Corporation tax	3,938	6,546
Dividend payable	1,400,000	-
Other taxes and social security costs	40,221	42,352
Hire purchase liabilities	8,899	52,982
Accruals and deferred income	65,400	39,313
Construction accruals	778,718	1,561,131
Amounts owed to group undertakings	246,208	-
	3,688,476	2,911,421

CARE HAVEN LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 1998

	1998	1997
	£	£
11. CREDITORS:		
amounts falling due after more than one year		
Hire purchase liabilities repayable:		
Between one and two years	<u>-</u>	<u>17,187</u>

12. SHARE CAPITAL

Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Issued		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

13. ULTIMATE PARENT COMPANY

The ultimate parent company is Associated Nursing Services plc, the accounts of which are available from The Company Secretary, Associated Nursing Services plc, No.1 Battersea Square, London SW11 3PZ.

14. RELATED PARTY TRANSACTIONS

The company is exempt, under FRS 8, from disclosing its transactions with fellow group undertakings as a result of being a 100% subsidiary of the ultimate parent undertaking.