

2399435

CAVENDISH CLOSE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1998

CLAYTON STARK & CO.

Chartered Accountants
and Registered Auditors
5th Floor, Charles House
108-110 Finchley Road
London NW3 5JJ



CAVENDISH CLOSE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1998

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The company was incorporated in
England on 29th June 1989
Company Registration Number: 2399435

CAVENDISH CLOSE LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Mr G D Dhrona
Mr R K Madan

COMPANY SECRETARY

Vineheath Nominees Limited

REGISTERED OFFICE

5th Floor, Charles House
108-110 Finchley Road
London NW3 5JJ

AUDITORS

Clayton Stark & Co
Chartered Accountants & Registered Auditors
5th Floor, Charles House
108-110 Finchley Road
London NW3 5JJ

CAVENDISH CLOSE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST MARCH 1998

The Directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 1998.

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 and loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of operating a retirement and nursing home.

Details of the results for the year are set out in the annexed profit and loss account.

There were no significant changes in the operation of the Company's business during the year under review.

The state of affairs of the company, which the directors consider to be satisfactory, is set out in the annexed balance sheet.

DIVIDENDS

The Directors have not recommended a dividend and the retained profits amounting to £105,977 will be added to reserves and carried forward to the following year.

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES

The Director who served during the year together with his beneficial interests in the share capital of the company was as follows:-

	Ordinary shares of £1 each	
	1998	1997
G D Dhrona	-	-
R K Madan (Appointed on 1 June 1998)	-	-

The Directors interests in the share capital of the ultimate holding company, Woodley Hotels Limited, is dealt with in the Directors' Report thereof.

CAVENDISH CLOSE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 1998

FIXED ASSETS

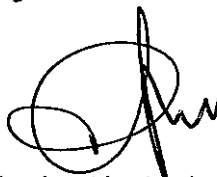
The movements in fixed assets are recorded in the notes to the financial statements. The freehold property was valued on 19 January 1994 at £3.15m. This is less than the net book value stated in the accounts of £3.39m. Any diminution in value that may currently exist is considered to be temporary.

AUDITORS

The auditors, Clayton Stark & Co have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with section 385 of the Companies Act 1985.

Registered Office:
5th Floor, Charles House
108-110 Finchley Road
London NW3 5JJ

Signed on behalf of the director



Vineheath Nominees Limited
Company Secretary

Approved by the director on ...15.SEP.1998 1998

CAVENDISH CLOSE LIMITED
REPORT OF THE AUDITORS
FOR THE YEAR ENDED 31ST MARCH 1998

To the Shareholders of Cavendish Close Limited

We have audited the financial statements on pages 5 to 15 which have been prepared on the basis of the accounting policies set out page 9.

Respective Responsibilities of Director and Auditors

As described on page 2 the Company's Director is 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.

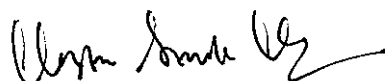
Basis of Opinion

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 judgments made by the Director 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 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 mis-statement, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



5th Floor, Charles House
108-110 Finchley Road
London NW3 5JJ

CLAYTON STARK & CO
Chartered Accountants
Registered Auditors

.....18 SEP 1998..... 1998

CAVENDISH CLOSE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1998

	Note	1998 £	1997 £
Turnover	2	1,320,874	1,271,869
Cost of Sales		(732,182)	(701,859)
Gross Profit		588,692	570,010
Administrative Expenses		(247,811)	(237,990)
Operating Profit for Continuing Operations	3	340,881	332,020
Interest and other Income receivable	6	6,670	2,955
Interest Payable and Similar Charges	7	(180,863)	(170,544)
Profit on Ordinary Activities Before Taxation		166,688	164,431
Tax on Profit on Ordinary Activities	8	(60,711)	(56,057)
Profit on Ordinary Activities After Taxation		105,977	108,374
Balance brought forward		179,805	71,431
Balance carried forward		285,782	179,805

The company has no recognised gains or losses other than the results for the year as set above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 15 form part of these financial statements.

CAVENDISH CLOSE LIMITED

BALANCE SHEET AS AT 31ST MARCH 1998

	Note	£	1998	£	£	1997	£
FIXED ASSETS							
Tangible Assets	9			3,489,056		3,534,812	
CURRENT ASSETS							
Stocks	10	2,397			2,001		
Debtors	11	37,461			54,370		
Cash at Bank and in Hand		133,749			52,244		
			173,607			108,615	
CREDITORS: Amounts falling due within one year							
	12	(382,704)			(356,076)		
Net Current Liabilities				(209,097)		(247,461)	
Total Assets Less Current Liabilities				3,279,959		3,287,351	
CREDITORS: Amounts falling due after more than one year							
	13		(2,985,575)		(3,099,489)		
			294,384		187,862		
Provision for Liabilities and charges:							
Deferred taxation	14		(7,602)		(7,057)		
NET ASSETS				286,782		180,805	
CAPITAL AND RESERVES							
				£		£	
Equity share capital	15			1,000		1,000	
Profit and Loss Account				285,782		179,805	
SHAREHOLDERS' FUNDS				286,782		180,805	

These financial statements were approved

and signed by the director on ...15. SEP.1998..1998



Mr G D Dhrona

The notes on pages 9 to 15 form part of these financial statements.

CAVENDISH CLOSE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 1998

RECONCILIATION OF OPERATING PROFIT
TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	340,881	332,020
Depreciation	49,734	51,210
Decrease/(Increase) in stocks	(396)	(436)
Decrease/(Increase) in debtors	16,909	11,047
(Decrease)/Increase in creditors	(18,208)	(19,540)
NET CASH INFLOW FROM OPERATING ACTIVITIES	388,920	374,301

CASH FLOW STATEMENT

	Note	1998 £	1997 £
Net cash inflow from operating activities		388,920	374,301
Returns on investments and servicing of finance	A	(174,193)	(167,589)
Taxation		(23,063)	(18,256)
Capital expenditure	A	(3,978)	(28,148)
Financing	A	187,686	160,308
		(106,181)	(103,510)
INCREASE IN CASH		81,505	56,798

RECONCILIATION OF NET CASH FLOW
TO MOVEMENT IN NET DEBT

		1998 £	1997 £
Increase in cash in the period		81,505	56,798
Cash paid in respect of bank loan		106,181	103,510
Change in net debt		187,686	160,308
Net debt at beginning of the year		(2,156,920)	(2,317,228)
Net debt at end of the year	B	(1,969,234)	(2,156,920)

The notes on pages 9 to 15 form part of these financial statements.

CAVENDISH CLOSE LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 1998

	1998 £	1997 £		
A. GROSS CASH FLOWS				
Returns on investments and servicing of finance				
Interest and rent received	6,670	2,955		
Interest paid	(180,863)	(170,544)		
	<u>(174,193)</u>	<u>(167,589)</u>		
	=====	=====		
Capital expenditure				
Payments to acquire tangible fixed assets	(3,978)	(28,148)		
	=====	=====		
Financing				
Capital repayment in respect of bank loan	(106,181)	(103,510)		
	=====	=====		
B. ANALYSIS OF CHANGES IN NET DEBT				
	Balance 1.4.97 £	Cash Flows £	Other Changes £	Balance 31.3.98 £
Cash in hand and at bank	52,244	81,505	-	133,749
Bank overdraft	-	-	-	-
	<u>52,244</u>	<u>81,505</u>	<u>-</u>	<u>133,749</u>
	-----	-----	-----	-----
Debt due within one year	(99,267)	(7,733)	-	(107,000)
Debt due after more than one year	(2,109,897)	113,914	-	(1,995,983)
	<u>(2,156,920)</u>	<u>187,686</u>	<u>-</u>	<u>(1,969,234)</u>
Total	=====	=====	=====	=====

The notes on pages 9 to 15 form part of these financial statements.

CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1998

1. ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the expected useful life of that asset as follows:

Freehold property	1% p.a. straight line
Property improvements	1% p.a. straight line
Fixtures and fittings	15% p.a. reducing balance
Plant and machinery	15% p.a. reducing balance
Office equipment	15% p.a. reducing balance

Stocks

Stock has been valued at the lower of cost and estimated net realisable value on a basis consistent with previous years.

Deferred Taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

2. TURNOVER

Turnover and profit before tax is attributable to the one principal activity of the Company.

The geographical analysis of turnover is given below:

	1998 £	1997 £
United Kingdom	1,320,874 =====	1,271,869 =====

CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1998

3. OPERATING PROFIT

Operating Profit is stated after charging:

	1998 £	1997 £
Depreciation	49,734	51,210
Auditors' remuneration	5,287	3,525
Operating lease charges:		
- Hire of music	436	102
	=====	=====

4. PARTICULARS OF STAFF

The average number of persons including director employed by the Company during the year amounted to 74 (1997 - 71).

The aggregate costs of staff were:

	1998 £	1997 £
Wages and salaries	602,073	574,820
Social security costs	40,475	37,820
	-----	-----
	642,548	612,640
	=====	=====

5. DIRECTOR'S EMOLUMENTS

The director's emoluments were:

	1998 £	1997 £
Remuneration and fringe benefits as director	-	-
	=====	=====

	1998 £	1997 £
Highest paid director	-	-
	=====	=====

CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1998

6. OTHER INCOME RECEIVABLE

	1998 £	1997 £
Rent receivable	3,950	2,955
Bank interest receivable	2,720	-
	-----	-----
	6,670	2,955
	=====	=====

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
On bank overdraft	-	436
On bank loan	180,824	168,795
Other similar charges payable	39	1,313
	-----	-----
	180,863	170,544
	=====	=====

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Corporation tax based on results for the year at 31% (1997 - 33%)	25,656	22,270
Adjustment to provision in previous years	-	14
Compensation for loss relief	34,510	30,205
Increase in deferred tax provision		
- see note 14:		
Capital allowances	545	3,568
	-----	-----
	60,711	56,057
	=====	=====

CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1998

9. TANGIBLE FIXED ASSETS

COST	Opening Balance £	Additions £	Closing Balance £
Freehold Land & Buildings	3,716,596	-	3,716,596
Property Improvements	21,994	-	21,994
Plant & Machinery	80,640	1,938	82,578
Fixtures & Fittings	54,226	2,040	56,266
Office Equipment	5,427	-	5,427
	<u>3,878,883</u>	<u>3,978</u>	<u>3,882,861</u>
	=====	=====	=====
DEPRECIATION	Opening Balance £	Charge For Year £	Closing Balance £
Freehold Land & Buildings	281,896	37,166	319,062
Property Improvements	219	220	439
Plant & Machinery	35,756	7,024	42,780
Fixtures and Fittings	23,548	4,908	28,456
Office Equipment	2,652	416	3,068
	<u>344,071</u>	<u>49,734</u>	<u>393,805</u>
	=====	=====	=====
NET BOOK VALUE	1997 Opening Balance £		1998 Closing Balance £
Freehold Land & Buildings	3,434,700		3,397,534
Property Improvements	21,775		21,555
Plant & Machinery	44,884		39,798
Fixtures and Fittings	30,678		27,810
Office Equipment	2,775		2,359
	<u>3,534,812</u>		<u>3,489,056</u>
	=====		=====

CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1998

10. STOCKS

	1998 £	1997 £
Consumable stock	2,397 =====	2,001 =====

11. DEBTORS

	1998 £	1997 £
Trade debtors	21,603	34,990
Prepayments and accrued income	15,129	19,357
Other debtors	729	23
	-----	-----
	37,461 =====	54,370 =====

12. CREDITORS: Amounts falling due within one year

	1998 £	Restated 1997 £
Bank loan and overdraft	107,000	99,267
Payments received on account	21,318	14,382
Trade creditors	28,968	31,422
Amounts owed to group undertakings	118,675	113,845
Taxation	25,146	22,554
Other taxes and social security	10,413	9,466
Other creditors	34,715	31,880
Accruals and deferred income	36,469	33,260
	-----	-----
	382,704 =====	356,076 =====

13. CREDITORS: Amounts falling due after more than one year

	1998 £	Restated 1997 £
Bank Loan	1,995,983	2,109,897
Amounts owed to group undertakings	897,341	470,481
Other creditors	92,251	519,111
	-----	-----
	2,985,575 =====	3,099,489 =====

The Bank loan is repayable by instalments over the next 12 years and is secured by way of a first charge and only debenture over the assets of the company incorporating a first charge on the company's freehold property. The rate of interest charged on the loan is variable and is dependent on the bank base rates with a minimum charging rate of 6.5%. The amount falling due after five years, which is included in the above loan, is estimated to be £1.55m.

CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1998

13. CREDITORS: Amounts falling due after more than one year(continued)

Other loans

Amounts owed to group undertakings, and £92,251 included in other creditors, bear interest at rates which are mutually agreed with the company from time to time. It is expected that these will not be repayable within the next five years as loans form an integral part of the capital of the company.

14. DEFERRED TAXATION

The provision for deferred taxation consists of the tax effect of timing differences in respect of:-

	1998 £	1997 £
Excess of taxation allowances over depreciation on fixed assets	7,602 =====	7,057 =====

15. SHARE CAPITAL

	1998 £	1997 £
AUTHORISED SHARE CAPITAL:		
610 Ordinary "A" shares of £1 each	610	610
390 Ordinary "B" shares of £1 each	390	390
	----- 1,000 =====	----- 1,000 =====

	1998 £	1997 £
ALLOTTED, CALLED UP AND FULLY PAID:		
610 Ordinary "A" shares of £1 each	610	610
390 Ordinary "B" shares of £1 each	390	390
	----- 1,000 =====	----- 1,000 =====

CAVENDISH CLOSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1998

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	105,977	108,374
Opening shareholders' equity funds	180,805	72,431
	-----	-----
Closing shareholders' equity funds	286,782	180,805
	=====	=====

17. CONTINGENT LIABILITIES

There are no contingent liabilities incurred by the Company.

18. ULTIMATE HOLDING COMPANY

The ultimate holding company is Woodley Hotels Limited a company incorporated in England.

19. OPERATING AND FINANCE LEASE COMMITMENTS

The annual commitments under operating and finance leases are as follows:-

	1998		1997	
	LAND & BUILDING £	OTHERS £	LAND & BUILDINGS £	OTHERS £
Expiring :				
within one year	-	440	-	102
in second to fifth year	-	-	-	-
over five years	14,345	-	14,345	-
	-----	-----	-----	-----
	14,345	440	14,345	102
	=====	=====	=====	=====