

F I N A N C I A L   S T A T E M E N T S

CAVENDISH CLOSE LIMITED

YEAR ENDED 31st MARCH 1995

Company registration number: 2399435

CLAYTON STARK & CO.  
Chartered Accountants and  
Registered Auditors  
18 St. George Street, Hanover Square  
London W1R 0LL



CAVENDISH CLOSE LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1995

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The following pages do not form part of the financial statements.

Detailed trading, profit and loss account	Appendix 1
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## CAVENDISH CLOSE LIMITED

THE DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31st MARCH 1995

The director presents his report and the company's financial statements for the year ended 31st March 1995.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW.

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

There were no significant changes in the operation of the company's business during the year under review. In the opinion of the directors the company was in a satisfactory position at the 31st March 1995.

## RESULTS AND DIVIDENDS.

The trading results for the year, the company's financial position, and the amounts transferred to reserves are shown in the attached financial statements.

The director does not recommend the payment of a dividend.

## DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES.

Mr G D Dhrona served as a director throughout the year to 31st March 1995. Mr K Finch who was a director at the beginning of the year resigned on 3rd May 1994.

Mr Dhrona's interest in the share capital of the ultimate holding company, Woodley Hotels Limited, is dealt with in the Directors' Report thereof. No director had any interest in the share capital of this company.

## FIXED ASSETS.

The acquisitions and disposals of fixed assets are recorded in the notes to the financial statements.

The freehold property was last valued on 19 January 1994 at £3.15m. This is less than the net book value stated in the accounts of £3.51m. The director considers the value of the freehold property as at 31 March 1995 to have increased since the date of the last valuation in view of improved trading conditions. Any diminution in value that may currently exist is considered to be temporary.

## CAVENDISH CLOSE LIMITED

THE DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31st MARCH 1995

## DIRECTOR'S RESPONSIBILITIES.

Company law requires directors to prepare financial statements 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 the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS.

A resolution to re-appoint Messrs Clayton Stark & Co. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the board of directors

For and on behalf of

VINEHEATH NOMINEES LTD.

Secretary

Vineheath Nominees Limited  
Company secretary

Approved by the board of directors on 30 JUN 1995

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
CAVENDISH CLOSE LIMITED  
FOR THE YEAR ENDED 31st MARCH 1995

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS.

As described on page 2 of the director's report, 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.

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 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 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 Companies Act 1985.



CLAYTON STARK & CO.  
Chartered Accountants and  
Registered Auditors  
18 St. George Street, Hanover Square  
London W1R 0LL

Date: 12 JUL 1995

CAVENDISH CLOSE LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 1995

	Note	1995 £	1994 £
Turnover	2	1,169,539	1,111,263
Cost of sales		(673,781)	(631,122)
		-----	-----
Gross profit		495,758	480,141
Administrative expenses		(240,717)	(238,984)
		-----	-----
Operating profit	3	255,041	241,157
Other interest receivable and similar income	5	-	67
Interest payable and similar charges	6	(196,994)	(221,442)
		-----	-----
Profit on ordinary activities before taxation		58,047	19,782
Tax on profit on ordinary activities	7	(16,638)	(10,930)
		-----	-----
Profit for the financial year		41,409	8,852
		=====	=====

Statement of retained profit/(losses)	£	£
At the beginning of the year	(21,596)	(30,448)
Profit for the financial year	41,409	8,852
	-----	-----
At the end of the year	19,813	(21,596)
	=====	=====

Total recognised gains and losses.

The company had no recognised gains or losses other than the profit for the above two financial years.

Continuing Operations.

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 8 to 14 form part of these financial statements.

CAVENDISH CLOSE LIMITED  
BALANCE SHEET AS AT 31st MARCH 1995

	Note	£	1995 £	£	1994 £
Fixed assets					
Tangible assets	8		3,589,909		3,595,060
Current assets					
Stocks	9	1,845		2,891	
Debtors	10	78,629		46,277	
Cash at bank and in hand		953		7,152	
		-----		-----	
		81,427		56,320	
Creditors: Amounts falling due within one year	11	(245,548)		(232,902)	
		-----		-----	
Net current liabilities			(164,121)		(176,582)
Total assets less current liabilities			-----		-----
			3,425,788		3,418,478
Creditors: Amounts falling due after more than one year	12		(3,402,865)		(3,439,074)
Provisions for liabilities and charges					
Deferred taxation	13		(2,110)		-
			-----		-----
Net assets/liabilities			20,813		(20,596)
			=====		=====
Capital and reserves					
			£		£
Called up share capital	14		1,000		1,000
Profit and loss account			19,813		(21,596)
			-----		-----
			20,813		(20,596)
			=====		=====

Approved by the board of directors on 30/6/95



Mr G D Dhrona - Director

The notes on pages 8 to 14 form part of these financial statements.

## CAVENDISH CLOSE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 1995

	£	1995	£	£	1994	£
Net cash inflow from operating activities		262,107			332,434	
Returns on investments and servicing of finance						
Interest received	-			67		
Interest paid	(194,263)			(214,193)		
Net cash outflow from returns on investments and servicing of finance	-----	(194,263)		-----	(214,126)	
Taxation						
Corporation tax paid	(6,947)			(6,417)		
Compensation for loss relief	(5,815)			(3,742)		
	-----	(12,762)		-----	(10,159)	
Investing activities						
Payments to acquire tangible fixed assets	(47,265)			(171,820)		
Proceeds from sale of fixed assets	450			-		
Net cash outflow from investing activities	-----	(46,815)		-----	(171,820)	
Net cash inflow/(outflow) before financing		-----	8,267		-----	(63,671)
Financing						
Net outflow from long-term bank loans	(68,671)			(74,600)		
Net inflow from long-term amounts owed to group undertakings	21,400			62,240		
Net inflow from long-term amounts due to related companies	19,600			63,880		
Net cash (outflow)/inflow from financing	-----	(27,671)		-----	51,520	
Decrease in cash and cash equivalents		-----	(19,404)		-----	(12,151)
		=====			=====	

The notes on pages 8 to 14 form part of these financial statements.



## CAVENDISH CLOSE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 1995

Reconciliation of operating profit to  
to net cash inflow from operating activities

	1995		1994	
	£	£	£	£
Operating profit		255,041		241,157
Depreciation		51,516		47,886
Loss on disposal of fixed assets		450		-
		-----		-----
		307,007		289,043
Decrease/(Increase) in stocks		1,046		(1,222)
(Increase) in debtors		(32,352)		(4,302)
(Decrease)/Increase in creditors		(13,594)		48,915
		-----		-----
Net cash inflow from operating activities		262,107		332,434
		=====		=====

Analysis of the balances of cash and cash equivalents  
as shown in the balance sheet

	1995	1994	Change in year
	£	£	£
Cash at bank and in hand	953	7,152	(6,199)
Bank overdraft	(13,205)	-	(13,205)
	-----	-----	-----
	(12,252)	7,152	(19,404)
	=====	=====	=====

Analysis of changes in cash and cash equivalents during the year

	1995 £
Balance brought forward	7,152
Net cash outflow	(19,404)
	-----
Balance carried forward	(12,252)
	=====

The notes on pages 8 to 14 form part of these financial statements.

## CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1995

## 1. ACCOUNTING POLICIES.

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

## TURNOVER.

The 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, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold property	1% p.a. straight line
Fixtures and fittings	15% p.a. reducing balance
Plant and equipment	15% p.a. reducing balance
Office equipment	15% p.a. reducing balance
Motor vehicles	25% p.a. reducing balance

No depreciation is provided on freehold land.

## STOCK.

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

## DEFERRED TAXATION.

Provision has been made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

## 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.

The turnover and profit before tax is attributable to the one principal activity of the company.

	1995 £	1994 £
United Kingdom	1,169,539 =====	1,111,263 =====

## CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1995

## 3. OPERATING PROFIT.

Operating profit is stated after charging:

	1995 £	1994 £
Depreciation	51,516	47,886
Loss on disposal of fixed assets	450	-
Audit fees	5,470	5,000
Operating lease charges:		
- Hire of plant & machinery	5,121	3,631
	=====	=====

The directors did not receive any remuneration, or any other form of emoluments during the year (1994 - £Nil).

## 4. PARTICULARS OF EMPLOYEES.

The average number of staff employed by the company during the year amounted to 81 (1994 - 77).

## EMPLOYMENT COSTS.

The aggregate costs of the company's employees were:

	1995 £	1994 £
Wages and salaries	560,178	522,447
Social security costs	38,372	38,612
	-----	-----
	598,550	561,059
	=====	=====

## 5. INTEREST RECEIVABLE AND SIMILAR INCOME.

	1995 £	1994 £
Bank interest receivable	-	67
	=====	=====

## CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1995

## 6. INTEREST PAYABLE AND SIMILAR CHARGES.

	1995 £	1994 £
Bank overdraft interest	848	1,088
Bank loan interest	193,359	213,074
Interest payable on other loans	2,731	7,249
Interest on tax paid late	56	31
	-----	-----
	196,994	221,442
	=====	=====

## 7. TAXATION ON ORDINARY ACTIVITIES.

	1995 £	1994 £
Current year corporation tax at 25%	11,174	7,188
Overprovision in previous years	(2,461)	-
Compensation for loss relief	5,815	-
Increase in deferred tax	2,110	3,742
	-----	-----
	16,638	10,930
	=====	=====

## CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1995

## 8. TANGIBLE FIXED ASSETS.

	Freehold Land and Buildings	Plant and Machinery	Fixtures and Fittings	Office Equipment	Motor Vehicle	TOTAL
	£	£	£	£	£	£
COST:						
Brought Fwd	3,704,754	42,616	31,900	3,892	3,500	3,786,662
Additions	11,381	28,663	7,221	-	-	47,265
Disposals	-	-	-	-	(3,500)	(3,500)
Carried Fwd	3,716,135	71,279	39,121	3,892	-	3,830,427
	=====	=====	=====	=====	=====	=====
DEPRECIATION:						
Brought Fwd	170,401	9,420	7,818	1,363	2,600	191,602
Disposals	-	-	-	-	(2,600)	(2,600)
Charge	37,162	9,279	4,695	380	-	51,516
Carried Fwd	207,563	18,699	12,513	1,743	-	240,518
	=====	=====	=====	=====	=====	=====
NET BOOK VALUE:						
Carried Fwd	3,508,572	52,580	26,608	2,149	-	3,589,909
	=====	=====	=====	=====	=====	=====
Brought Fwd	3,534,353	33,196	24,082	2,529	900	3,595,060
	=====	=====	=====	=====	=====	=====

## 9. STOCKS.

	1995 £	1994 £
Stock	1,845 =====	2,891 =====

## CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1995

## 10. DEBTORS.

	1995 £	1994 £
Trade debtors	53,173	43,862
Amounts owed by related company	21,636	-
Other debtors	-	986
Prepayments and accrued income	3,820	1,429
	-----	-----
	78,629	46,277
	=====	=====

All debtors are receivable within one year of the balance sheet date.

## 11. CREDITORS: Amounts falling due within one year.

	1995 £	£	1994 £	£
Bank loans and overdrafts	102,845		81,102	
Trade creditors	16,329		17,662	
Amounts owed to group undertakings	18,854		13,039	
Amounts owed to related companies	-		37,360	
Other creditors including taxation and social security:				
Corporation tax	11,706		9,940	
Other taxation and social security	13,855		10,209	
Other creditors	-		4,269	
	-----		-----	
	25,561		24,418	
Accruals and deferred income	81,959		59,321	
	-----		-----	
	245,548		232,902	
	=====		=====	

## CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1995

## 12. CREDITORS: Amounts falling due after more than one year.

	1995 £	1994 £
Bank loans and overdrafts	2,313,233	2,390,442
Amounts owed to group undertakings	554,121	532,721
Amounts owed to related companies	535,511	515,911
	-----	-----
	3,402,865	3,439,074
	=====	=====

The following debts disclosed under creditors are secured by the company:

	1995 £	1994 £
Bank loan	2,402,873	2,471,544
	=====	=====

The bank loan is repayable by instalments over the next 15 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% (1994 - 8.5%)

The amount of instalments, falling due for payment after five years is estimated to be £1,883,000 (1994: £1,989,000).

## Other Loans:

The other loans bear interest at rates which are mutually agreed with the company from time to time. However it is not anticipated that these will be demanded within the next year as the loans form an integral part of the capital base of the company.

## 13. DEFERRED TAX.

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

	1995 £	1994 £
Excess of tax allowances over depreciation	4,605	-
Short-term timing differences	(2,495)	-
	-----	-----
	2,110	-
	=====	=====

## CAVENDISH CLOSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1995

## 13. continued.

The movement of the deferred tax provision during the year was:

	1995 £	1994 £
Increase in provision	2,110	-
Provision carried forward	2,110	-
	=====	=====

## 14. SHARE CAPITAL.

Authorised share capital:

	1995 £	1994 £
610 Ordinary "A" shares of £1 each	610	610
390 Ordinary "B" shares of £1 each	390	390
	-----	-----
	1,000	1,000
	=====	=====

Allotted, called up and fully paid:

	1995 £	1994 £
Equity share capital		
Ordinary "A" Shares	610	610
Ordinary "B" Shares	390	390
	-----	-----
Total share capital	1,000	1,000
	=====	=====

## 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS.

	1995 £	1994 £
Profit for the financial year	41,409	8,852
Net addition to funds	41,409	8,852
Opening shareholders' funds	(20,596)	(29,448)
Closing shareholders' funds	20,813	(20,596)
	=====	=====

## 16. GROUP COMPANY.

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