

2379435

**CAVENDISH CLOSE LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 1999**

**CLAYTON STARK & CO**

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



**CAVENDISH CLOSE LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 1999**

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**The company was incorporated in  
England on 29th June 1989.**

**Company Registration Number: 2399435**

**CAVENDISH CLOSE LIMITED****REPORT OF THE DIRECTORS****YEAR ENDED 31ST MARCH 1999**

The Directors present their report and the audited financial statements of the company for the year ended 31 March 1999

**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 the 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**

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

**BUSINESS REVIEW**

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

**DIVIDENDS**

The directors do not recommend the payment of a dividend and retained profits will be transferred to reserves.

**DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES**

The Directors who served during the year together with their beneficial interests in the share capital of the ultimate holding company, Woodley Hotels Limited, were as follows:-

	Ordinary shares of £1 each	
	1999	1998
G D Dhrona	85,001	85,001
R K Madan (Appointed on 1 June 1998)	85,000	85,000
	<hr/>	<hr/>

**CAVENDISH CLOSE LIMITED**

**REPORT OF THE DIRECTORS**

**YEAR ENDED 31ST MARCH 1999**

**FIXED ASSETS**

The acquisitions and disposals of fixed assets are recorded in notes to the financial statements. The freehold property was valued in February 1998 at £3.05m. However, the directors are of the opinion the current market value to be in the region of the net book value which is stated in the accounts at 3.36m.

**TAX STATUS**

The Company is a close company within the provisions of section 414 Income and Corporation Taxes Act 1988.

**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.

By order of the Board



**Girishkumar Devchand Dhrona**  
Secretary

Date

**- 3 SEP 1999**

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**CAVENDISH CLOSE LIMITED**

**REPORT OF THE AUDITORS**

**YEAR ENDED 31ST MARCH 1999**

**To the Members of CAVENDISH CLOSE LIMITED**

We have audited the financial statements on pages 4 to 14 which have been prepared on the basis of the accounting policies set out page 8.

**Respective Responsibilities of Directors and Auditor**

As described on page 1 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.

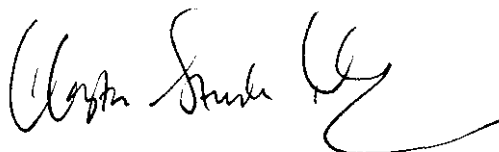
**Basis of Opinion**

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 judgments 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 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 1999 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**

**- 6 SEP 1999**

**1999**

## CAVENDISH CLOSE LIMITED

## PROFIT AND LOSS ACCOUNT

## YEAR ENDED 31ST MARCH 1999

	NOTE	1999 £	1998 £
Turnover	2	1,383,131	1,320,874
Cost of sales		<u>(734,498)</u>	<u>(732,182)</u>
Gross Profit		648,633	588,692
Administrative Expenses		(284,914)	(247,811)
Operating Profit for Continuing Operations	3	<u>363,719</u>	<u>340,881</u>
Interest and other Income receivable	6	5,878	6,670
Interest Payable and Similar Charges	7	(176,042)	(180,863)
Profit on Ordinary Activities Before Taxation		<u>193,555</u>	<u>166,688</u>
Tax on Profit on Ordinary Activities	8	(70,684)	(60,711)
Profit on Ordinary Activities After Taxation		<u>122,871</u>	<u>105,977</u>
Balance brought forward		285,782	179,805
Balance carried forward		<u><u>408,653</u></u>	<u><u>285,782</u></u>

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

**CAVENDISH CLOSE LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****FOR THE YEAR ENDED 31ST MARCH 1999****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	122,871	105,977
Other recognised gains and losses	-	-
Total gains recognised since last annual report	<u>122,871</u>	<u>105,977</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	122,871	105,977
Other movements	-	-
Net addition to funds	<u>122,871</u>	<u>105,977</u>
Opening shareholders' funds	<u>286,782</u>	<u>180,805</u>
Closing shareholders' funds	<u>409,653</u>	<u>286,782</u>

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

## CAVENDISH CLOSE LIMITED

## BALANCE SHEET AS AT 31ST MARCH 1999

	NOTE	1999 £	£	1998 £	£
<b>FIXED ASSETS</b>					
Tangible Assets	9		3,448,641		3,489,056
<b>CURRENT ASSETS</b>					
Stocks	10	3,920		2,397	
Debtors	11	41,544		37,461	
Cash at bank and in hand		<u>123,220</u>		<u>133,749</u>	
		168,684		173,607	
<b>Creditors:</b> Amounts falling due within one year	12	(350,484)		(382,704)	
Net Current Liabilities			<u>(181,800)</u>		<u>(209,097)</u>
Total Assets Less Current Liabilities			<u>3,266,841</u>		<u>3,279,959</u>
<b>Creditors:</b> Amounts falling due after more than one year	13		<u>(2,848,732)</u>		<u>(2,985,575)</u>
			418,109		294,384
<b>Provision for Liabilities and Charges</b>	14		<u>(8,456)</u>		<u>(7,602)</u>
<b>Net Assets</b>			<u><u>409,653</u></u>		<u><u>286,782</u></u>
<b>CAPITAL AND RESERVES</b>					
			£		£
Share capital	15		1,000		1,000
Profit & Loss Account			408,653		285,782
			<u>409,653</u>		<u>286,782</u>

Signed on behalf of the Board of Directors


 Director .....

Approved by the Board of Directors on..... 3 SEP 1999

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 1999

RECONCILIATION OF OPEARTING PROFIT  
TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999	1998
	£	£
Operating profit	363,719	340,881
Depreciation	49,199	49,734
Decrease/(Increase) in stocks	(1,523)	(396)
Decrease/(Increase) in debtors	(4,083)	16,909
(Decrease)/Increase in creditors	(44,150)	16,302
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b><u>363,162</u></b>	<b><u>423,430</u></b>

## CASH FLOW STATEMENT

	NOTE	1,999	1,998
		£	£
Net cash inflow from operating activities		363,162	423,430
Returns of investments and servicing of finance	19	(170,164)	(174,193)
Taxation		(25,500)	(23,063)
Compensation for surrender of group tax losses		(56,720)	(34,510)
Capital expenditure	19	<u>(8,784)</u>	<u>(3,978)</u>
		101,994	187,686
Financing	19	<u>(112,523)</u>	<u>(106,181)</u>
<b>INCREASE / (DECREASE) IN CASH</b>		<b><u>(10,529)</u></b>	<b><u>81,505</u></b>

RECONCILIATION OF NET CASH FLOW  
TO MOVEMENT IN NET DEBT

		1,999	1,998
		£	£
Increase / (decrease) in cash in the period		(10,529)	81,505
Cash paid in respect of Bank Loan		112,523	106,181
Change in net debt		<u>101,994</u>	<u>187,686</u>
Net debt at beginning of the year		(1,969,234)	(2,156,920)
Net debt at end of the year	20	<b><u>(1,867,240)</u></b>	<b><u>(1,969,234)</u></b>

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 1999****1. ACCOUNTING POLICIES**

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

**TURNOVER**

Turnover represents amounts invoiced during the year

**DEPRECIATION**

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

Freehold property	1% p.a. Straight Line
Improvements	1% p.a. Straight Line
Fixtures & Fittings	15% Reducing Balance
Plant and machinery	15% Reducing Balance
Office Equipment	15% 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:

	1999 £	1998 £
United Kingdom	<u>1,383,131</u>	<u>1,320,874</u>

## CAVENDISH CLOSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 1999

## 3. OPERATING PROFIT

Operating profit is stated after charging:

	1999 £	1998 £
Amortisation	37,166	37,166
Depreciation	12,033	12,568
Auditors' remuneration	5,111	5,287
	<u>          </u>	<u>          </u>

## 4. PARTICULARS OF STAFF

The average no. of employees including directors employed by the company during the year amounted to 76 (1998 - 74)

The aggregate costs of staff including directors were:

	1999 £	1998 £
Wages and salaries	647,983	602,073
Social security costs	47,400	40,475
	<u>695,383</u>	<u>642,548</u>

## 5. DIRECTORS EMOLUMENTS

	1999 £	1998 £
Remuneration and fringe benefits as directors	<u>45,906</u>	<u>-</u>
	<u>          </u>	<u>          </u>
	1999 £	1998 £
Highest paid director	<u>21,666</u>	<u>-</u>

## CAVENDISH CLOSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 1999

## 6. OTHER INCOME RECEIVABLE

	1999	1998
	£	£
Rent income receivable	3,487	3,950
Bank interest receivable	2,391	2,720
	<u>5,878</u>	<u>6,670</u>

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
On bank loan	175,976	180,824
Other similar charges	66	39
	<u>176,042</u>	<u>180,863</u>

## 8. TAXATION ON ORDINARY ACTIVITIES

	1999	1998
	£	£
UK corporation tax at 21% (1998-31%)	12,600	25,656
Prior year adjustment	510	-
Compensation for loss relief	56,720	34,510
Increase in deferred tax provision		
- see note 14:		
Capital allowances	854	545
	<u>70,684</u>	<u>60,711</u>

## CAVENDISH CLOSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 1999

## 9. TANGIBLE FIXED ASSETS

<b>COST</b>	<b>Opening Balance £</b>	<b>Additions £</b>	<b>Disposals £</b>	<b>Closing Balance £</b>
Freehold Land and Building	3,716,596	-	-	3,716,596
Improvements	21,994	-	-	21,994
Plant and Machinery	82,578	7,189	-	89,767
Fixtures and Fittings	56,266	420	-	56,686
Office Equipment	5,427	1,175	-	6,602
	<u>3,882,861</u>	<u>8,784</u>	<u>-</u>	<u>3,891,645</u>

<b>DEPRECIATION</b>	<b>Opening Balance £</b>	<b>Charge for the Year £</b>	<b>Disposals £</b>	<b>Closing Balance £</b>
Freehold Land and Building	319,062	37,166	-	356,228
Improvements	439	220	-	659
Plant and Machinery	42,780	7,048	-	49,828
Fixtures and Fittings	28,456	4,235	-	32,691
Office Equipment	3,068	530	-	3,598
	<u>393,805</u>	<u>49,199</u>	<u>-</u>	<u>443,004</u>

<b>NET BOOK VALUE</b>	<b>1998 Opening Balance £</b>	<b>1999 Closing Balance £</b>
Freehold Land and Building	3,397,534	3,360,368
Improvements	21,555	21,335
Plant and Machinery	39,798	39,939
Fixtures and Fittings	27,810	23,995
Office Equipment	2,359	3,004
	<u>3,489,056</u>	<u>3,448,641</u>

## CAVENDISH CLOSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 1999

## 10. STOCKS

	1999 £	1998 £
Stocks	<u>3,920</u>	<u>2,397</u>

## 11. DEBTORS

	1999 £	1998 £
Trade debtors	27,720	21,603
Other debtors	-	729
Prepayments and accrued income	13,824	15,129
	<u>41,544</u>	<u>37,461</u>

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

	1999 £	1998 £
Bank loans and overdrafts	131,320	107,000
Trade creditors	36,167	28,968
Payments received on account	22,420	21,318
Amounts owed to group undertakings	69,517	118,675
Taxation	12,757	25,146
Other taxes and social security	12,498	10,413
Other creditors	30,097	34,715
Accruals and deferred income	35,708	36,469
	<u>350,484</u>	<u>382,704</u>

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

	1999 £	1998 £
Bank loans and overdrafts	1,859,140	1,995,983
Amounts owed to group undertakings	897,341	897,341
Other creditors	92,251	92,251
	<u>2,848,732</u>	<u>2,985,575</u>

The bank loan is repayable over the next 11 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 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 m.

## CAVENDISH CLOSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 1999

## 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 :-

	1999 £	1998 £
Excess of taxation allowances over depreciation on fixed assets	<u>8,456</u>	<u>7,602</u>

## 15. SHARE CAPITAL

	1999 £	1998 £
AUTHORISED SHARE CAPITAL:		
610 Ordinary 'A' shares of £1 each	610	610
390 Ordinary 'B' shares of £1 each	<u>390</u>	<u>390</u>
	<u>1,000</u>	<u>1,000</u>
ALLOTTED, CALLED UP AND FULLY PAID:		
610 Ordinary 'A' shares of £1 each	610	610
390 Ordinary 'B' shares of £1 each	<u>390</u>	<u>390</u>
	<u>1,000</u>	<u>1,000</u>

## CAVENDISH CLOSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 1999

## 16. CONTINGENT LIABILITIES

There are no contingent liabilities incurred by the company.

## 17. ULTIMATE HOLDING COMPANY

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

## 18. OPERATING LEASES

The annual commitments under operating leases are as follows:-

	1999		1998	
	LAND & BUILDING	OTHERS	LAND & BUILDING	OTHERS
	£	£	£	£
Expiring:				
within one year	-	441	-	440
in second to fifth year	14,345	-	-	-
Over five years	-	-	14,345	-
	<u>14,345</u>	<u>441</u>	<u>14,345</u>	<u>440</u>

	1999	1998
	£	£
<b>19. GROSS CASH FLOWS</b>		
<b>Returns on investments and servicing of finance</b>		
Interest and rent received	5,878	6,670
Interest paid	<u>(176,042)</u>	<u>(180,863)</u>
	<u>(170,164)</u>	<u>(174,193)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	<u>(8,784)</u>	<u>(3,978)</u>
<b>Financing</b>		
Capital repayment in respect of bank loan	<u>(112,523)</u>	<u>(106,181)</u>

## 20. ANALYSIS CHANGES IN NET DEBT

	Balance 1.4.1998	Cash Flows	Other Changes	Balance 31.3.1999
	£	£	£	£
Cash in hand and at bank	133,749	(10,529)	-	123,220
Bank overdraft	-	-	-	-
	<u>133,749</u>	<u>(10,529)</u>	<u>-</u>	<u>123,220</u>
Debt due with in year	(107,000)	(24,320)	-	(131,320)
Debt due after more than one year	(1,995,983)	136,843	-	(1,859,140)
	<u>(1,969,234)</u>	<u>101,994</u>	<u>-</u>	<u>(1,867,240)</u>
Total				