

**CAVENDISH CLOSE LIMITED**  
**FINANCIAL STATEMENTS**

**31st MARCH 1996**

**Company Registration Number 2399435**

**CLAYTON STARK & CO**

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



# **CAVENDISH CLOSE LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31st MARCH 1996**

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**CAVENDISH CLOSE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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<b>THE DIRECTOR</b>	Mr G D Dhrona
<b>COMPANY SECRETARY</b>	Vineheath Nominees Limited
<b>REGISTERED OFFICE</b>	5th Floor Charles House 108-110 Finchley Road London NW3 5JJ
<b>AUDITORS</b>	Clayton Stark & Co Chartered Accountants & Registered Auditors 5th Floor Charles House 108-110 Finchley Road London NW3 5JJ

# CAVENDISH CLOSE LIMITED

## THE DIRECTOR'S REPORT

YEAR ENDED 31st MARCH 1996

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The director has pleasure in presenting his report and the financial statements of the company for the year ended 31st March 1996.

### 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 director the company was in a satisfactory position as at 31st March 1996.

### RESULTS AND DIVIDENDS

The trading results for the year, and company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

The balance of the profits for the year amounting to £51,618 will be added to reserves and carried forward to the following year.

### THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Class of share	At 31 Mar 96	At 1 Apr 95
Mr G D Dhrona	Ordinary	-	-

Mr Dhrona's interest in the share capital of the ultimate holding company, Woodley Hotels Limited, is dealt with in the Directors' Report thereof.

### FIXED ASSETS

The movements in 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 £3.47m. The director considers the value of the freehold property as 31 March 1996 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 *(continued)*

YEAR ENDED 31st MARCH 1996

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#### DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to

select suitable accounting policies, as described on page 9, 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 financial statements.

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

#### AUDITORS

A resolution to re-appoint 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.

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

Signed on behalf of the director



for Vineheath Nominees Limited  
Company secretary

Approved by the director on 17/1/1997

**CAVENDISH CLOSE LIMITED**  
**AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31st MARCH 1996**

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

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS**

As described in the director's report, the director of the company is responsible for the preparation of the 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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 affairs of the company as at 31st March 1996 and of its 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

22/1/1997

## CAVENDISH CLOSE LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st MARCH 1996

	Note	1996 £	1995 £
<b>TURNOVER</b>	<b>2.</b>	1,186,927	1,169,539
Cost of sales		(684,026)	(673,781)
<b>GROSS PROFIT</b>		<u>502,901</u>	<u>495,758</u>
Administrative expenses		(234,150)	(240,717)
<b>OPERATING PROFIT</b>	<b>3.</b>	<u>268,751</u>	<u>255,041</u>
Interest payable and similar charges	<b>6.</b>	(196,340)	(196,994)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>72,411</u>	<u>58,047</u>
Tax on profit on ordinary activities	<b>7.</b>	(20,793)	(16,638)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>51,618</u>	<u>41,409</u>
Balance brought forward		19,813	(21,596)
<b>BALANCE CARRIED FORWARD</b>		<u><u>71,431</u></u>	<u><u>19,813</u></u>

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

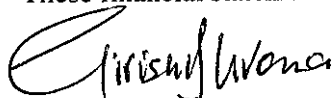
## CAVENDISH CLOSE LIMITED

## BALANCE SHEET

31st MARCH 1996

		1996		1995	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8.		3,557,874		3,589,909
<b>CURRENT ASSETS</b>					
Stocks	9.	1,565		1,845	
Debtors	10.	65,417		78,629	
Cash at bank and in hand		1,394		953	
		<u>68,376</u>		<u>81,427</u>	
<b>CREDITORS: Amounts falling due within one year</b>	11.	<u>(249,724)</u>		<u>(245,548)</u>	
<b>NET CURRENT LIABILITIES</b>			(181,348)		(164,121)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,376,526</u>		<u>3,425,788</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12.		<u>(3,300,606)</u>		<u>(3,402,865)</u>
			75,920		22,923
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	13.		(3,489)		(2,110)
<b>NET ASSETS</b>			<u>72,431</u>		<u>20,813</u>
<b>CAPITAL AND RESERVES</b>					
Equity share capital	14.		1,000		1,000
Profit and loss account			71,431		19,813
<b>SHAREHOLDERS' FUNDS</b>			<u>72,431</u>		<u>20,813</u>

These financial statements were approved and signed by the director on 17/11/1997.

  
MR G D DHRONA

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

## CAVENDISH CLOSE LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31st MARCH 1996

	1996		1995	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		333,784		262,107
<b>Returns on investments and servicing of finance</b>				
Interest paid	(196,340)		(194,263)	
<b>Net cash outflow from returns on investments and servicing of finance</b>		(196,340)		(194,263)
<b>Taxation</b>				
Corporation tax paid	(12,594)		(6,947)	
Compensation for loss relief	(6,645)		(5,815)	
	-----		-----	
<b>Taxes paid</b>		(19,239)		(12,762)
<b>Investing activities</b>				
Payments to acquire tangible fixed assets	(20,308)		(47,265)	
Receipts from sale of fixed assets	-		450	
<b>Net cash outflow from investing activities</b>		(20,308)		(46,815)
<b>Net cash inflow before financing</b>		97,897		8,267
<b>Financing</b>				
Net (outflow)/inflow from long-term bank loans	(90,199)		(68,671)	
Net inflow from long-term amounts owed to group undertakings	-		21,400	
Net inflow from other long-term creditors	-		19,600	
<b>Net cash (outflow)/inflow from financing</b>		( 90,199)		(27,671)
<b>Increase (Decrease) in cash and cash equivalents</b>		7,698		(19,404)

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

## CAVENDISH CLOSE LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31st MARCH 1996

Reconciliation of operating profit to  
net cash inflow from operating activities

	1996 £	1995 £
Operating profit	268,751	255,041
Depreciation	52,343	51,516
Loss on disposal of fixed assets	-	450
Decrease/(Increase) in stocks	280	(1,845)
Decrease/(Increase) in debtors	13,212	(78,629)
(Decrease) in creditors	802	(13,594)
<b>Net cash inflow from operating activities</b>	<u>333,784</u>	<u>262,107</u>

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

	1996 £	1995 £	Change £
Cash at bank and in hand	1,394	953	441
Bank overdraft	(5,948)	(13,205)	7,257
	<u>(4,554)</u>	<u>(12,252)</u>	<u>7,698</u>

Analysis of changes in cash and cash  
equivalents during the year

	£
Balance brought forward	(12,252)
Net cash inflow	7,698
Balance carried forward	<u>(4,554)</u>

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

**CAVENDISH CLOSE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 1996**

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**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to 87 (1995 - 81).

The aggregate payroll costs of the above were:

	1996 £	1995 £
Wages and salaries	570,497	560,178
Social security costs	34,681	38,372
	<u>605,178</u>	<u>598,550</u>

**5. DIRECTOR'S EMOLUMENTS**

The director's emoluments were:

	1996 £	1995 £
Remuneration as a director	<u>-</u>	<u>-</u>

Emoluments excluding pension contributions:

	1996 £	1995 £
Chairman	<u>-</u>	<u>-</u>

The number of directors, including the above, whose emoluments, excluding pension contributions, fell within the following ranges, were:

	1996 No.	1995 No.
£0 to £5,000	<u>1</u>	<u>-</u>

**CAVENDISH CLOSE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 1996**

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**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**

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, less its estimated residual value, over the useful economic life of that asset as follows:

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

**Stocks**

Stock has been valued at the lower of cost and net realisable 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.

**2. TURNOVER**

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

**3. OPERATING PROFIT**

Operating profit is stated after charging:

	1996 £	1995 £
Depreciation	52,343	51,516
Loss on disposal of fixed assets	-	450
Auditors' remuneration - as auditors	6,000	5,470
Operating lease costs:		
Plant and equipment	9,816	5,121

## CAVENDISH CLOSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31st MARCH 1996

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	1996 £	1995 £
Interest payable on debentures	1,373	848
Interest payable on bank borrowing	194,801	193,359
Interest on other loans	-	2,731
Other similar charges payable	166	56
	<u>196,340</u>	<u>196,994</u>

**7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	1996 £	1995 £
Corporation tax based on the results for the year at 25% (1995 - 25%)	12,769	11,174
Adjustment to provision in previous years	-	(2,461)
Compensation for loss relief	6,645	5,815
Increase in deferred tax provision		
- see note 13:		
Capital allowances	1,379	4,605
Other	-	(2,495)
	<u>20,793</u>	<u>16,638</u>

**8. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings	Plant and Machinery	Fixtures and Fittings	Office Equipment	Total
	£	£	£	£	£
<b>COST</b>					
At 1st April 1995	3,716,135	71,279	39,121	3,892	3,830,427
Additions	461	8,330	10,871	646	20,308
At 31st March 1996	<u>3,716,596</u>	<u>79,609</u>	<u>49,992</u>	<u>4,538</u>	<u>3,850,735</u>

**CAVENDISH CLOSE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 1996**

**8. TANGIBLE FIXED ASSETS (continued)**

	Freehold Land and Buildings	Plant and Machinery	Fixtures and Fittings	Office Equipment	Total
	£	£	£	£	£
<b>DEPRECIATION</b>					
At 1st April 1995	207,563	18,699	12,513	1,743	240,518
Charge for year	37,167	9,136	5,621	419	52,343
At 31st March 1996	<u>244,730</u>	<u>27,835</u>	<u>18,134</u>	<u>2,162</u>	<u>292,861</u>
<b>NET BOOK VALUE</b>					
At 31st March 1996	<u>3,471,866</u>	<u>51,774</u>	<u>31,858</u>	<u>2,376</u>	<u>3,557,874</u>
At 31st March 1995	<u>3,508,572</u>	<u>52,580</u>	<u>26,608</u>	<u>2,149</u>	<u>3,589,909</u>

**9. STOCKS**

	1996 £	1995 £
Stock	<u>1,565</u>	<u>1,845</u>

**10. DEBTORS**

	1996 £	1995 £
Trade debtors	47,256	53,173
Amounts owed by related companies	3,053	21,636
Prepayments and accrued income	15,108	3,820
	<u>65,417</u>	<u>78,629</u>

**CAVENDISH CLOSE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 1996**

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

	1996		1995	
	£	£	£	£
Bank loans and overdrafts		107,648		102,845
Trade creditors		30,910		16,329
Amounts owed to group undertakings		25,499		18,854
Other creditors including taxation and social security:				
Corporation Tax	11,881		11,706	
PAYE and social security	14,631		13,855	
Amounts owed to related companies	3,122		-	
		<u>29,634</u>		<u>25,561</u>
Accruals and deferred income		56,033		81,959
		<u>249,724</u>		<u>245,548</u>

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

	1996	1995
	£	£
Bank loans and overdrafts	2,210,974	2,313,233
Amounts owed to group undertakings	554,121	554,121
Other creditors:		
Amounts owed to related companies	535,511	535,511
	<u>3,300,606</u>	<u>3,402,865</u>

**CAVENDISH CLOSE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 1996**

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

The following liabilities of which £101700 (1995 - £89640) is included under creditors falling due within one year are secured by the company:

	1996 £	1995 £
Bank loans and overdrafts	<u>2,312,674</u>	<u>-</u>

The bank loan is repayable by instalments over the next 14 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 of instalments falling due for payment after five years is estimated to be £1,689,000 (1995 - £1,883,000).

**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 of the company.

**13. DEFERRED TAXATION**

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

	1996 £	1995 £
Excess of taxation allowances over depreciation on fixed assets	5,984	4,605
Short-term timing differences	(2,495)	(2,495)
	<u>3,489</u>	<u>2,110</u>

**CAVENDISH CLOSE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31st MARCH 1996**

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**14. SHARE CAPITAL****Authorised share capital:**

	1996 £	1995 £
610 Ordinary "A" shares of £1 each	610	610
390 Ordinary "B" shares of £1 each	390	390
	<u>1,000</u>	<u>1,000</u>

**Allotted, called up and fully paid:**

	1996		1995	
	No.	£	No.	£
Ordinary "A" shares	610	610	610	610
Ordinary "B" shares	390	390	390	390
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

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

	1996 £	1995 £
Profit for the financial year	51,618	41,409
Opening shareholders' equity funds	<u>20,813</u>	<u>(20,596)</u>
Closing shareholders' equity funds	<u>72,431</u>	<u>20,813</u>

**16. ULTIMATE PARENT COMPANY**

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