

HELPING HANDS CARE LIMITED

(Registered No. 02757588)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 7 MONTH PERIOD ENDED 31 DECEMBER 1997**



HELPING HANDS CARE LIMITED

REPORT OF THE DIRECTORS

for the 7 month period ended 31 December 1997

The directors present their annual report and the audited financial statements for the period ended 31 December 1997.

1. Principal activity and review of the business

The principal activity of the Company is the provision of domiciliary care. The directors consider the development of the Company during the period to be satisfactory, and do not foresee any significant changes in the forthcoming year.

2. Change in accounting reference date

Following the acquisition of Goldsborough Healthcare PLC by BUPA Finance PLC the accounting reference date of the Company was changed to 31 December.

3. Results and dividends

The profit for the period, after taxation, amounted to £10,454 (31 May 1997 - profit £41,655). No dividend is proposed for the period (31 May 1997 - £ nil).

4. Directors and directors' interests

The names of persons who were directors at any time during the period are as follows:

G Smith	
I Fozard	(resigned 25/09/98)
J P Davies	(appointed 29/10/97)
F A Kee	(appointed 29/10/97)
J G Wheaton	(appointed 29/10/97, resigned 28/08/98)
M Ellerby	(appointed 27/03/98)

There were no directors' interests in the shares of the Company at 31 December 1997 or at any time during the period. Details of share options granted to G Smith and I Fozard in BUPA Care Services Limited (formerly Goldsborough Healthcare PLC) are set out in the financial statements of that company.

HELPING HANDS CARE LIMITED

REPORT OF THE DIRECTORS

for the 7 month period ended 31 December 1997 - continued

5. Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office :

Bridge House
Outwood Lane
Horsforth
Leeds
LS18 4UP

22 October 1998

By Order of the Board

A handwritten signature in black ink, appearing to be 'G. Smith', written over a horizontal line.

G Smith
Director

HELPING HANDS CARE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' report set out on page 4, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements.

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 or 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 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 ; 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.

HELPING HANDS CARE LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF HELPING HANDS CARE LIMITED

We have audited the financial statements set out on pages 5 to 15.

Respective responsibilities of directors and auditors

As described on page 3, 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 at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Leeds

22 October 1998

KPMG Audit Plc
Chartered Accountants
Registered Auditors

HELPING HANDS CARE LIMITED

PROFIT AND LOSS ACCOUNT

for the 7 month period ended 31 December 1997

	<i>Note</i>	7 months to 31 December 1997 £	Year to 31 May 1997 £
Turnover		118,952	179,308
Operating expenses		(104,581)	(119,518)
Operating profit		<u>14,371</u>	<u>59,790</u>
Interest receivable and similar income	4	2,147	2,760
Interest payable and similar charges	5	(220)	(685)
Profit on ordinary activities before taxation	6	<u>16,298</u>	<u>61,865</u>
Tax on profit on ordinary activities	7	(5,844)	(20,210)
Retained profit for the financial period		<u>10,454</u>	<u>41,655</u>

The operating profit is all derived from continuing operations.

There were no recognised gains and losses other than the profit for the financial period.

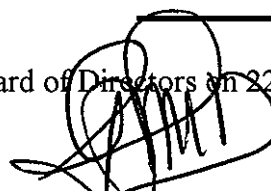
HELPING HANDS CARE LIMITED

BALANCE SHEET

as at 31 December 1997

	<i>Note</i>	31 December 1997 £	31 May 1997 £
Fixed assets			
Tangible assets	9	13,035	16,777
		<hr/> 13,035	<hr/> 16,777
Current assets			
Consumable stocks		11,411	-
Debtors due within one year	10	42,414	119,455
Cash at bank and in hand		170,813	50,198
		<hr/> 224,638	<hr/> 169,653
Creditors: amounts falling due within one year	11	(197,047)	(156,258)
		<hr/> 27,591	<hr/> 13,395
Net current assets		<hr/> 40,626	<hr/> 30,172
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	40,624	30,170
		<hr/> 40,626	<hr/> 30,172
Equity shareholders' funds		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 22 October 1998 and were signed on its behalf by


G. Smith
Director

The accounting policies and notes on pages 8 to 15 form part of these financial statements.

HELPING HANDS CARE LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the 7 month period ended 31 December 1997

	7 months to 31 December 1997 £	Year to 31 May 1997 £
Profit for the financial period	10,454	41,655
Net addition to shareholders' funds	<hr/> 10,454	<hr/> 41,655
Opening shareholders' funds	30,172	(11,483)
Closing shareholders' funds	<hr/> 40,626 <hr/>	<hr/> 30,172 <hr/>

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 7 month period ended 31 December 1997

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention and on a going concern basis.

As the Company is a wholly owned subsidiary undertaking it is exempt from the requirements of Financial Reporting Standard No.8 to disclose details of transactions with other members of the BUPA group of companies.

(b) Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited, and its cash flows are included within the consolidated cash flow statement of that company.

(c) Turnover

Turnover represents income received from franchisees of which the basis for calculating is a percentage of the franchisees total turnover.

(d) Fixed assets and depreciation

The Company's policy is to provide depreciation rates which are calculated to write off the cost of each tangible fixed asset less its estimated useful life:

Leasehold land and buildings	- Over the period of the lease
Motor vehicles	- 25% on written down value
Fixtures, fittings & equipment	- 25% on written down value

(e) Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise. It is expected that trading losses surrendered will be made on a full payment basis.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost means purchase price, less trade discounts, calculated on a average basis. Net realisable value means estimated selling price, less trade discounts, and less all costs to be incurred in marketing, selling and distribution.

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 7 month period ended 31 December 1997

(g) Operating leases

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

Assets leased to other group undertakings under operating leases are included in tangible fixed assets and are stated at historical cost. Revenue is recognised on an accruals basis.

(h) Finance leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

2. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Goldsborough Limited, a company registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited (BUPA), in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 7 month period ended 31 December 1997

3. STAFF COSTS AND DIRECTORS' REMUNERATION

a) Employees

The average number of persons employed by the Company during the period, analysed by category, was as follows:

	Number of employees	
	7 months to 31 December 1997	Year to 31 May 1997
Office and Management	5	5
	<hr/> 5	<hr/> 5

	7 months to 31 December 1997	Year to 31 May 1997
The aggregate payroll costs of these persons were as follows	£	£
Wages and salaries	37,900	52,312
Social security costs	1,132	1,563
	<hr/> 39,032	<hr/> 53,875

No remuneration was paid to any of the directors for the period (1997 : nil).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	7 months to 31 December 1997	Year to 31 May 1997
	£	£
Receivable from Group undertakings	2,147	2,760
	<hr/> 2,147	<hr/> 2,760

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 7 month period ended 31 December 1997

5. INTEREST PAYABLE AND SIMILAR CHARGES

	7 months to 31 December 1997 £	Year to 31 May 1997 £
Bank interest	-	33
Interest on late tax	220	652
	<hr/> 220	<hr/> 685

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	7 months to 31 December 1997 £	Year to 31 May 1997 £
<i>Profit on ordinary activities is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets :		
Owned	692	1,076
Leased	3,551	8,471
	<hr/>	<hr/>

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 7 month period ended 31 December 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

7 months to
31 December
1997
£

Year to
31 May
1997
£

The taxation charge is based on the result for the period:

UK corporation tax at 31% (31 May : 31.8%)

5,844

20,210

8. DIVIDENDS

No dividends were paid or proposed during the financial period (1997 : nil).

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 7 month period ended 31 December 1997

9. TANGIBLE FIXED ASSETS

Cost	Short Leasehold Property £	Motor Vehicle £	Fixtures, fittings & equipment £	Total £
At 1 June 1997	14,668	11,003	8,735	34,406
Additions	-	-	501	501
At 31 December 1997	14,668	11,003	9,236	34,907
Depreciation				
At 1 June 1997	7,285	7,585	2,759	17,629
Charge for the period	2,823	728	692	4,243
At 31 December 1997	10,108	8,313	3,451	21,872
Net Book Value				
At 31 December 1997	4,560	2,690	5,785	13,035
At 31 May 1997	7,383	3,418	5,976	16,777

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 7 month period ended 31 December 1997

10. DEBTORS

	31 December 1997 £	31 May 1997 £
Amounts falling due within one year:		
Trade debtors	15,659	81,785
Other debtors and prepayments	20,039	33,145
Amounts owed by fellow group undertakings	6,716	4,525
	<hr/> 42,414 <hr/>	<hr/> 119,455 <hr/>

11. CREDITORS - amounts falling due within one year :

	31 December 1997 £	31 May 1997 £
Trade creditors	-	9,099
Amounts owed to group undertakings	183,825	122,837
Taxation and social security	3,516	4,943
Corporation Tax	7,951	7,716
Other creditors and accruals	1,717	9,479
Hire purchase creditor	38	2,184
	<hr/> 197,047 <hr/>	<hr/> 156,258 <hr/>

12. SHARE CAPITAL

	31 December 1997 £	31 May 1997 £
Authorised		
100 ordinary shares of £1 each	<hr/> 100 <hr/>	<hr/> 100 <hr/>
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	<hr/> 2 <hr/>	<hr/> 2 <hr/>

HELPING HANDS CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 7 month period ended 31 December 1997

13. RESERVES

	Profit and loss account £
At 1 June 1997	30,170
Retained profit	10,454
At 31 December 1997	<hr/> 40,624 <hr/>

14. CONTINGENT LIABILITIES

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Group undertakings.

Under a group registration the Company is jointly and severally liable for value added tax due by certain other group companies.