Brain Injury Rehabilitation Care Centres Limited

Directors' report and financial statements

Registered number 2957629

31 May 2005

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2005. The company is wholly owned by The Disabilities Trust, a company limited by guarantee.

Principal activities

The principal activity of Brain Injury Rehabilitation Care Centres Limited ("BIRCC") is the provision of rehabilitation centres for people with brain injuries together with appropriate ongoing care facilities where such needs exist, either within fully supported centres or community placements. Major services are provided in Milton Keynes, Leeds, Liverpool, Aylesbury, Cullompton, Birmingham and Ely.

Business review

All units performed well throughout the year. Opportunities to expand services within the community, with the co-operation of local housing associations wherever possible, were successfully undertaken in the year. It is expected that these opportunities will continue to be acted upon positively in the future as they arise.

Future developments

With effect from midnight on 31 May 2005 operations ceased and the company became dormant. The two properties owned by BIRCC were sold to the parent company, a charity, at market valuation and its net assets and liabilities, excluding cash, were assigned at book value to the Brain Injury Rehabilitation Trust ("BIRT"), a subsidiary charity of the parent company, The Disabilities Trust. The brain injury services continued to operate seamlessly thereafter through the Brain Injury Rehabilitation Trust. Approval for this course of action was sought from and granted by The Charity Commission.

The expansion of services within the community with the cooperation of local housing associations and other partnerships will continue through the Brain Injury Rehabilitation Trust.

The new brain injury unit at Ely was completed in the year and the service became operational in January 2005. The opening ceremony was conducted on 23 March 2005 in the presence of Dr Stephen Ladyman and the service is going from strength to strength. Building work on the proposed new unit at Horsham, having been the subject of considerable delay, commenced in June 2005 and is scheduled for completion in September 2006.

The Trustees of the parent company will consider other investment opportunities that would widen the range of facilities provided to people with acquired brain injuries, as and when they become available.

Dividends and transfer to reserves

No dividend payments were made in the year *(2004: £nil).*

The profit for the year transferred to reserves by the company after distributing available funds to its parent company by way of gift aid is £50,128 *(2004: loss £31,715).*

Payments to suppliers

Settlement terms are agreed with suppliers as part of contract terms and it is company policy to pay in accordance with those terms. Other creditors are paid in accordance with invoice terms.

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows:

Mr G Anderson
Mr C Hedley
Ms J Budd Resigned 9 May 2005

The directors who held office during and at the end of the financial year had no interest or right to subscribe for shares and debentures of the company. No director holds any material interest in the contracts of the company.

Employees

All staff engaged in the provision of services are employed by the parent company, The Disabilities Trust, which holds the Investors in People award and continues to maintain and improve where appropriate the highest possible standards. This reflects the value and contribution of all staff.

Political and charitable contributions

The company made no political contributions during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

C Hedley

C Hedley
Chairman

Date 26 SEPT 2005

Registered Address:
First Floor
32 Market Place
Burgess Hill
West Sussex
RH15 9NP

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the result 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;
- 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 required to keep 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
West Sussex RH11 9PT

Report of the independent auditors to the members of Brain Injury Rehabilitation Care Centres Limited

We have audited the financial statements on pages 5 to 13.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

Date
30 September 2005

Profit and loss account

for the year ended 31 May 2005

	Note	2005	2004
		£	£
Turnover	*1*	**15,339,192**	13,887,590
Cost of sales		**(12,343,199)**	(10,365,705)
Gross profit		**2,995,993**	3,521,885
Administrative expenses		**(790,717)**	(692,484)
Gift Aid		**(1,558,500)**	(2,834,026)
Operating profit / (loss)		**646,776**	(4,625)
Profit on the disposal of property to The Disabilities Trust		**252,389**	-
Donation of fixed assets to Brain Injury Rehabilitation Trust		**(835,797)**	-
Profit / (loss) on ordinary activities before interest		**63,368**	(4,625)
Interest payable and similar charges	*5*	**(83,045)**	(69,985)
Other interest receivable and similar income		**69,805**	42,895
Profit / (loss) on ordinary activities before taxation	*2*	**50,128**	(31,715)
Tax on profit on ordinary activities	*6*	**-**	-
Profit / (loss) on ordinary activities after taxation		**50,128**	(31,715)
Dividends paid		**-**	-
Retained profit / (loss) for the financial year		**50,128**	(31,715)

The company has no recognised gains or losses other than the profit for the year.

All the operations of BIRCC were transferred to BIRT as at the 31 May 2005, where these operations will be continuing.

The notes on pages 7 to 13 form part of these financial statements.

Balance sheet
at 31 May 2005

	Note	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	7		-		2,215,721
Current assets					
Stock	8	-		24,303	
Debtors	9	656,450		1,645,224	
Cash at bank and in hand		2,980,312		1,532,130	
		3,636,762		3,201,657	
Creditors: amounts falling due within one year	10	(3,603,232)		(5,378,662)	
Net current assets / (liabilities)			33,530		(2,177,005)
Total assets less current liabilities			33,530		38,716
Provisions for liabilities and charges	11		-		(57,814)
Net assets / (liabilities)			33,530		(19,098)
Capital and reserves					
Called up share capital	12		20,000		20,000
Profit and loss account	14		13,530		(39,098)
Equity shareholder's funds / (deficit)	13		33,530		(19,098)

These financial statements were approved by the board of directors on 26 SEPTEMBER 2005 and were signed on its behalf by:

C Hedley

C Hedley
Chairman

The notes on pages 7 to 13 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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

The financial statements have been prepared on a going concern basis. The taxable profit of the company, which is greater than the accounting profit, is paid to the parent company, Disabilities Trust, by way of Gift Aid. This is a timing issue and hence the Directors believe it is appropriate to continue to adopt the going concern basis.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	2% per annum
Fixtures and fittings	-	15% per annum
Motor vehicles	-	15% on people carriers
	-	33.3% on high mileage vehicles
Computers	-	25% per annum

Operating Leases

The rental charges for operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Taxation

The charge for taxation is based on the result for the year. The company pays over the whole of its taxable profit to its parent undertaking, The Disabilities Trust, under the Gift Aid scheme, an arrangement which is likely to remain in place for the foreseeable future. The company therefore has no taxable profit or tax charge for the year.

No provision has been made for deferred tax on the grounds that the company transfers its taxable profits by Gift Aid to The Disabilities Trust and the directors will continue to do this for the foreseeable future. Therefore no deferred tax asset or liability will be realised in the company.

Stocks

Stocks are stated as the lower of cost and net realisable value. In determining the cost of raw materials and consumables the purchase price is used.

Pension costs

The company makes payments to individual employees' personal pension plans. Contributions payable are charged to the profit and loss account in the period to which they relate.

There is also a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately in an independently administered fund.

Provision for liabilities and charges

As a consequence of the high cost of the salary continuance scheme it was agreed that the Trust would instigate self insurance as a way of providing for a discretionary welfare fund to cover any salary shortfall.

In response to recruitment difficulties The Disabilities Trust has initiated a discretionary deferred stakeholder participation award scheme to aid the retention of skilled staff.

Notes *(continued)*

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of care to people with brain injuries during the year.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

2 Profit / (loss) on ordinary activities before taxation

	2005	2004
	£	£
Profit / (loss) on ordinary activities before taxation is stated after charging		
Auditors' remuneration for audit work	**16,984**	16,961
Auditors' remuneration for non audit work	**27,104**	5,776
Depreciation and other amounts written off tangible fixed assets	**251,401**	230,558
Loss on sale of fixed assets (excludes donation of fixed assets to The Disabilities Trust)	**12,604**	1,635
Hire of other assets - operating leases	**895,372**	702,166
after crediting		
Interest receivable	**(89,805)**	(42,895)

3 Remuneration of directors

The emoluments of the directors were £28,834 *(2004: £39,618).*

Notes *(continued)*

4 Staff numbers and costs

The average number of persons engaged in brain injury services for the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Provision of care	**500**	454
Administration	**31**	27
	531	481

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	**7,426,619**	6,278,827
Social security costs	**645,388**	541,723
Other pension costs	**146,507**	151,155
	8,218,514	6,971,705

All staff engaged in the provision of services are employed by the parent company, The Disabilities Trust.

5 Interest payable and similar charges

	2005 £	2004 £
On bank loans and overdrafts	**12**	-
On all other loans	**83,033**	69,985
	83,045	69,985

6 Taxation

	2005 £	2004 £
Current tax on result for the year	**-**	-

Notes *(continued)*

7 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computers £	Total £
Cost					
At beginning of year	1,683,257	353,634	984,630	155,282	3,176,803
Additions	-	98,373	240,846	24,505	363,724
Disposals	(1,646,539)	(20,654)	(87,595)	(4,301)	(1,759,089)
Donated to BIRT	(36,718)	(431,353)	(1,137,881)	(175,486)	(1,781,438)
At end of year	-	-	-	-	-
Depreciation					
At beginning of year	154,639	169,068	525,001	112,374	961,082
Charge for year	31,104	70,018	131,643	18,636	251,401
Eliminated on disposals	(168,928)	(20,654)	(73,259)	(4,001)	(266,842)
Donated to BIRT	(16,815)	(218,432)	(583,385)	(127,009)	(945,641)
At end of year	-	-	-	-	-
Net book value					
At 31 May 2005	**-**	**-**	**-**	**-**	**-**
At 31 May 2004	1,528,618	184,566	459,629	42,908	2,215,721

8 Stock

	2005 £	2004 £
Raw materials and consumables	**-**	24,303

9 Debtors

	2005 £	2004 £
Amounts falling due within one year		
Trade debtors	**-**	1,408,983
Other debtors	**413**	53,852
Prepayments and accrued income	**-**	182,389
Amounts owed by group companies	**656,037**	-
	656,450	1,645,224

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	**121,623**	160,602
Other creditors	-	222,330
Accruals and deferred income	-	329,189
Amounts owed to group companies	**3,481,609**	4,666,541
	3,603,232	5,378,662

Included within the amounts owed to group companies is an interest free loan of £200,000 *(2004: £200,000)* in order to provide the company with the anticipated working capital requirements. In addition, there is a further loan of £1,338,123 *(2004: £1,338,123)* at an interest rate of 1.25% above LIBOR from The Disabilities Trust. The repayment terms are that the company shall repay the loan at the earliest possible opportunity out of its cash balances, representing retained profits, so as not to jeopardise or damage the company's financial security.

The company's shareholder has guaranteed the overdraft facility.

11 Provisions for liabilities and charges

	Stakeholder participation award scheme	**Discretionary Welfare Fund**	**Total**
	£	**£**	**£**
At 1 June 2004	24,700	33,114	57,814
Transferred to accruals	(24,700)	-	(24,700)
Released during the year	-	(33,114)	(33,114)
Additional amount provided	34,092	-	34,092
Assigned to BIRT	(34,092)	-	(34,092)
At 31 May 2005	-	-	-

As explained in the accounting policies note, no provision has been made for deferred tax on the grounds that the company transfers its taxable profits by Gift Aid to The Disabilities Trust and therefore no deferred tax asset or liability will be realised in the company.

Notes *(continued)*

12 Called up share capital

	2005	2004
	£	£
Authorised		
A Ordinary Shares of £1 each	**10,000**	10,000
B Ordinary Shares of £1 each	**10,000**	10,000
	20,000	20,000
Allotted, called up and fully paid		
A Ordinary Shares of £1 each	**10,000**	10,000
B Ordinary Shares of £1 each	**10,000**	10,000
	20,000	20,000

The class A shares qualify for dividends. The class B shares do not.

The company is a wholly owned subsidiary of The Disabilities Trust limited by guarantee.

13 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Profit / (loss) for the financial year	**50,128**	(31,715)
Dividends	-	-
Net increase / (decrease) to shareholder's funds	**50,128**	(31,715)
Opening shareholder's funds	**(19,098)**	21,372
Prior year write back / (additional charges)	**2,500**	(8,755)
Closing shareholder's funds / (deficit)	**33,530**	(19,098)

14 Reserves

	Profit and Loss account 2005	Profit and loss account 2004
	£	£
At beginning of year	**(39,098)**	1,372
Prior year write back / (additional charges)	**2,500**	(8,755)
Profit / (loss) in year	**50,128**	(31,715)
At end of year	**13,530**	(39,098)

Notes *(continued)*

15 Commitments

i) Capital commitments at the end of the financial year for which no provision has been made:

	31 May 2005 £	31 May 2004 £
Contracted	-	16,825
Authorised but not contracted	-	483,378
	-	500,203

ii) The company has the following operating leases commitments:

	2005 Land & buildings	2005 Equipment	2004 Land & buildings	2004 Equipment
	£	£	£	£
Within 1 year	-	-	599,895	-
In second – fifth years	-	-	95,030	878
Over 5 years	-	-	29,040	-
	-	-	723,965	878

16 Related party transactions

The company is a wholly owned subsidiary of The Disabilities Trust. The company has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

The company charged York House Ventures Limited (a joint venture of The Disabilities Trust) the £292,594 for staff and travel costs, client fees of £18,420 and £nil for training / conference fees. There was no outstanding balance as at 31 May 2005.

17 Ultimate parent undertaking

The company became a subsidiary of The Disabilities Trust on 10 December 1999 when The Disabilities Trust acquired the remaining 50% shareholding of BIRCC.

The largest and only group in which the results of the company are consolidated is that headed by The Disabilities Trust registered in England and Wales which is the ultimate parent undertaking.

The consolidated financial statements for the group are available from Head Office, First Floor, 32 Market Place, Burgess Hill, West Sussex, RH15 9NP.