

**BRENDONCARE
ENTERPRISES LIMITED**

REPORT and ACCOUNTS

for the period ended 31 March 1999



BRENDONCARE ENTERPRISES LIMITED

A wholly owned subsidiary of
The Brendoncare Foundation

COMPANY INFORMATION

31 MARCH 1999

DATE OF INCORPORATION	15 October 1996
REGISTERED NUMBER	3263756
DIRECTORS	Mr R M Alexander MA Chairman Mr R A Staker
SECRETARY	Mrs M A Cresswell
REGISTERED OFFICE	The Old Malthouse Victoria Road Winchester SO23 7DU
AUDITORS	Rothman Pantall & Company Chartered Accountants
BANKERS	Barclays Bank plc
SOLICITORS	Bond, Pearce Godwin, Bremridge and Clifton

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

The Directors present their report and financial statements for the year ended 31 March 1999.

Principal activities

The principal activity of the company throughout the year was that of property development and lease rental of equipment. At 31 March 1999 the lease rental of equipment was discontinued.

Review of the year

The development of Close Care apartments at the Alton home of The Brendoncare Foundation was completed early in March 1998. At the year end all apartments were sold on leasehold. The profit for the year ended 31 March 1999 was £150,611 (1998 £394,694). Taxable profits from trading have been covenanted to The Brendoncare Foundation.

Directors and Directors' interests

The directors of the company during the year and their interests in the shares of the company as recorded in the register of Directors' interests were as follows:

	31 March 1999	31 March 1998
	Ordinary share of £1 each	
Mr R M Alexander MA Chairman	-	-
Mr R A Staker	-	-

The share capital of the company is owned by The Brendoncare Foundation. Mr Alexander is a Trustee of The Brendoncare Foundation. Mr Staker is the Executive Director of The Brendoncare Foundation.

Auditors

Rothman Pantall & Company have agreed to offer themselves for re-appointment as auditors of the company.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


Mrs M A Cresswell
Company Secretary

dated 2 July 1999

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 profit and loss of the company for that period. In preparing those financial statements we are required to:

- + select suitable accounting policies and apply them consistently;
- + make reasonable and prudent judgments and estimates;
- + prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- + keeping proper accounting records;
- + safeguarding the company's assets;
- + taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



Mr R A Staker
Director

dated 2 July 1999

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AUDITORS' REPORT

Auditors' Report to the shareholders of Brendoncare Enterprises Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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.

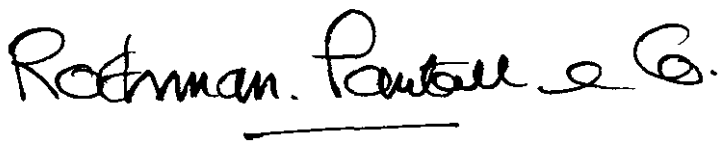
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes the examination, on a test basis, of evidence relevant to the amounts and disclosure 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 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 error or other irregularity. 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 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ROTHMAN PANTALL & CO.
Chartered Accountants
and Registered Auditors
Avebury House
6 St. Peter Street
Winchester SO23 8BN

dated 2 July 1999

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	£'000	£'000	1999 £'000	1998 £'000
		Discontinued activity	Continuing activity	Total	
Turnover		60	763	823	2,569
Cost of sales		-	(536)	(536)	(1,994)
Gross profit		60	227	287	575
Net operating expenses		(58)	(52)	(110)	(120)
Operating profit	2.	2	175	177	455
Interest receivable	4.	-	2	2	3
Interest payable	4.	(28)	-	(28)	(63)
Profit before covenant		(26)	177	151	395
Deed of covenant	1.	-	(196)	(196)	(250)
(Loss)/profit before taxation		(26)	(19)	(45)	145
Taxation	5.	-	-	-	-
(Loss)/profit on ordinary activities after taxation for the year		(26)	(19)	(45)	145

There were no recognised gains or losses in 1999 or 1998 other than profit on ordinary activities. The discontinued activity relates to the leasing of equipment.

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BALANCE SHEET

AS AT 31 MARCH 1999

	Notes	1999 £'000	1998 £'000
Fixed Assets			
Tangible Assets	6.	50	404
Current Assets			
Development Stock	7.	-	496
Debtors	8.	385	11
Cash at Bank and in Hand		28	-
		<u>413</u>	<u>507</u>
Creditors:			
Amounts falling due within one year	9.	(106)	(419)
		<u>307</u>	<u>88</u>
Creditors falling due after one year	10.	(260)	(350)
		<u>97</u>	<u>142</u>
Capital and reserves			
Called Up Share capital	15.	-	-
Retained profit	11.	97	142
		<u>97</u>	<u>142</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 11 were approved by the Board of Directors on 2 July 1999 and signed on its behalf by:



Mr R A Staker
Director

2 July 1999

BRENDONCARE ENTERPRISES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1999

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost accounting rules. The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1, on the grounds that it qualifies as a small company under the Companies Act 1985.

b) Turnover

Turnover comprises the sale of leases on Close Care apartments and operating lease rentals falling within the company's ordinary activities, excluding VAT. The Close Care leasehold sales are recognised within the financial statements of the company upon completion of contracts and the lease rentals are recognised as they become payable by the lessee.

c) Depreciation

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned.

The estimated useful lives for this purpose are:

Plant and machinery	8 years
Furniture fittings and equipment	8 years
Computer equipment	3 years

d) Interest

Interest is included in the period for which it is receivable or payable.

e) Deed of covenant

The taxable profits of the company are covenanted to The Brendoncare Foundation. The Foundation is the parent company and a registered charity.

f) Development stock

Development stock is valued at the lower of cost and net realisable value.

Cost comprises land and construction costs together with directly attributable fees.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 MARCH 1999

	1999 £'000	1998 £'000
2. OPERATING PROFIT		
Operating profit is stated after crediting:		
Equipment leasing rental income	60	58
and after charging:		
Auditors remuneration	3	1
Depreciation of tangible fixed assets (note 6)		
Owned assets	53	52
	<hr/>	<hr/>
3. DIRECTORS EMOLUMENTS		
Directors emoluments	Nil	Nil
	<hr/>	<hr/>
4. INTEREST		
Interest receivable		
Interest income comprises:		
Bank interest	1	2
Interest on sales proceeds	1	1
	<hr/>	<hr/>
	2	3
	<hr/>	<hr/>
Interest payable		
Interest payable comprises:		
Bank interest	-	-
Development loan interest	-	32
Parent company loan interest	28	31
	<hr/>	<hr/>
	28	63
	<hr/>	<hr/>
5. TAXATION		
The Company has covenanted to pay all its taxable profits to The Brendoncare Foundation (a registered charity).		

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 MARCH 1999

6. TANGIBLE FIXED ASSETS

	Freehold land £'000	Plant and machinery £'000	Furniture and equipment £'000	Computer equipment £'000	TOTAL £'000
COST					
At beginning of the year	50	109	293	11	463
Additions	-	(5)	2	-	(3)
Disposals	-	(104)	(295)	(11)	(410)
As at 31 March 1999	50	-	-	-	50
DEPRECIATION					
At beginning of the year	-	15	40	4	59
Charge for the year	-	13	37	3	53
Disposals	-	(28)	(77)	(7)	(112)
As at 31 March 1999	-	-	-	-	-
NET BOOK VALUE					
As at 31 March 1999	50	-	-	-	50
As at 31 March 1998	50	94	253	7	404

Tangible fixed assets at 31 March 1998 included, in respect of assets held for use in operating leases, gross cost of £407,418 with cumulative depreciation of £59,004. These assets, along with some other equipment, have been sold to The Brendoncare Foundation homes' at net book value.

	1999 £'000	1998 £'000
7. DEVELOPMENT STOCK		
Land, building costs and fees	-	496

A development of 46 Close Care apartments has been built on land at Alton.
At 31 March 1999 all the apartments were sold on leasehold.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 MARCH 1999

	1999 £'000	1998 £'000
8. DEBTORS		
Trade debtors	1	6
Amounts owed by holding company	384	-
Customs and Excise	-	5
	<u>385</u>	<u>11</u>
9. CREDITORS		
Amounts falling due within one year		
Bank overdraft	-	2
Trade creditors	66	145
Amounts owed to group undertakings	-	271
Accruals and deferred income	-	1
Customs and Excise	40	-
	<u>106</u>	<u>419</u>
10. CREDITORS		
Amounts falling due after one year		
Amounts owed to group undertakings	<u>260</u>	<u>350</u>
Bank borrowings are secured by a legal charge over specific property and any other security held by the Company's Bankers.		
11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
(Loss)/profit for the financial year	(45)	145
representing a net decrease in shareholders funds		
Opening shareholders' funds	142	(3)
	<u>97</u>	<u>142</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 MARCH 1999

12. ULTIMATE PARENT COMPANY

The company's ultimate parent is The Brendoncare Foundation, a company registered in England and Wales, which is also a registered charity number 326508. The financial statements of Brendoncare Enterprises Limited have been included in the consolidated financial statements of The Brendoncare Foundation.

13. ULTIMATE CONTROLLING PARTY

The company is controlled by its ultimate parent company, The Brendoncare Foundation.

14. RELATED PARTY TRANSACTIONS

During the year the company made sales to The Brendoncare Foundation, its ultimate parent undertaking, to the value of £60,374 (1998 - £58,013).

All the tangible fixed assets, apart from the freehold land, have been sold to The Brendoncare Foundation, as detailed in note 6.

Management charges were levied by The Brendoncare Foundation on Brendoncare Enterprises Limited of £10,000 (1998 - £20,000) to cover the administrative work involved during the year.

15. SHARE CAPITAL

	1999		1998	
	No. of shares	£	No. of shares	£
Authorised				
Ordinary shares of £1 each	100	100	100	100
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Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1
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