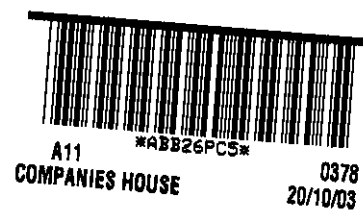


Company Registration No. 889191

MENCAP LIMITED

Report and Financial Statements

31 March 2003



REPORT AND FINANCIAL STATEMENTS 2003

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OFFICERS AND PROFESSIONAL ADVISERS

Company Registration No. 889191

Directors

A Dyckhoff
S Kelly
D Lawrence

Secretary

D Lawrence

Registered Office

117-123 Golden Lane
London
EC1Y 0RT

Bankers

Barclays Bank PLC
Charities Team
PO Box 544
54 Lombard Street
London
EC3V 9EX

Auditors

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

Activities

The principal activity of the company during the year remained the organisation of promotional activities.

Review of Results and Future Prospects

The results for the year are set out in the attached financial statements. The company made neither a profit nor a loss in the current year. The directors intend to continue with the present activities of the company.

Directors and their interests

The following directors served throughout the year and subsequent to the year end:

A Dyckhoff
S Kelly
D Lawrence
D Norgrove (resigned 16 December 2002)
D Scott-Ralphs (resigned 20 June 2003)

None of the directors had any interests in the share capital of the company nor any other group company at 31 March 2003.

Statement of Directors' Responsibilities

United Kingdom 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 as at the end of the financial year 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; and
- prepare the financial statements on a 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 internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003. A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D Lawrence
Secretary
11 September 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MENCAP LIMITED

We have audited the financial statements of Mencap Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 March 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

11 September 2003

PROFIT AND LOSS ACCOUNT
31 March 2003

	Note	£	2003 £	£	2002 £
TURNOVER	1		1,094,015		1,241,530
Promotion expenses		1,054,151		1,171,557	
Administration expenses		1,500		2,440	
			<u>(1,055,651)</u>	<u></u>	<u>(1,173,997)</u>
OPERATING PROFIT ON ORDINARY ACTIVITIES	2		38,364		67,533
Covenanted payment	3		<u>(38,364)</u>		<u>(67,533)</u>
Result for the year			<u>-</u>		<u>-</u>

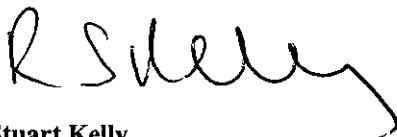
The turnover and profit on ordinary activities in the current and preceding financial years derive from continuing activities.

There are no recognised gains or losses or other movements in shareholders' funds for the current or preceding financial years other than as stated in the profit and loss account.

BALANCE SHEET
31 March 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible assets	6		-		268
CURRENT ASSETS					
Stocks – finished goods		9,770		3,877	
Debtors	7	620,650		706,713	
Cash at bank and in hand		56,629		7,331	
			687,049		717,921
CREDITORS: amounts falling due within one year	8		(687,047)		(718,187)
NET CURRENT ASSETS/(LIABILITIES)			2		(266)
TOTAL ASSETS LESS CURRENT LIABILITIES			2		2
CAPITAL AND RESERVES					
Called up share capital	9		2		2
EQUITY SHAREHOLDERS' FUNDS			2		2

These financial statements were approved by the Board of Directors on 11 September 2003.
Signed on behalf of the Board of Directors


Stuart Kelly
Director

NOTES TO THE ACCOUNTS
Year Ended 31 March 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover arises from promotional activities carried out in England, Wales and Northern Ireland.

Fixed Assets

Fixed assets costing more than £1,000 have been capitalised. Depreciation is provided to write off the cost of the assets in equal instalments over the estimated useful lives of the assets. The depreciation rate used for the computer equipment is 25% per annum.

Stocks

Stocks, which comprise stationery and goods for resale, are stated at lower of cost or net realisable value.

Deferred tax

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. OPERATING PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
Operating profit on ordinary activities is stated after charging:		
Depreciation charge	268	268
Auditors' remuneration	1,500	1,763
	<u>1,500</u>	<u>1,763</u>

3. COVENANTED PAYMENT

The company covenants to pay over its taxable profit for any year to The Royal Mencap Society.

4. EMPLOYEES

All staff engaged in the activities of the company are employed by The Royal Mencap Society who charge the company with the actual staff costs incurred. The company thus has no employees.

None of the directors received any remuneration during the year for their services to this company (2002 - £nil).

NOTES TO THE ACCOUNTS
Year Ended 31 March 2003

5. TAXATION

	2003 £	2002 £
Analysis of tax charge on ordinary activities		
U.K. corporation tax at 30% based on result for year	-	-
	<u>-</u>	<u>-</u>
Factors affecting tax charge for the current period		
	2003 £	2002 £
Loss on ordinary activities before tax	-	-
	<u>-</u>	<u>-</u>
Tax at 30% thereon:	-	-
Capital allowances in excess of depreciation	53	44
Rate differences on current tax	(53)	(44)
	<u>-</u>	<u>(44)</u>
Current tax charge for the year	-	-
	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of timing differences relating to excess capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £81. The asset would be recovered if sufficient profits were to arise in future periods against which it could be offset.

6. FIXED ASSETS

	Computer equipment £
Cost	
Balance as at 1 April 2002 and at 31 March 2003	1,072
	<u>1,072</u>
Accumulated depreciation	
Balance as at 1 April 2002	804
Charge for year	268
	<u>1,072</u>
Balance at 31 March 2003	1,072
	<u>1,072</u>
Net Book Value at 31 March 2003	-
	<u>-</u>
Net Book Value at 31 March 2002	268
	<u>268</u>

NOTES TO THE ACCOUNTS
Year Ended 31 March 2003

7. DEBTORS

	2003 £	2002 £
Accrued income and prepayments	74,650	184,713
Amounts owed by group undertakings	546,000	522,000
	<u>620,650</u>	<u>706,713</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	-	1,358
Other creditors	54,620	96,476
Amounts owed to group undertakings	632,427	620,353
	<u>687,047</u>	<u>718,187</u>

9. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	2003 £	2002 £
Called up, allotted and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10. RECONCILIATION IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	38,364	67,533
Amount covenanted to Royal Mencap Society	(38,364)	(67,533)
Opening shareholders' funds	<u>2</u>	<u>2</u>
Closing shareholders' funds	<u>2</u>	<u>2</u>

NOTES TO THE ACCOUNTS
Year Ended 31 March 2003

11. PARENT COMPANY

In the opinion of the directors the company is a wholly owned subsidiary of The Royal Mencap Society, a company registered in England and Wales. Copies of the only group financial statements of The Royal Mencap Society may be obtained from Mencap National Centre, 123 Golden Lane, London EC1Y 0RT.

12. CASH FLOW STATEMENT

Advantage has been taken of the exemption for small companies from preparing a cash flow statement under s247 of the Companies Act.

13. RELATED PARTIES

Mencap Limited has taken advantage of the exemption within FRS 8 "Related Party Disclosures" from disclosure of transactions in the financial statements of subsidiary undertakings, 90% or more of whose voting rights are controlled within the group.

Related Parties of Mencap Limited are The Royal Mencap Society and its other wholly owned subsidiaries.