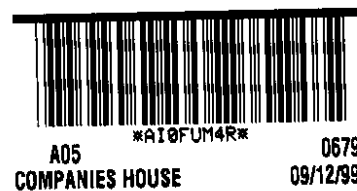


MENCAP LIMITED
FINANCIAL STATEMENTS

31 MARCH 1999

Registered number: 889191 (England & Wales)

F.W.BERRINGER & CO
CHARTERED ACCOUNTANTS
Bromley



MENCAP LIMITED
FINANCIAL STATEMENTS
for the year ended 31 March 1999

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MENCAP LIMITED

COMPANY INFORMATION

31 March 1999

REGISTERED NUMBER	889191 (England & Wales)
DIRECTORS	F A Heddell B J Davis Mrs B Brettell R Smythe A M Dyckhoff D Lawrence D Scott-Ralphs
SECRETARY	F A Heddell
REGISTERED OFFICE	117-123 Golden Lane London EC1Y 0RT
AUDITORS	F.W.Berringer & Co Chartered Accountants Lygon House 50 London Road Bromley Kent BR1 3RA

MENCAP LIMITED

DIRECTORS' REPORT

31 March 1999

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

Principal activity

The principal activity of the company in the year under review was that of retailing cards and gifts.

Directors

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 Ordinary shares	1 April 1998 Ordinary shares
F A Heddell	-	-
B J Davis	-	-
Mrs B Brettell	-	-
R Smythe	-	-
A M Dyckhoff	-	-
D Lawrence	-	-
D Scott-Ralphs	-	-

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary, F.W.Berringer & Co will continue in office.

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.

On behalf of the board

F A Heddell
Secretary

6 August 1999



MENCAP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

MENCAP LIMITED

AUDITORS' REPORT

Auditors' report to the members of

Mencap Limited

We have audited the financial statements on pages 5 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, 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

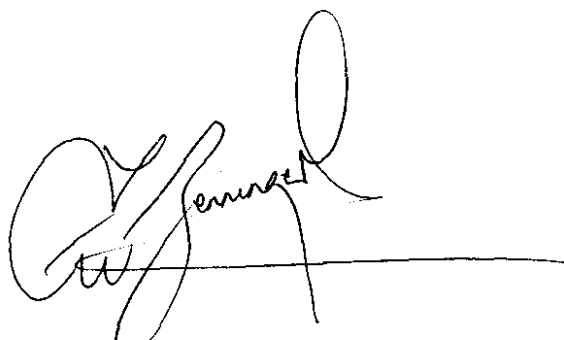
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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.

F.W.Berringer & Co
Lygon House
50 London Road
Bromley
Kent
BR1 3RA



Registered Auditors &
Chartered Accountants
6 August 1999

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1999

	Note	1999 £	1998 £
Turnover	2	1,466,287	953,593
Cost of sales		(1,296,983)	(773,345)
Gross profit		169,304	180,248
Net operating expenses			
Administrative expenses		(72,274)	(53,993)
Profit on ordinary activities before taxation		97,030	126,255
Taxation	6	-	-
Profit on ordinary activities after taxation		97,030	126,255
Payable under Deed of Covenant	5	(97,030)	(126,255)
Retained profit for the year		-	-

MENCAP LIMITED

BALANCE SHEET

at 31 March 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets			-		-
Current assets					
Stocks	7	9,474		11,359	
Debtors	8	128,573		123,298	
Cash at bank and in hand		271,215		119,333	
		<u>409,262</u>		<u>253,990</u>	
Creditors: amounts falling due within one year	9	(409,260)		(253,988)	
Net current assets			<u>2</u>		<u>2</u>
Total assets less current liabilities			<u>2</u>		<u>2</u>
Capital and reserves					
Called up share capital	10		<u>2</u>		<u>2</u>
Total shareholders' funds			<u>2</u>		<u>2</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

The financial statements on pages 5 to 8 were approved by the board of directors on 6 August 1999 and signed on its behalf by:



D Lawrence
Director

MENCAP LIMITED

NOTES ON FINANCIAL STATEMENTS

31 March 1999

1 Accounting policies**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 as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the net invoiced sales of goods, commission and royalties excluding value added tax.

Stocks

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

2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK (1998 nil).

3 Operating profit

	1999 £	1998 £
Operating profit is stated after charging:		
Auditors' remuneration	4,500	3,800
Depreciation of tangible fixed assets:		
Owned assets	-	910

4 Directors and employees

All staff engaged in the activities of the company are employed by the Royal Society for Mentally Handicapped Children and Adults who charge the company via a management charge with the actual staff costs incurred. The company thus has no employees.

No director received any remuneration during the year.

5 Deed of Covenant

The company has covenanted to pay over its taxable profit for the year to the Royal Society for Mentally Handicapped Children and Adults after deduction of income tax.

6 Taxation

No liability for corporation tax arises on the results for the year.

MENCAP LIMITED

NOTES ON FINANCIAL STATEMENTS

31 March 1999

7	Stocks	1999 £	1998 £
	Stocks	<u>9,474</u>	<u>11,359</u>

8	Debtors	1999 £	1998 £
	Amounts falling due within one year		
	Trade debtors	<u>128,573</u>	<u>123,298</u>

9	Creditors: amounts falling due within one year	1999 £	1998 £
	Other creditors	<u>409,260</u>	<u>253,988</u>

10	Called up share capital	1999		1998	
		Number of shares	£	Number of shares	£
	Authorised				
	Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid				
	Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

11 Parent company

The company is a wholly owned subsidiary of the Royal Society for Mentally Handicapped Children and Adults, a company limited by guarantee, registered in England and Wales. Group accounts of the Royal Society for Mentally Handicapped Children and Adults may be obtained from:

Mencap National Centre
123 Golden Lane
London
EC1Y 0RT