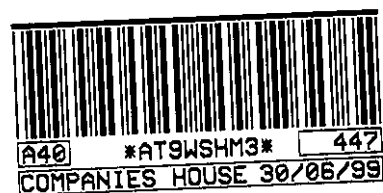


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THE GRANGE (GORING) LIMITED  
INDEX TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST AUGUST 1998

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Company Number: 2494654



THE GRANGE (GORING) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 1998

The directors present their annual report together with the audited accounts of the company for the year ended 31st August 1998. The company changed its name from Kindtry Limited to The Grange (Goring) Limited on 18th March 1998. The directors do not recommend the payment of a dividend for the year.

**PRINCIPAL ACTIVITY**

The company's principal activity during the year was the operation and management of residential accommodation including all ancillary requirements for the welfare, treatment and care of the occupants.

**DIRECTORS**

The directors of the company during the year and their beneficial interests in the company's issued share capital at the beginning and end of the year were as follows:

|                | <u>Number of shares</u> |                           |
|----------------|-------------------------|---------------------------|
|                | <u>31st August 1998</u> | <u>1st September 1997</u> |
| A. P. R. Noble | 50                      | 50                        |
| C. W. Northey  | 50                      | 50                        |

**AUDITORS**

The company's present auditors, Richard Place & Co., will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on

14th April 1999



A. P. R. Noble

For and on behalf of the board

THE GRANGE (GORING) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- follow applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- 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 records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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 of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
THE GRANGE (GORING) LIMITED

We have audited the accounts on pages 4 to 10 which have been prepared in accordance with the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors.**

As described on page 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Fundamental Uncertainty**

The financial statements are prepared on a going concern basis. This may be inappropriate as the balance sheet indicates that the company is technically insolvent. Details of this fundamental uncertainty are given in note 13 to the financial statements. Our opinion is not qualified in this respect.

**Opinion.**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st August 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RICHARD PLACE & CO.

Chartered Accountants

Registered Auditors

Edenbridge Kent

26<sup>th</sup> JUNE 1999

THE GRANGE (GORING) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 1998

|  |              | <u>1998</u> | <u>1997</u> |
|--|--------------|-------------|-------------|
|  | <u>Notes</u> |             |             |
| TURNOVER   | 1            | 678,718     | 589,316     |
| Cost of sales                                    |              | 314,380     | 297,721     |
| GROSS PROFIT                                     |              | 364,338     | 291,595     |
| Administrative expenses                          |              | 367,153     | 268,475     |
|  |              | (2,815)     | 23,120      |
| Other operating income                           | 2            | 52,789      | -           |
| OPERATING PROFIT                                 | 3            | 49,974      | 23,120      |
| Interest payable                                 |              | (16,926)    | (18,582)    |
| PROFIT ON ORDINARY<br>ACTIVITIES BEFORE TAXATION |              | 33,048      | 4,538       |
| Tax on ordinary activities                       |              | 4,452       | 2,000       |
| RETAINED PROFIT FOR THE YEAR                     |              | 28,596      | 2,538       |
| Retained deficit brought forward                 |              | (118,665)   | (121,203)   |
| RETAINED DEFICIT CARRIED FORWARD                 |              | £ (90,069)  | £ (118,665) |

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the above two financial periods.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit or loss for the above two financial periods.

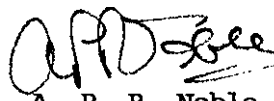
THE GRANGE (GORING) LIMITED

BALANCE SHEET

31ST AUGUST 1998

|   | <u>Notes</u> | <u>1998</u> | <u>1997</u> |
|---|--------------|-------------|-------------|
| <b>FIXED ASSETS</b>   |              |             |             |
| Tangible assets   | 4            | 44,768      | 38,345      |
| Investments   | 5            | 100         | 100         |
|   |              | <hr/>       | <hr/>       |
|   |              | 44,868      | 38,445      |
| <b>CURRENT ASSETS</b>   |              |             |             |
| Stock   | 6            | 1,780       | 1,508       |
| Debtors   | 7            | 61,350      | 7,032       |
| Cash in hand  |              | 169         | 233         |
|   |              | <hr/>       | <hr/>       |
|   |              | 63,299      | 8,773       |
| <b>CREDITORS - amounts falling due within one year</b>          |              |             |             |
|   | 8            | (126,633)   | (102,253)   |
|   |              | <hr/>       | <hr/>       |
| <b>NET CURRENT LIABILITIES</b>                                  |              | (63,334)    | (93,480)    |
| <b>ASSETS LESS CURRENT LIABILITIES</b>                          |              | <hr/>       | <hr/>       |
|   |              | (18,466)    | (55,035)    |
| <b>CREDITORS - amounts falling due after more than one year</b> |              |             |             |
|   | 9            | (71,503)    | (63,530)    |
|   |              | <hr/>       | <hr/>       |
| <b>NET LIABILITIES</b>  |              | £ (89,969)  | £ (118,565) |
| Represented by:   |              |             |             |
| <b>CAPITAL AND RESERVES</b>                                     |              |             |             |
| Called up share capital   | 10           | 100         | 100         |
| Profit and loss account   |              | (90,069)    | (118,665)   |
|   |              | <hr/>       | <hr/>       |
| <b>SHAREHOLDERS' FUNDS</b>                                      | 11           | £ (89,969)  | £ (118,565) |
|   |              | <hr/>       | <hr/>       |

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



A. P. R. Noble

Director

For and on behalf of the board

Approved by the board on

14th April 1999

THE GRANGE (GORING) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1998

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The accounts are prepared under the historical cost convention.

1.2 Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1.

1.3 Turnover

This represents the total amount receivable in the ordinary course of business in respect of services rendered after deducting discounts given and credit notes issued.

1.4 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

|                           |                                   |
|---------------------------|-----------------------------------|
| Improvements to property: | 25% per annum on reducing balance |
| Fixtures and fittings:    | 25% per annum on reducing balance |
| Motor vehicles:           | 25% per annum on reducing balance |

1.5 Stocks

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

1.6 Pension costs

The company operated a defined contribution pension scheme, of which contributions are made to a separately administered fund. Contributions to the fund are charged to the profit and loss account when they become payable.

1.7 Consolidation

The company and its subsidiary comprise a small group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2. OTHER OPERATING INCOME

|                                 | <u>1998</u> | <u>1997</u> |
|---------------------------------|-------------|-------------|
| Compensation for loss of income | £ 52,789    | £ -         |

THE GRANGE (GORING) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1998

3. OPERATING PROFIT 1998 1997

This is stated after charging (crediting):

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Directors' emoluments                 | 128,091       | 107,688       |
| Depreciation of tangible fixed assets | <u>14,923</u> | <u>12,782</u> |

4. TANGIBLE FIXED ASSETS

|                                       | <u>Improv-<br/>ments to<br/>property</u> | <u>Fixtures<br/>and<br/>fittings</u> | <u>Motor<br/>vehicles</u> | <u>Total</u>    |
|---------------------------------------|--|--------------------------------------|---------------------------|-----------------|
| Cost:                                 |  |                                      |                           |                 |
| At 1st September 1997                 | 115,273                                  | 81,752                               | 33,511                    | 230,536         |
| Additions                             | <u>8,067</u>                             | <u>10,279</u>                        | <u>3,000</u>              | <u>21,346</u>   |
| At 31st August 1998                   | <u>123,340</u>                           | <u>92,031</u>                        | <u>36,511</u>             | <u>251,882</u>  |
| Depreciation:                         |  |                                      |                           |                 |
| At 1st September 1997                 | 107,195                                  | 63,808                               | 21,188                    | 192,191         |
| Charge for year                       | <u>4,036</u>                             | <u>7,056</u>                         | <u>3,831</u>              | <u>14,923</u>   |
| At 31st August 1998                   | <u>111,231</u>                           | <u>70,864</u>                        | <u>25,019</u>             | <u>207,114</u>  |
| Net book value at<br>31st August 1998 | <u>£ 12,109</u>                          | <u>£ 21,167</u>                      | <u>£ 11,492</u>           | <u>£ 44,768</u> |

5. FIXED ASSET INVESTMENTS

|   | <u>1998</u>  | <u>1997</u>  |
|---|--------------|--------------|
|   | £            | £            |
| Investments in subsidiaries:            |              |              |
| Shares at cost less amounts written off | <u>£ 100</u> | <u>£ 100</u> |

The company's investment in its subsidiary company represents the cost of acquisition of the whole of the ordinary share capital of Dareglory Limited. The company is registered in England and Wales, and its principal activity is that of property development although it is presently dormant. At the 31st August 1998 the share capital of Dareglory Limited was made up of 100 £1 Ordinary Shares.

THE GRANGE (GORING) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1998

|    |  |                   |                   |
|----|--|-------------------|-------------------|
| 6. | STOCK  | <u>1998</u>       | <u>1997</u>       |
|    | The amounts attributable to the different categories are as follows: |                   |                   |
|    | Materials and consumables  | £ 1,780           | £ 1,508           |
|    |  | <u>          </u> | <u>          </u> |
| 7. | DEBTORS  | <u>1998</u>       | <u>1997</u>       |
|    | Trade debtors  | 6,561             | -                 |
|    | Other debtors  | 54,789            | 1,801             |
|    | Directors' current accounts  | -                 | 5,231             |
|    |  | <u>          </u> | <u>          </u> |
|    |  | £ 61,350          | £ 7,032           |
|    |  | <u>          </u> | <u>          </u> |
| 8. | CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR                      | <u>1998</u>       | <u>1997</u>       |
|    | Bank loans and overdraft   | 52,803            | 42,959            |
|    | Obligations under lease and hire purchase contracts                  | 4,250             | 13,167            |
|    |  | <u>          </u> | <u>          </u> |
|    | Debt due within one year   | 57,053            | 56,126            |
|    | Trade creditors  | 13,175            | 8,861             |
|    | Other creditors  | 22,000            | -                 |
|    | Corporation tax  | 5,093             | 7,292             |
|    | Other taxes and social security costs                                | 10,038            | 12,687            |
|    | Directors' current accounts  | 677               | -                 |
|    | Deposits held  | 14,000            | 4,000             |
|    | Accruals   | 4,597             | 13,287            |
|    |  | <u>          </u> | <u>          </u> |
|    |  | £ 126,633         | £ 102,253         |
|    |  | <u>          </u> | <u>          </u> |

The bank overdraft is secured by a debenture over the assets of the company.

THE GRANGE (GORING) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1998

| 9. CREDITORS - AMOUNTS FALLING DUE<br>AFTER MORE THAN ONE YEAR | <u>1998</u>     | <u>1997</u>     |
|--|-----------------|-----------------|
| Bank loans   | 64,066          | 63,530          |
| Obligations under lease<br>and hire purchase contracts         | 7,437           | -               |
|  | <u>£ 71,503</u> | <u>£ 63,530</u> |
| Debt due after more than one year                              |                 |                 |
| - repayable between one and five years                         | 15,140          | 5,101           |
| - repayable after five years                                   | 56,363          | 58,429          |
|  | <u>£ 71,503</u> | <u>£ 63,530</u> |

10. SHARE CAPITAL

|                                | <u>Authorised</u> | <u>Allotted, Issued<br/>and fully paid</u> |
|--------------------------------|-------------------|--|
|                                | <u>1998</u>       | <u>1997</u>                                |
| 100 Ordinary shares of £1 each | £ 100,000         | £ 100                                      |

| 11. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS         | <u>1998</u>       | <u>1997</u>        |
|--|-------------------|--------------------|
| Profit for the year after taxation                             | 28,596            | 2,538              |
| Opening shareholders' funds at<br>1st September 1997 (deficit) | (118,565)         | (121,103)          |
| Closing shareholders' funds at<br>31st August 1998 (deficit)   | <u>£ (89,969)</u> | <u>£ (118,565)</u> |

12. RELATED PARTY TRANSACTIONS

The property from which the company trades is owned by the directors who charged rents amounting to £144,820 (1997 : £78,000) in respect thereof. The increase in the annual rental is a result of the completion of a new wing which became ready for occupation in April 1998.

THE GRANGE (GORING) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1998

13. FUNDAMENTAL UNCERTAINTY

The company is currently dependent on the bank and the directors. The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on a going concern basis. This assumes the continued support of the bank and the directors. The financial statements do not include any adjustments that would result if the support was not continued.