

HEDDFAN CARE LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1998

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**Hoyles
Chartered Accountants
Summit House
9-10 Windsor Place
Cardiff CF1 3BX**

HEDDFAN CARE LIMITED**COMPANY INFORMATION**

Directors	S. J. S. Thomas R. J. Wixey (appointed 2.3.1998)
Secretary	Associated Data Systems Limited (resigned 21.10.1997) R. J. Wixey (appointed 21.10.1997)
Registered office	4th Floor Summit House 9-10 Windsor Place Cardiff CF1 3BX
Auditors	Shepherd Hallett Associates Limited Summit House 9-10 Windsor Place Cardiff CF1 3BX
Bankers	Midland Bank Plc 1 Bridge Street Newport

Registered Number 2928647

HEDDFAN CARE LIMITED
REPORT OF THE DIRECTORS

The directors present their report on the affairs of the company together with the Financial Statements and Auditor's Report for the year ending 31 March 1998.

RESULTS AND DIVIDENDS

The profit after taxation of the company for the year was £57,676 compared to £3,541 in 1997. The directors recommend that this be transferred to reserves.

A dividend of £40,000 was paid during the year (1997 : £4,800).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Company's principal activity during the year was operate private nursing homes for the care of the mentally handicapped and physically disabled.

The directors consider the current trading position to be satisfactory.

DIRECTORS' INTERESTS

Directors' interests during the year were as follows:

	Ordinary Shares of £1 each	
	<u>1998</u>	<u>1997</u>
S. J. S. Thomas	50	1
R. J. Wixey	50	-

AUDITORS.

Shepherd Hallett Associates Limited have agreed to offer themselves for reappointment as auditors of the company.

The directors have taken advantage, in the preparation of their report, of the special provisions of Part VII of the Companies Act 1985 relating to small companies.

SECRETARY.



DATE: 1.5.98.

AUDITOR'S REPORT TO THE SHAREHOLDERS OF

HEDDFAN CARE LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As stated in Note 2 of The Notes To The Financial Statements 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 judgments 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. However, the evidence available to us was limited due to insufficient controls over the accounting of turnover. There were no other satisfactory audit procedures that we could adopt to confirm that turnover was properly recorded.

In forming our opinion we also evaluated the adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning turnover, in our opinion the financial statements give a true and fair view of the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

In respect of the limitation on our work relating to turnover:

- we were unable to determine whether proper accounting records had been maintained.

SUMMIT HOUSE
9 - 10 WINDSOR
CARDIFF CF1 3BX

*Stephen Hallett Associate
Limited*

CHARTERED ACCOUNTANTS
& REGISTERED AUDITOR

DATED: 6.5.98

HEDDFAN CARE LIMITED**PROFIT AND LOSS ACCOUNT - 31 MARCH 1998**

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
TURNOVER	1.	335,626	173,091
ADMINISTRATIVE EXPENSES		262,984	167,219
OPERATING PROFIT	3.	<u>72,642</u>	<u>5,872</u>
INTEREST PAYABLE AND SIMILAR CHARGES	5.	228	337
INTEREST RECEIVABLE AND SIMILAR INCOME	6.	594	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>73,008</u>	<u>5,535</u>
TAXATION	9.	15,332	1,994
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>57,676</u>	<u>3,541</u>
DIVIDEND PAID	10.	40,000	4,800
RETAINED PROFIT/LOSS FOR THE YEAR		£ <u>17,676</u>	£ <u>(1,259)</u>

The company made no recognised gains or losses in 1998 & 1997 other than the profit/loss for the period.

The company's turnover and expenses all relate to continuing operations

The notes on page 6 to 9 form an integral part of these accounts.

HEDDFAN CARE LIMITED**BALANCE SHEET - 31 MARCH 1998**

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS			
Stocks	1	100	100
Debtors	7.	15,948	6,223
Bank and cash balances		17,088	408
		<u>33,136</u>	<u>6,731</u>
LESS:			
CREDITORS: amounts falling due within one year:	8.	19,001	10,272
		£ <u><u>14,135</u></u>	£ <u><u>(3,541)</u></u>
CAPITAL AND RESERVES			
Called up Share Capital	11.	100	100
Profit and Loss account	12.	14,035	(3,641)
	13.	£ <u><u>14,135</u></u>	£ <u><u>(3,541)</u></u>

The directors have taken advantage, in the preparation of the accounts, of the special provisions of Part VII of the Companies Act 1985 relating to small companies. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the special exemptions

The Financial Statements were approved by the board on 1.5 1998 and signed on its behalf by.

DIRECTOR

The notes on page 6 to 9 form an integral part of these accounts.

SJS Thomas

HEDDFAN CARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998****1. ACCOUNTING POLICIES:**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

BASIS OF PREPARATION

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

STOCKS

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

TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

TURNOVER

Turnover represents the value of sales and is expressed net of Value Added Tax. Both turnover and the result for the year are attributable to the activities described on page 2.

2. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 and loss of the company for that period. In preparing the 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 to operate.

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.

HEDDFAN CARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998****3. OPERATING PROFIT**

	<u>1998</u>	<u>1997</u>
Operating profit is arrived at after charging:	£	£
Auditor's remuneration	1,100	1,100
Directors' pension fund contributions	11,360	3,744

4. EMPLOYEE DETAILS

The average number of persons (including directors) employed during the year was 20.

	<u>1998</u>	<u>1997</u>
	£	£
Wages and salaries - director	41,480	25,865
- other	140,190	98,140
Social Security and Pension costs	18,266	8,813
	<u>£ 199,936</u>	<u>£ 132,818</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1998</u>	<u>1997</u>
	£	£
Bank charges and interest	228	337
	<u>£ 228</u>	<u>£ 337</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1998</u>	<u>1997</u>
	£	£
Bank interest received	594	-
	<u>£ 594</u>	<u>£ -</u>

7. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Sundry debtors	5,023	6,223
ACT recoverable	10,000	-
Directors loan account	925	-
	<u>£ 15,948</u>	<u>£ 6,223</u>

HEDDFAN CARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998****8. CREDITORS - amounts falling due within one year**

	<u>1998</u>	<u>1997</u>
	£	£
Corporation Tax	15,332	1,328
Taxes other than Corporation Tax	2,569	4,916
ACT payable	-	400
Accruals and sundry creditors	1,100	2,572
Directors loan account	-	1,056
	<u>£ 19,001</u>	<u>£ 10,272</u>

9. TAXATION

The taxation charge based on the profits for the year comprises of:

	<u>1998</u>	<u>1997</u>
	£	£
U.K. Corporation Tax at 21% based on the adjusted profit for the year	15,332	1,994
	<u>£ 15,332</u>	<u>£ 1,994</u>

10. DIVIDENDS

	<u>1998</u>	<u>1997</u>
	£	£
Interim paid	40,000	4,800
Final proposed	-	-
	<u>£ 40,000</u>	<u>£ 4,800</u>

11. SHARE CAPITAL

The authorised share capital is £100 divided into £1 ordinary shares, all of which are issued and fully paid.

12. RESERVES

	Profit and Loss Account	Total
	£	£
At beginning of year as previously restated	(3,641)	(3,641)
Prior year adjustment	-	-
At beginning of year as restated	<u>(3,641)</u>	<u>(3,641)</u>
Transfer of realised profits	17,676	17,676
At end of year	<u>£ 14,035</u>	<u>£ 14,035</u>

HEDDFAN CARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998****13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS'**

	<u>1998</u>	<u>1997</u>
	£	£
Profit for year	57,676	3,541
Dividend	<u>(40,000)</u>	<u>(4,800)</u>
Net increase/decrease in Shareholders' funds	17,676	(1,259)
Shareholders' funds brought forward	(3,541)	(2,282)
Shareholders funds carried forward	£ <u>14,135</u>	£ <u>(3,541)</u>

14. RELATED PARTY TRANSACTIONS

During the year the company paid a total of £6,000 to the directors who served during the year for the rental of properties to carry on the purpose of the business.

**15. CAPITAL COMMITMENTS }
 } NIL (1997 - NIL)
CONTINGENT LIABILITIES }**