

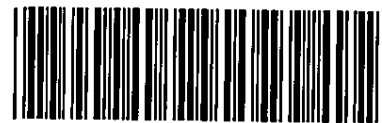
Westminster Health Care Group Limited

**Directors' report and financial
statements**

Registered number 1580744

31 December 2007

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Company information

Directors	Michael Parsons (Chairman) David Duncan (Finance Director) Jon Hather
Secretary	Jon Hather
Auditors	KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LT
Bankers	Royal Bank of Scotland London Corporate Services 2½ Devonshire Square London EC2M 4XJ
Solicitors	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
Registered office	Suite 201 The Chambers Chelsea Harbour London SW10 0XF
Registered number	1580744

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Principal activities

The Company is a holding Company

Business review

The results for the year are set out in the profit and loss account on page 6

Dividends

No dividends were paid during the year (2006 £nil)

Directors and directors' interests

The directors who held office during the year were as follows

D Duncan
M Parsons
J Hather
O McGartoll (resigned 4 October 2007)

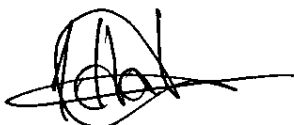
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board



J Hather
Director

Suite 201
The Chambers
Chelsea Harbour
London
SW10 0XF

30 June 2008

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Independent auditors' report to the members of Westminster Health Care Group Limited

We have audited the financial statements of Westminster Health Care Group Limited for the year ended 31 December 2007 which comprise the Profit and loss account, the balance sheet and the Reconciliation of movements in shareholders' funds and the related notes. 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 auditor's 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Westminster Health Care Group Limited (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

WMA & W

KPMG LLP
Chartered Accountants
Registered Auditor

14 July

2008

Profit and loss account

for the year ended 31 December 2007

	<i>Note</i>	2007 £000	2006 £000
Interest receivable and similar income	<i>4</i>	4,005	3,643
Profit on ordinary activities before taxation	<i>2</i>	4,005	3,643
Tax on profit on ordinary activities	<i>5</i>	-	(1)
Profit for the financial year	<i>10</i>	4,005	3,642

All items derive from continuing activities

There is no difference between the results as stated above and the results on a historical cost basis

There are no recognised gains and losses other than those shown in the profit and loss account for the current and preceding financial years

Reconciliation of movements in equity shareholders' funds

for the year ended 31 December 2007

	2007 £000	2006 £000
Profit for the financial year	4,005	3,642
Opening shareholders' funds	141,005	137,363
Closing shareholders' funds	145,010	141,005

Balance sheet
at 31 December 2007

	<i>Note</i>	2007 £000	2006 £000
Fixed assets			
Investments	6	18,511	18,511
Current assets			
Debtors	7	136,802	133,037
		<u>136,802</u>	<u>133,037</u>
Creditors* amounts falling due within one year	8	(10,303)	(10,543)
		<u></u>	<u></u>
Net current assets		126,499	122,494
		<u></u>	<u></u>
Net assets		145,010	141,005
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	9	13,522	13,522
Share premium account	10	93,057	93,057
Other reserves	10	2,300	2,300
Profit and loss account	10	36,131	32,126
		<u></u>	<u></u>
Equity shareholders' funds		145,010	141,005
		<u></u>	<u></u>

These financial statements were approved by the board of directors on *30 June* 2008 and were signed on its behalf by



D Duncan
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards and the historical cost convention, except as noted below

Basis of preparation

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare Group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

As the Company is a wholly owned subsidiary of Barchester Healthcare Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Barchester Healthcare Limited, within which this company is included, can be obtained from the address given in note 13.

Under FRS 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment in value.

Deferred taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

2 Profit on ordinary activities before taxation

Auditors' remuneration

	2007 £000	2006 £000
Audit	1	4

The remuneration of the auditors in the current and prior financial years was borne by another Group Company. The amount above is management's best estimate of the proportion relating to this Company.

3 Remuneration of directors

The directors received £nil emoluments for services to the company during the year (2006 £nil). There were no employees other than the directors. The directors received remuneration for services to Grove Limited to which Westminster Health Care Group Limited is a subsidiary undertaking, however the proportion attributable for their services to Westminster Health Care Group Limited is not separately identifiable.

4 Interest receivable and similar income

	2007 £000	2006 £000
Interest Receivable	139	-
Amounts due from group undertakings	3,866	3,643
	<u>4,005</u>	<u>3,643</u>

5 Tax on profit on ordinary activities

	2007 £000	2006 £000
<i>UK Corporation tax</i>		
Current tax	-	-
Adjustments in respect of prior periods	-	(1)
Tax on profit on ordinary activities	<u>-</u>	<u>(1)</u>

Notes (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the period differs from the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £000	2006 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,005	3,643
Current tax at 30% (2006 30%)	1,202	1,093
<i>Effects of</i>		
Group relief	(2,821)	(1,523)
Transfer pricing adjustments	1,619	431
Total amount of current tax (see above)	-	1

6 Fixed asset investments

	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of the year	18,511
<i>Provisions</i>	
At beginning and end of the year	-
<i>Net book value</i>	
At 31 December 2007	18,511
At 31 December 2006	18,511

The principal trading companies in which the company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and Percentage of shares Held
<i>Subsidiary undertakings</i>			
WHC Diagnostics Limited	England	Non-trading	100% ordinary
Westminster Health Care Central Services Limited	England	Administrative Services	100% ordinary

Notes (continued)

7 Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	136,802	133,037

Debtors include amounts owed by Group undertakings of £12,472,000 (2006 £133,037,000) due after more than one year

8 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amounts owed to group undertakings	7,369	7,470
Group relief payable	2,934	2,934
Other creditors	-	139
	10,303	10,543

Amounts due from group undertakings stated above, unless specifically stated otherwise, are legally due on demand and are thus recoverable within one year although it is not expected that the demand would be made or that these amounts will be received within the current year

9 Called up share capital

	2007 £	2006 £
Authorised		
130,000,000 (2006 130,000 000) Ordinary shares of 20 pence each	26,000,000	26,000,000
Allotted, called up and fully paid		
67,607,802 (2006 67,607,802) Ordinary shares of 20 pence each	13,522,000	13,522,000

Notes (continued)

10 Reserves

	Share Premium account £000	Other Reserves £000	Profit and loss Account £000	Total £000
At beginning of the year	93,057	2,300	32,126	127,483
Profit for the year	-	-	4,005	4,005
At end of the year	<u>93,057</u>	<u>2,300</u>	<u>36,131</u>	<u>131,488</u>

11 Related Party Disclosures

The Company is controlled by Barchester Healthcare Limited, by which it is 100% owned. The Ultimate controlling party is Grove Limited which is the Company's ultimate parent undertaking.

The Company has taken advantage of the exemption conferred by FRS 8 and does not disclose transactions with its related parties.

12 Post balance sheet events

It has been announced that the corporation tax rate applicable to the Company will change from 30% to 28% from 1 April 2008.

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent undertaking is Westminster Health Care (UK) Limited.

The Company is a wholly owned subsidiary undertaking of Barchester Healthcare Limited, a company incorporated in Great Britain and registered in England.

The Company's ultimate parent undertaking is Grove Limited, a company incorporated and registered in Jersey.

The smallest Group in which the results of the Company are consolidated is that headed by Barchester Healthcare Limited. The largest Group in which the results of the Company are consolidated is that headed by Grove Limited. The consolidated accounts of Barchester Healthcare Limited are available to the public and may be obtained from

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