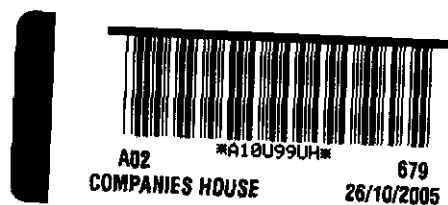


**Westminster Health Care Group Limited**

**Directors' report and financial  
statements**

**Registered number 1580744**

**31 December 2004**



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## Company information

<b>Directors</b>	Michael Parsons David Duncan Jon Hather
<b>Secretary</b>	Jon Hather
<b>Auditors</b>	KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LT
<b>Bankers</b>	Barclays Bank PLC 31 High Row Darlington DL3 7QS
<b>Solicitors</b>	Lovells 65 Holburn Viaduct London EC1A 2DY
<b>Registered office</b>	Suite 201 The Chambers Chelsea Harbour London SW10 0XF
<b>Registered number</b>	1580744

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### **Principal activities**

The company is a holding company and through its subsidiaries is engaged in the development, acquisition and management of specialised health care services.

### **Business review**

On 19 October 2004 Westminster Health Care Holdings Limited, the then ultimate parent company, was acquired by Barchester Healthcare Limited.

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 (2003: £nil).

### **Future prospects**

The directors expect the general level of activity in the healthcare sector to increase and believe that the group is well positioned to take advantage of opportunities for additional growth. Accordingly the company should continue to receive returns from investments.

### **Directors and directors' interests**

The directors currently in office are shown on page 1.

The directors who held office during the year were as follows:

D Duncan	(appointed 9 November 2004)
A G Heywood	(resigned 12 November 2004)
N J Mitchell	(resigned 12 November 2004)
M Parsons	(appointed 9 November 2004)
J G Scott	(resigned 12 November 2004)
T Street	(resigned 12 November 2004)

None of the directors who held office at the end of the financial year had any disclosable interests in the shares of the company.

Jon Hather was appointed as a director of the company on 23 February 2005.


The directors' interests in the shares of the ultimate parent company, Grove Limited, are detailed in the directors' report of the company.

## **Directors' report** *(continued)*

### **Auditors**

Deloitte & Touche LLP resigned as auditors to the company on 19 October 2004 and KPMG LLP were appointed to fill the casual vacancy. A resolution to formally re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'J Hather', with a stylized flourish extending to the right.

**J Hather**  
*Secretary*

Suite 201  
The Chambers  
Chelsea Harbour  
London  
SW10 0XF

20 October 2005

## **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 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;
- state whether applicable accounting standards have been followed; subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 the financial statements comply with the Companies Act 1985. They have the 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 on pages 6 to 12.

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 auditor***

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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.

### ***Basis of audit 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 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 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
Chartered Accountants  
Registered Auditor

20 October 2005

## Profit and loss account

for the year ended 31 December 2004

	Note	2004 £000	2003 as restated £000
Other operating income (including operating exceptional items of £3,195,000 (2003 - £37,286,000 ) – intercompany balances written off)		(3,195)	(37,286)
<b>Operating loss</b>		<b>(3,195)</b>	<b>(37,286)</b>
Amounts written off investments		-	(6)
Net interest receivable and similar income	5	2,751	3,597
<b>Loss on ordinary activities before taxation</b>	3	<b>(444)</b>	<b>(33,695)</b>
Tax on loss on ordinary activities	6	(825)	(1,079)
<b>Retained loss for the financial year</b>	11	<b>(1,269)</b>	<b>(34,774)</b>

All items derive from continuing activities.

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

## Statement of total recognised gains and losses

for the year ended 31 December 2004

	2004 £000	2003 as restated £000
<b>Loss for the financial year</b>	<b>(1,269)</b>	<b>(34,774)</b>
<b>Total recognised gains and losses relating to the financial year</b>	<b>(1,269)</b>	<b>(34,774)</b>
Prior year adjustment (as explained in note 2)	18,511	
<b>Total gains and losses recognised since last annual report</b>	<b>17,242</b>	



**Balance sheet**  
*at 31 December 2004*

		2004	2003
	<i>Note</i>	<b>£000</b>	as restated £000
<b>Fixed assets</b>			
Investments	7	18,511	18,511
<b>Current assets</b>			
Debtors	8	126,536	128,438
Cash at bank and in hand		44	722
		<b>126,580</b>	<b>129,160</b>
<b>Creditors: amounts falling due within one year</b>	9	<b>(8,365)</b>	<b>(9,676)</b>
<b>Net current assets</b>		<b>118,215</b>	<b>119,484</b>
<b>Total assets less current liabilities</b>		<b>136,726</b>	<b>137,995</b>
<b>Net assets</b>		<b>136,726</b>	<b>137,995</b>
<b>Capital and reserves</b>			
Called up share capital	10	13,522	13,522
Share premium account	11	93,057	93,057
Other reserves	11	2,300	2,300
Profit and loss account	11	27,847	29,116
<b>Equity shareholders' funds</b>	12	<b>136,726</b>	<b>137,995</b>

These financial statements were approved by the board of directors on 20 October 2005 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

#### *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 14.

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.

#### *Group relief*

Payment is generally made for group relief at a rate of 30% at the time of first estimating the tax provision. To the extent that amendments are subsequently made to the group relief plan, there is generally no payment or receipt in respect of the change.

### 2 Prior year adjustment

A prior year adjustment has been made to reverse amounts written off investments which were made following waivers of certain inter-company loans which were deemed unlawful.

	Investments	Equity shareholders' funds
	£000	£000
<i>Fundamental error</i>		
Balance at 31 December 2003 as previously stated	-	119,484
Reversal of amounts written off investments	18,511	18,511
<b>Balance at 31 December 2003 as restated</b>	<b>18,511</b>	<b>137,995</b>

The loss for the year end 31 December 2003 has decreased by £18,511,000 as a result of this prior year adjustment. There was no impact on the brought forward reserves at 1 January 2003.

## Notes (continued)

### 3 Loss on ordinary activities before taxation

The remuneration of the auditors in respect of services provided to the company in the current and prior financial years was borne by another group company.

### 4 Remuneration of directors

The directors received no emoluments for services to the company during the year (2003: £nil). There were no employees other than the directors.

### 5 Net interest receivable and similar income

	2004 £000	2003 £000
Amounts due from group undertakings	2,751	3,597

### 6 Tax on loss on ordinary activities

	2004 £000	2003 £000
<i>UK Corporation tax</i>		
Current tax	(825)	-
Group relief payable	-	(1,079)
Tax on loss on ordinary activities	(825)	(1,079)

#### Factors affecting the tax charge for the current year

The current tax credit for the period differs from the standard rate of corporation tax in the UK 30% (2003: 30%). The differences are explained below.

	2004 £000	2003 as restated £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(444)	(33,695)
Current tax at 30% (2003: 30%)	133	10,109
<i>Effects of:</i>		
Disallowable items	(958)	(11,188)
Total actual amount of current tax (see above)	(825)	(1,079)

## Notes (continued)

### 7 Fixed asset investments

	Shares in group undertakings as restated £000
<b>Cost</b>	
At beginning and end of the year	21,283
<b>Provisions</b>	
At beginning and end of the year	(2,772)
<b>Net book value</b>	
At 31 December 2004	18,511
At 31 December 2003	18,511

On 24 July 2002, the company entered into an agreement whereby it granted an option to purchase the share capital of certain of its subsidiaries for a consideration of £2. The option expired on 24 November 2004.

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
<b>Subsidiary undertakings</b>			
WHC Diagnostics Limited	England	Non-trading	100% ordinary
Westminster Health Care Central Services Limited	England	Administrative Services	100% ordinary

### 8 Debtors

	2004 £000	2003 £000
Amounts owed by group undertakings	124,475	125,507
Corporation tax recoverable	2,061	2,931
	126,536	128,438

Debtors include amounts owed by group undertakings of £12,472,000 (2003: £12,472,000) due after more than one year.

Amounts due from group undertakings stated above 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.

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to group undertakings	7,286	8,559
Other creditors	-	38
Group relief payable	1,079	1,079
	<u>8,365</u>	<u>9,676</u>

### 10 Called up share capital

	2004 £000	2003 £000
<i>Authorised</i> 130,000,000 (2003: 130,000,000) Ordinary shares of 20 pence each	26,000	26,000
<i>Allotted, called up and fully paid</i> 67,607,802 (2003: 67,607,802) Ordinary shares of 20 pence each	13,522	13,522

### 11 Reserves

	Share Premium account £000	Other Reserves £000	Profit And loss Account £000	Total £000
At beginning of the year as previously reported	93,057	2,300	10,605	105,962
Prior year adjustment (see note 2)	-	-	18,511	18,511
At beginning of year as restated	93,057	2,300	29,116	124,473
Retained loss for the year	-	-	(1,269)	(1,269)
At end of the year	<u>93,057</u>	<u>2,300</u>	<u>27,847</u>	<u>123,204</u>

## Notes (continued)

### 12 Reconciliation of movements in shareholders' funds

	2004	2003
	£000	as restated £000
Shareholders' funds at beginning of year (originally £119,484,000 before adding prior year adjustment of £18,511,000 see note 2)	137,995	172,769
Loss for the financial year	(1,269)	(34,774)
<b>Shareholders' funds at end of year</b>	<b>136,726</b>	<b>137,995</b>

### 13 Guarantees

The company, together with certain other group undertakings, has entered into a banking facility set-off agreement, in respect of which guarantees have been given. The aggregate amount outstanding under the agreement at 31 December 2004 was £nil (2003: £nil).

### 14 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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 The Chambers  
 Chelsea Harbour  
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