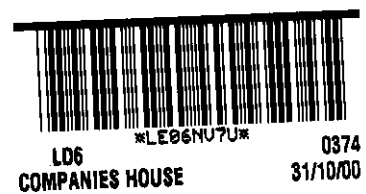


# **Westminster Health Care Limited**

Directors' report and financial statements

Seven months ended 31 December 1999

Registered number 1946682



## Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the auditors to the members of Westminster Health Care Limited	4
Profit and loss account	5
Balance sheet	6
Statement of total recognised gains and losses	7
Note of historical cost profits and losses	7
Reconciliation of movements in shareholders' funds	7
Notes	8

## Directors' report

The directors present their annual report and the audited financial statements for the seven months ended 31 December 1999.

### Principal activities

The company's principal activity continues to be the ownership, operation and development of nursing homes providing long term care to the elderly.

### Business review

The results for the period are set out in the profit and loss account on page 5. During the period the company acquired a number of nursing homes from fellow subsidiary undertakings as part of the securitisation of the Group's nursing home portfolio. The homes were acquired by the company at their open market value being £72.7 million. As part of the securitisation transaction, the company also disposed of its investments in non-nursing home businesses at amounts above their net book value.

The directors have considered the impact of the Year 2000 date change on the company. There can be no assurance that the change in date from 1999 to 2000 will not affect the company's operations or results. However, at the date of signing, no adverse effects of the date change have been experienced.

### Proposed dividend

The directors recommend that a final ordinary dividend of £nil (31 May 1999: £3,000,000) be paid making, with the interim of £2,624,000 (31 May 1999: £nil), a total of £2,624,000 (31 May 1999: £3,000,000) for the period.

### Directors and directors' interests

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

MM Bradford	(resigned 29 July 1999)
PR Carter	(resigned 31 July 1999)
PK Churchley	(appointed 30 July 1999)
AG Heywood	
I Matthews	
Dr CB Patel	
SJ Purse	
MJ Tiplady	(resigned 30 July 1999)
AS Wilson	(resigned 30 July 1999)

On 7 March 2000 SJ Purse resigned as a director and on 31 March 2000 I Matthews resigned as a director.

In accordance with the articles of association, no directors retire by rotation. None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

The interests of the directors in the share capital of Westminster Health Care Holdings Limited, the ultimate parent company, were as follows:

	Interest at end of the period		Interest at start of period or date of appointment	
	A shares	B shares	A shares	B shares
Dr CB Patel	909,278	9	909,278	9
AG Heywood	75,773	1	75,773	1
PK Churchley	15,155	-	-	-

### Employees

The directors recognise that the continued position of the company in the health care industry depends on the quality and motivation of its employees and as such the company is committed to pursue employment policies which will continue to attract, retain and motivate its employees.

Good and effective employee communications are particularly important, and throughout the business it is the directors' policy to promote the understanding by all employees of the company's business aims and performance. This is achieved through internal publications, presentations on performance and a variety of other approaches appropriate for a particular location.

The directors believe that it is important to recruit and retain capable and caring staff regardless of their sex, marital status, race or religion. It is the company's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of and to arrange appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**Jon Hather**  
 Secretary

Kings Court  
 41-51 Kingston Road  
 Leatherhead  
 Surrey  
 KT22 7SZ

18 July 2000

## **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 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 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.

## Report of the auditors to the members of Westminster Health Care Limited

We have audited the financial statements on pages 5 to 19.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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. 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 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 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

8 Salisbury Square  
London  
EC4Y 8BB

18 July 2000

**Profit and loss account**  
*for the seven months to 31 December 1999*

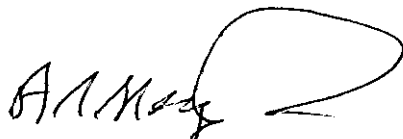
	<i>Note</i>	<b>Seven months to 31 December 1999 £000</b>	<b>Year to 31 May 1999 £000</b>
<b>Turnover</b>		<b>58,944</b>	<b>87,081</b>
Cost of sales		<b>(47,330)</b>	<b>(70,111)</b>
<b>Gross profit</b>		<b>11,614</b>	<b>16,970</b>
Administrative expenses ( <i>including operating exceptional costs of £nil; May 1999 £13,926,000 – see note 6</i> )		<b>(4,496)</b>	<b>(23,131)</b>
<b>Operating profit/(loss)</b>		<b>7,118</b>	<b>(6,161)</b>
Profit on sale of fixed assets	6	<b>41,893</b>	-
Income from other fixed asset investments		<b>53</b>	<b>1,455</b>
Net interest payable and similar charges	7	<b>(3,871)</b>	<b>(2,498)</b>
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<b>45,193</b>	<b>(7,204)</b>
Tax on profit/(loss) on ordinary activities	8	<b>(3,185)</b>	<b>(11,177)</b>
<b>Profit/(loss) for the financial year</b>		<b>42,008</b>	<b>(18,381)</b>
Dividends	9	<b>(2,624)</b>	<b>(3,000)</b>
<b>Retained profit/(loss) for the financial year</b>		<b>39,384</b>	<b>(21,381)</b>

The results for the both the current and prior period derive from continuing activities.

**Balance sheet**  
**at 31 December 1999**

	Note	31 December 1999		31 May 1999	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	10		200		-
Tangible assets	11		207,674		153,082
Investments	12		-		14,967
			<hr/>		<hr/>
			207,874		168,049
<b>Current assets</b>					
Stocks	13	120		120	
Debtors	14	78,940		37,662	
Cash at bank and in hand		11,609		11,229	
		<hr/>		<hr/>	
		90,669		49,011	
<b>Creditors: amounts falling due within one year</b>	15	(19,504)		(180,908)	
		<hr/>		<hr/>	
<b>Net current assets/(liabilities)</b>					
Due within one year		1,966		(131,897)	
Debtors due after more than one year	14	69,199		-	
		<hr/>		<hr/>	
			71,165		(131,897)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			279,039		36,152
<b>Creditors: amounts falling due after more than one year</b>	16		(203,797)		-
<b>Provisions for liabilities and charges</b>	17		(10,469)		(10,763)
			<hr/>		<hr/>
<b>Net assets</b>			64,773		25,389
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	18	1,000		1,000	
Revaluation reserve	19	17,726		23,377	
Profit and loss account	19	46,047		1,012	
		<hr/>		<hr/>	
<b>Shareholders' funds – equity</b>			64,773		25,389
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 18 July 2000 and were signed on its behalf by:



**Anthony Heywood**  
Director



**Statement of total recognised gains and losses**  
*for the seven months to 31 December 1999*

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
<b>Profit/(loss) for the financial year</b>	<b>42,008</b>	<b>(18,381)</b>
Unrealised surplus on revaluation of properties	-	14,595
<b>Total recognised gains and losses relating to the financial year</b>	<b>42,008</b>	<b>(3,786)</b>

**Note of historical cost profits and losses**  
*for the seven months to 31 December 1999*

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
<b>Reported profit/(loss) on ordinary activities before taxation</b>	<b>45,193</b>	<b>(7,204)</b>
Realisation of property revaluation gains of previous years	5,651	891
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	247	132
<b>Historical cost profit/(loss) on ordinary activities before taxation</b>	<b>51,091</b>	<b>(6,181)</b>
<b>Historical cost profit/(loss) for the period retained after taxation and dividends</b>	<b>45,282</b>	<b>(20,358)</b>

**Reconciliation of movements in shareholders' funds**  
*for the seven months to 31 December 1999*

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
<b>Profit/(loss) for the financial year</b>	<b>42,008</b>	<b>(18,381)</b>
Dividends	(2,624)	(3,000)
<b>Other recognised gains and losses relating to the year (net)</b>	<b>39,384</b>	<b>(21,381)</b>
	-	14,595
<b>Net addition to/(reduction in) shareholders' funds</b>	<b>39,384</b>	<b>(6,786)</b>
Opening shareholders' funds	25,389	32,175
<b>Closing shareholders' funds</b>	<b>64,773</b>	<b>25,389</b>

## Notes

*(forming part of the financial statements)*

### 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 accounting rules, modified to include the revaluation of certain land and buildings.

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.

Under Financial Reporting Standard 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.

As the company is a wholly owned subsidiary of Westminster Health Care Holdings Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

#### ***Goodwill***

Goodwill relating to acquisitions is capitalised in the balance sheet in the year of acquisition and amortised over a period not exceeding 20 years. Unamortised goodwill attributable to businesses disposed of is charged to the profit and loss account.

#### ***Fixed assets and depreciation***

Regular valuations of freehold and long leasehold land and buildings are carried out and are reflected in the financial statements. Subsequent additions and assets in the course of construction are recorded at cost.

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings and long leasehold properties	-	50 years
Short leasehold properties	-	over the period of the lease
Plant, fixtures and fittings	-	3 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land.

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

#### ***Leases***

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### ***Post-retirement benefits***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

## Notes (continued)

### 1 Accounting policies (continued)

#### Stocks

Stocks are stated at the lower of cost and net realisable value (based on selling price less further costs to disposal).

#### 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 amounts (excluding value added tax) derived from the provision of services to customers.

### 2 Segmental information

The company's turnover, profit before taxation and net assets arise primarily from its principal activity of owning and operating nursing homes in the United Kingdom.

### 3 Profit/(loss) on ordinary activities before taxation

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration (inclusive of VAT):		
Audit	45	55
Other services - fees paid to the auditor and its associates	114	265
Depreciation and other amounts written off tangible fixed assets:		
Owned	3,678	7,181
Leased	88	-
Impairment in value of fixed assets	-	2,613
Hire of other assets - operating leases	1,650	4,174
	<hr/>	<hr/>

## Notes (continued)

### 4 Remuneration of directors

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Directors' emoluments	449	850
Company contributions to money purchase pension schemes	56	124
Compensation for loss of office	85	574
	<u>590</u>	<u>1,548</u>

The emoluments of the highest paid director were £140,000 (31 May 1999: £585,000) and company pension contributions of £20,000 (31 May 1999: £40,000) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to seven directors under money purchase schemes.

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees Seven months to 31 Dec 1999	Year to 31 May 1999
Nursing staff	6,326	4,341
Non-nursing staff	565	297
Administrative staff	177	181
	<u>7,068</u>	<u>4,819</u>

The aggregate payroll costs of these persons were as follows:

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Wages and salaries	28,637	42,369
Social security costs	2,011	3,307
Other pension costs	81	389
	<u>30,729</u>	<u>46,065</u>

## Notes (continued)

### 6 Exceptional items

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Write down of fixed assets	-	(7,736)
Provisions and write down of current assets	-	(1,929)
Re-organisation costs	-	(4,261)
	<hr/>	<hr/>
Exceptional charges against operating profit	-	(13,926)
Interest payable and similar charges – debt termination fees	-	(500)
Profit on sale of fixed assets	41,893	-
	<hr/>	<hr/>
	41,893	(14,426)
	<hr/>	<hr/>

The exceptional profit on sale of fixed assets relates to the intercompany disposal of all of the company's fixed asset investments. In the prior year, the exceptional charge in relation to re-organisation and rationalisation included costs related to the take over of the former parent undertaking Westminster Health Care Group Limited by Westminster Health Care (UK) Limited. The write downs of fixed assets and current assets included costs and write downs arising from a reappraisal of the value of the assets to the business in light of the new ownership and business strategy.

### 7 Net interest payable and similar charges

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
On bank loans and overdrafts	1,496	3,244
Less: capitalised on construction in progress	(45)	(168)
	<hr/>	<hr/>
	1,451	3,076
Exceptional interest (see note 6)	-	500
Finance charges payable in respect of finance leases	14	-
Intercompany interest payable	2,582	380
	<hr/>	<hr/>
	4,047	3,956
Interest receivable and similar income	(136)	(485)
Intercompany interest receivable	(40)	(973)
	<hr/>	<hr/>
	3,871	2,498
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation

	£000	Seven months to 31 Dec 1999 £000	£000	Year to 31 May 1999 £000
<i>UK corporation tax</i>				
Current tax on income for the period at 30% (31 May 1999: 31%)	3,479		1,997	
Adjustments in respect of prior periods	-		283	
		3,479		2,280
ACT written off		-		52
Deferred tax (see note 17)		(294)		10,445
		3,185		12,777
Corporation tax on exceptional items		-		(1,486)
Deferred tax on exceptional items		-		(114)
		3,185		11,177

The UK corporation tax on profit on ordinary activities of £3,479,000 has been relieved by the surrender of losses by other group companies in exchange for payment of the same amount.

### 9 Dividends

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Equity shares:		
Interim dividend paid	2,624	-
Final dividend proposed	-	3,000
	2,624	3,000

## Notes (continued)

### 10 Intangible fixed assets - goodwill

	<b>Total £000</b>
<i>Cost</i>	
At beginning of the period	-
Additions	200
	<hr/>
At end of the period	200
	<hr/>
<i>Amortisation</i>	
At beginning and end of the period	-
	<hr/>
<i>Net book value</i>	
At 31 December 1999	200
	<hr/>
At 31 May 1999	-
	<hr/>

### 11 Tangible fixed assets

	<b>Land and buildings £000</b>	<b>Assets in course of construction £000</b>	<b>Fixtures and fittings £000</b>	<b>Motor vehicles £000</b>	<b>Total £000</b>
<i>Cost or valuation</i>					
At beginning of the period	121,719	14,954	28,588	1,600	166,861
Additions	70,637	1,235	2,996	251	75,119
Disposals	(611)	(15,379)	(822)	(480)	(17,292)
Transfers between items	134	(553)	419	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the period	191,879	257	31,181	1,371	224,688
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	99	-	12,789	891	13,779
Charge for the period	1,413	-	2,201	152	3,766
On disposals	(77)	-	(146)	(308)	(531)
Transfers between items	(20)	-	20	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the period	1,415	-	14,864	735	17,014
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
Cost	70,281	257	16,317	636	87,491
Valuation	120,183	-	-	-	120,183
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	190,464	257	16,317	636	207,674
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 1999	121,620	14,954	15,799	709	153,082
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 11 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	31 Dec 1999 £000	31 May 1999 £000
Freehold	171,388	103,951
Long leasehold	19,029	17,375
Short leasehold	47	294
	<hr/>	<hr/>
	190,464	121,620
	<hr/>	<hr/>

The Company's land and buildings were valued externally at 31 May 1999 on an open market value for existing use basis by Conrad Ritblat, an independent firm employing qualified surveyors specialising in nursing and rest home surveys and valuations. The valuations were carried out in accordance with the Royal Institution of Chartered Surveys Statements of Asset Valuation Practice and Guidance Notes.

Subsequent additions to land and buildings are recorded at cost to the company.

The gross book value of land and buildings includes £148,034,000 (31 May 1999: £95,938,000) of depreciable assets. Interest capitalised in fixed assets amounts to £7,064,000 (31 May 1999: £7,019,000).

Included in the total net book value of motor vehicles is £485,000 (31 May 1999: £nil) in respect of assets held under finance leases. Depreciation for the period on these assets was £ 88,000 (31 May 1999: £nil).

The historical net book value of land and buildings is given below:

	31 Dec 1999 £000	31 May 1999 £000
Historical cost of assets	178,457	107,452
Aggregate depreciation thereon	(5,726)	(4,560)
	<hr/>	<hr/>
Historical cost net book value	172,731	102,892
	<hr/>	<hr/>



## Notes (continued)

### 12 Fixed asset investments

	Shares in group undertakings £000	Participating interests		Other investments £000	Total £000
		Shares £000	Loans £000		
<b>Cost</b>					
At beginning of the period	4,566	3,773	3,250	3,378	14,967
Additions	77,723	-	-	-	77,723
Disposals	(82,289)	(3,773)	(3,250)	(3,378)	(92,690)
At end of the period	-	-	-	-	-
<b>Provisions</b>					
At beginning and end of the period	-	-	-	-	-
<b>Net book value</b>					
At 31 December 1999	-	-	-	-	-
At 31 May 1999	4,566	3,773	3,250	3,378	14,967

### 13 Stocks

	31 Dec 1999 £000	31 May 1999 £000
Assets for resale	120	120

### 14 Debtors

	31 Dec 1999 £000	31 May 1999 £000
Trade debtors	3,878	4,558
Amounts owed by group undertakings	72,336	30,551
Other debtors	450	843
Corporation tax recoverable	214	214
Prepayments and accrued income	2,062	1,496
	78,940	37,662

Debtors include amounts owed by group undertakings of £69,199,000 (31 May 1999: £nil) due after more than one year.

## Notes (continued)

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

	31 Dec 1999 £000	31 May 1999 £000
Bank loans and overdrafts	625	49,000
Obligations under finance lease contracts (see note 16)	83	-
Trade creditors	1,496	3,131
Amounts owed to group undertakings	2,282	117,045
Group relief payable	3,479	-
Other taxes and social security	1,363	995
Other creditors	4,402	4,815
Accruals and deferred income	5,774	5,922
	<u>19,504</u>	<u>180,908</u>

### 16 Creditors: amounts falling due after more than one year

	31 Dec 1999 £000	31 May 1999 £000
Bank loans and overdrafts	4,375	-
Obligations under finance leases contracts	321	-
Amounts owed to group undertakings	199,101	-
	<u>203,797</u>	<u>-</u>

#### Analysis of debt:

	31 Dec 1999 £000	31 May 1999 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	625	49,000
Between one and two years	1,250	-
Between two and five years	3,125	-
	<u>5,000</u>	<u>49,000</u>

#### Obligations under finance leases are payable as follows:

	31 Dec 1999 £000	31 May 1999 £000
Within one year or less	83	-
Within one to two years	83	-
Within two to five years	238	-
	<u>404</u>	<u>-</u>

## Notes (continued)

### 17 Provisions for liabilities and charges

	£000
<i>Deferred tax</i>	
At beginning of the period	10,763
Charge for the period	(294)
	<hr/>
At end of the period	10,469
	<hr/>

Deferred tax has been provided in full as follows:

	31 Dec 1999 £000	31 May 1999 £000
Difference between accumulated depreciation and capital allowances	10,573	10,876
Other timing differences	(104)	(113)
	<hr/>	<hr/>
	10,469	10,763
	<hr/>	<hr/>

No provision has been made for deferred tax on the excess of valuation over cost of the Company's properties as it is not the intention to dispose of any of the properties on which a revaluation surplus has arisen. The additional potential liability which could arise in the event of the disposal of properties at their revalued amounts is approximately £5.7 million (31 May 1999: £7.2 million).

### 18 Called up share capital

	31 Dec 1999 £000	31 May 1999 £000
<i>Authorised</i>		
1,000,000 (31 May 1999: 1,000,000) Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1,000,000 (31 May 1999: 1,000,000) Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

## Notes (continued)

### 19 Reserves

	Revaluation reserve	Profit and loss account
	£000	£000
At beginning of the period	23,377	1,012
Retained profit for the period	-	39,384
Transfers	(5,651)	5,651
	<hr/>	<hr/>
At end of the period	17,726	46,047
	<hr/>	<hr/>

### 20 Contingent liabilities

- (a) The company has entered into banking facilities set-off agreements in respect of which guarantees have been given. The aggregate amount outstanding under the agreements was £nil at 31 December 1999.
- (b) At 31 December 1999 the company had given a guarantee for up to £1.5 million in connection with a bank loan to Peverel Holdings Limited.
- (c) Further amounts may become payable in connection with the acquisition of Blenheim House Limited based on the financial performance for either of the financial years ending 31 December 2000 or 2001. Full provision has been made for the amounts which may be payable.

### 21 Commitments

- (a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	31 Dec 1999 £000	31 May 1999 £000
Contracted	-	1,583
	<hr/>	<hr/>

- (b) Annual commitments under non-cancellable operating leases are as follows:

	31 Dec 1999		31 May 1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	58	-	4,174	-
	<hr/>	<hr/>	<hr/>	<hr/>

## **Notes** *(continued)*

### **22 Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £81,000 (*31 May 1999: £389,000*).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### **23 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Westminster Health Care Holdings Limited which is incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Westminster Health Care Holdings Limited. No other group accounts include the results of the company.