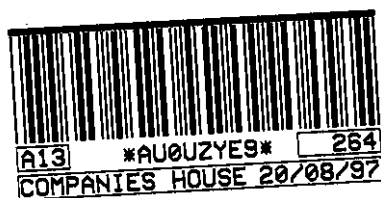


# **Highbank Private Hospital Limited**

**Directors' report and financial statements  
for the period 1 November 1995 to**

**31 May 1996**

**Registered number 2049088**



# Highbank Private Hospital Limited

## Directors' report and financial statements

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# Highbank Private Hospital Limited

## Directors' report

The directors present their annual report and the audited financial statements for the period 1 November 1995 to 31 May 1996. The comparatives shown in the financial statements relate to the year ended 31 October 1995.

## Principal activity

The company's principal activity, until the cessation of trade, was that of a private hospital.

The company was acquired on 30 November 1995 by Westminster Health Care (Investments) Limited whose ultimate parent company is Westminster Health Care Holdings PLC, a company which is registered in England. The company's trade liabilities and certain assets were transferred at their net book value to the company's immediate parent company, Highbank Health Care Limited, on that date and the company ceased to trade.

## Business review

The results for the period are set out on page 4 and are in accordance with the directors' expectations.

## Dividend

The directors do not recommend the payment of a dividend (1995: £68,000)

## Directors and directors' interests

The directors who held office during the period and their interests in the ordinary share capital of the company were as follows:

		<u>Ordinary shares of £1 each</u>	
		1996	1995
PR Carter	(appointed 30 November 1995/resigned 15 December 1995)	-	-
MM Bradford	(appointed 30 November 1995)	-	-
KW Phippen	(appointed 30 November 1995/resigned 8 August 1996)	-	-
M A Kelshaw	(appointed 15 October 1986)	-	30
S E Kelshaw	(appointed 15 October 1986/resigned 30 November 1995)	-	-
D Owen	(appointed 15 October 1986/resigned 30 November 1995)	-	-
N Thody	(appointed 30 November 1995)	-	-
K A Craig	(appointed 15 December 1995/resigned 9 October 1996)	-	-
N Priestly	(appointed 15 December 1995)	-	-
G Hammonds	(appointed 15 December 1995/resigned 30 May 1997)	-	-
P H Easterman	(appointed 9 December 1996)	-	-

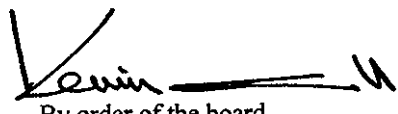
In accordance with the articles of association, no directors retire by rotation. The interests of the directors in the share capital of Westminster Health Care Holdings PLC, the ultimate parent company, are disclosed in the accounts of that company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

## Auditors

In accordance with the Companies Act 1985, the directors have appointed KPMG as auditors in respect of the period 1 November 1995 to 31 May 1996.

48 Leicester Square  
London WC2H 7WH  
2nd August 1997

  
By order of the board  
K D O'Connell  
Secretary

# Highbank Private Hospital Limited

## Directors' responsibilities in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial period 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; 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 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, KPMG, to the members of Highbank Private Hospital Limited

We have audited the financial statements on pages 3 to 10.

### Respective responsibilities of directors and auditors

As described above, 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 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 company's state of affairs as at 31 May 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

KPMG  
Chartered Accountants  
Registered Auditors  
London

8<sup>th</sup> August 1997

# Highbank Private Hospital Limited

## Profit and loss account for the period ended 31 May 1996

	Note	Period 1 November 1995 to 31 May 1996 £'000	Year ended 31 October 1995 £'000
Turnover	2	160	1,899
Cost of sales		(106)	(1,246)
Gross profit		<u>54</u>	<u>653</u>
Administrative expenses		(62)	• (558)
Operating (loss)/profit		<u>(8)</u>	<u>95</u>
Interest receivable/(payable) and similar income/(charges)	6	6	(71)
(Loss)/profit on ordinary activities before taxation	3	<u>(2)</u>	<u>24</u>
Tax on (loss)/profit on ordinary activities	7	6	(13)
Profit for the financial period/year		<u>4</u>	<u>11</u>
Dividends	8	-	(68)
Retained profit/(loss) for the financial period/year	14	<u>4</u>	<u>(57)</u>

There were no movements in shareholders' funds other than the profit/(loss) for the period/year.

The company has no recognised gains or losses other than the profit/(loss) for the period/year.

The historical cost profit/(loss) and reported profit /(loss) are the same.

All operations were discontinued on 1 December 1995.

The notes on pages 5 to 10 form part of these financial statements.

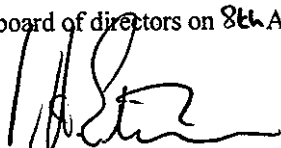
# Highbank Private Hospital Limited

## Balance sheet at 31 May 1996

	Note	Balance at 31 May 1996		Balance at 31 October 1995	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	9		-		157
			-		157
<b>Current assets</b>					
Stocks	10	-		3	
Debtors: due within one year	11	351		784	
		351		787	
<b>Creditors: amounts falling due within one year</b>	12	-		(597)	
<b>Net current assets</b>			351		190
<b>Net assets</b>			351		347
<b>Capital and reserves</b>					
Called up share capital	13	-		-	
Profit and loss account	14		351		347
<b>Shareholders' funds</b>			351		347

Approved by the board of directors on 26 August 1997 and signed on its behalf by:

P H Easterman  
Director



The notes on pages 5 to 10 form part of these financial statements

# Highbank Private Hospital Limited

## Notes forming part of the financial statements

### 1. Accounting policies

The following principal 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 from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is wholly owned subsidiary undertaking of Westminster Health Care Holdings PLC and its cash flows are included within the consolidated cash flow statement of that company.

#### Turnover

Turnover comprises services rendered which are exempt from VAT.

#### Fixed assets and depreciation

Freehold and long leasehold land and buildings are carried in the financial statements at cost or professional valuation. Valuations are carried out at regular intervals. Assets in the course of construction are carried in the financial statements at cost.

No depreciation is provided on land and buildings with the exception of short leasehold (less than 50 years) and pre-opening costs. It is the company's policy to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and, accordingly, the directors consider that the lives of these assets are so long and that the residual values, based on prices prevailing at the time of acquisition, construction or subsequent valuation, are so high that depreciation is insignificant. It is the company's policy to make provision in the profit and loss account in respect of any permanent diminution in an individual property value.

The cost of land and buildings includes interest on the capital employed in nursing home developments and development costs associated with initiating and monitoring the construction of nursing homes. Such interest is capitalised only until the date of opening of the relevant home. The rate used is the average cost of funds during the period.

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

Short leasehold property	over period of lease
Fixtures and fittings	3 to 10 years
Motor vehicles	4 years

Depreciation charges relating to fixtures and fittings in new homes are pro-rated in line with occupancy until the earlier of the first anniversary of opening or achievement of 75 per cent occupancy.

# Highbank Private Hospital Limited

## Notes (continued)

### 1. Accounting policies (continued)

#### Pre-opening costs

Certain operating expenses incurred prior to the opening of a home are deferred and amortised over a five year period beginning on the earlier of the first anniversary of opening or achievement of 75 per cent occupancy.

#### Operating leases

Rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated as follows:

Consumable supplies	- cost of purchase
Assets for resale	- cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

#### Taxation

The charge for taxation is based on the profit for the period/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. Capitalised interest is treated as an allowable expense for the purpose of calculating the charge for taxation.

### 2. Segmental information

The company's turnover and (loss)/profit before taxation arose primarily from its principal activity of operating a private hospital.

### 3. (Loss)/profit on ordinary activities before taxation

	1996 £'000	1995 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration: Audit services	2	4
Non audit services	-	-
Depreciation on tangible fixed assets:		
Owned	2	27
Leased assets	-	2
Operating lease rentals: Plant and machinery	1	8
Other assets	20	239
Hire of plant and machinery	3	16

All auditors' remuneration is disclosed exclusive of VAT.



# Highbank Private Hospital Limited

## Notes (continued)

### 4. Remuneration of directors

	1996 £'000	1995 £'000
Directors' emoluments:		
As directors	-	-

The emoluments, excluding pension contributions, of the highest paid director were £nil (1995: £nil).

### 5. Staff numbers and costs

	1996 Number of employees	1995 Number of employees
The average number of persons employed by the company (including directors) during the period/year was as follows:-		
Administration	7	7
Care Staff	56	56
	<u>63</u>	<u>63</u>

	1996 £'000	1995 £'000
Wages and salaries	60	922
Social security costs	6	76
Other pensions costs	2	28
	<u>68</u>	<u>1,026</u>

### 6. Interest payable and similar charges

	1996 £'000	1995 £'000
On bank loans, overdrafts and other loans wholly repayable within five years	-	70
Over provision in prior year	(7)	-
Other	1	1
	<u>(6)</u>	<u>71</u>

# Highbank Private Hospital Limited

## Notes (continued)

7.	Taxation	1996 £'000	1995 £'000
	Corporation tax at 33% based on the profit for the period/year	-	6
	(Over)/under provision in prior years	(6)	7
		<u>(6)</u>	<u>13</u>
8.	Dividends	1996 £'000	1995 £'000
	Ordinary dividends:		
	Interim paid	-	68
	Final proposed/paid	-	-
		<u>-</u>	<u>68</u>
9.	Tangible fixed assets		
		Fixtures and fittings £'000	Motor vehicles £'000
			Total £'000
	Cost		
	At 1 November 1995	276	8
	Transfer to immediate parent company	(276)	(8)
	At 31 May 1996	<u>-</u>	<u>-</u>
	Depreciation		
	At 1 November 1995	123	4
	Charge for the period	2	-
	Transfer to immediate parent company	(125)	(4)
	At 31 May 1996	<u>-</u>	<u>-</u>
	Net book value		
	At 31 May 1996	<u>-</u>	<u>-</u>
	At 31 October 1995	<u>153</u>	<u>4</u>

# Highbank Private Hospital Limited

Notes (continued)

## Highbank Private Hospital Limited

Notes (continued)

10.	Stocks	1996 £'000	1995 £'000
	Consumable supplies	-	3
		<u>-</u>	<u>3</u>
		<u>-</u>	<u>3</u>
11.	Debtors		
	Amounts falling due within one year	1996 £'000	1995 £'000
	Trade debtors	-	733
	Amounts owed by fellow subsidiary undertaking	-	22
	Other debtors	-	8
	ACT	-	17
	Prepayments and accrued income	-	4
	Amounts owed by immediate parent company	351	-
		<u>351</u>	<u>784</u>
		<u>351</u>	<u>784</u>
12.	Creditors: amounts falling due within one year	1996 £'000	1995 £'000
	Bank overdraft	-	233
	Trade creditors	-	141
	Amounts owed to fellow subsidiary undertaking	-	7
	Other creditors including taxation and social security:		
	ACT payable	-	1
	Corporation tax	-	59
	Other taxes and social security	-	19
	Other creditors	-	117
	Accruals and deferred income	-	20
		<u>-</u>	<u>597</u>
		<u>-</u>	<u>597</u>

# Highbank Private Hospital Limited

## Notes (continued)

### 13. Called up share capital

	1996 Number	1995 Number
Authorised Ordinary shares of £1 each	100	100
Allotted and fully paid Ordinary shares of £1 each	100	100

### 14. Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	1996 Total £'000	1995 Total £'000
At start of period	-	347	347	404
Retained profit/(loss) for period/year		4	4	(57)
At end of period	-	351	351	347

### 15. Commitments

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

	1996 £'000	1995 £'000
Contracted	-	-
Authorised but not contracted	-	-

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

	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	-	-	18	-
In the second to fifth years inclusive	-	-	17	22
Over five years	-	-	-	-
	-	-	35	22

### 16. Ultimate parent company

The company is a subsidiary undertaking of Westminster Health Care Holdings PLC, which is incorporated in England and registered in England and Wales. The results of the company are included in the consolidated financial statements of Westminster Health Care Holdings PLC. Copies of these financial statements are available to the public and may be obtained from its Company Secretary at 48 Leicester Square London WC2H 7WH.