Westminster Beaumont Properties (Edgbaston) Limited

Directors' report and financial statements

Year ended 31 December 2000

Registered number 2839879

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The company's principal activity is the sale of highly sheltered housing to the frail and elderly on long leases. Care and property services are provided by other group companies.

Business review

The results for the year are set out in the profit and loss account on page 5. The company did not sell any retirement apartments during the year and a provision of £110,000 was made against the carrying value of the retirement apartments held in stock.

Proposed dividend

The directors do not recommend the payment of a dividend *(1999: £nil)*.

Directors and directors' interests

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

PK Churchley	(resigned 30 September 2000)
AG Heywood	
Dr CB Patel	
SJ Purse	(resigned 7 March 2000)
JD Weight	(appointed 11 December 2000)

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.

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 year		Interest at start of year 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
JD Weight	**15,155**	-	-	-

Directors' report *(continued)*

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

Westminster House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

13 July 2001

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 year. 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 Beaumont Properties (Edgbaston) Limited

We have audited the financial statements on pages 5 to 10.

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

13 July 2001

Profit and loss account
for year to 31 December 2000

	Note	**Year to 31 December 2000 £'000**	Seven months to 31 December 1999 £'000
Turnover		-	174
Cost of sales expenses *(including exceptional costs of £110,000; 1999: £nil – see note 5)*		**(110)**	(366)
Gross loss		**(110)**	(192)
Administrative expenses		-	(10)
Loss on ordinary activities before taxation		**(110)**	(202)
Tax on loss on ordinary activities	*6*	-	61
Loss for the financial period		**(110)**	(141)

Movements in shareholders' funds are shown in note 12.

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

The company has no recognised gains or losses other than the loss for the period.

The historical cost loss and the reported loss are the same.

Balance sheet
at 31 December 2000

	Note	31 December 2000 £'000	31 December 2000 £'000	31 December 1999 £'000	31 December 1999 £'000
Fixed assets					
Tangible assets	7		13		13
Current assets					
Stocks	8	568		320	
Debtors	9	61		61	
		629		381	
Creditors: amounts falling due within one year	10	(861)		(503)	
Net current liabilities			(232)		(122)
Net liabilities			(219)		(109)
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	12		(219)		(109)
Shareholders' funds – equity			(219)		(109)

These financial statements were approved by the board of directors on 13 July 2001 and were signed on its behalf by:

JD Weight
Director

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. The going concern basis has been used to prepare the financial statements notwithstanding the deficiency of net assets at 31 December 2000, since the company's parent company has undertaken to provide such support as is necessary to enable the company to meet its obligations as and when they fall due.

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 FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Turnover

Turnover represents sales of highly sheltered property. Sales are recognised on completion.

Depreciation

Depreciation is not provided on freehold land.

Stocks

Stocks and work in progress represents close care units that have been acquired or constructed by the company.

Stocks of these units are stated at the lower of cost or estimated net realisable value. The cost of units acquired is their purchase price. The cost of units constructed is the cost of land, direct expenditure and proposal fees.

Taxation

The charge for taxation 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 to the extent that it is probable that an actual liability will crystallise.

2 Segmental information

The turnover, loss before taxation and net liabilities are attributable to the principal activity of construction and selling highly sheltered housing to the frail and elderly on long leases in the United Kingdom.

3 Loss on ordinary activities before taxation

The remuneration of the auditors and their associates (exclusive of VAT) in respect to services provided to the company during the year and the prior financial year was borne by another group company. The remuneration of the auditors and their associates in respect of non audit services to the company was £nil *(1999: £nil)*.

Notes *(continued)*

4 Remuneration of directors

The company had no employees other than directors. The directors received no emoluments for services during the year *(1999: £nil)*.

5 Exceptional items

Cost of sales includes £110,000 in respect of a provision made against the carrying value of stock *(1999: £nil)*.

6 Taxation

	Year to 31 Dec 2000 £'000	**Seven months to 31 Dec 1999** £'000
UK corporation tax		
Current tax credit on loss for the year at 30%	-	(61)

7 Tangible fixed assets

	Freehold land £'000
Cost	
At beginning and end of the year	13
Net book value	
At beginning and end of the year	13

8 Stocks

	31 Dec 2000 £'000	31 Dec 1999 £'000
Assets for resale	**568**	320

Stock comprises close care units which have been developed by the company.

9 Debtors

	31 Dec 2000 £'000	31 Dec 1999 £'000
Group relief recoverable	**61**	61

Notes *(continued)*

10 Creditors: amounts falling due within one year

	31 Dec 2000 £'000	31 Dec 1999 £'000
Amounts owed to group undertakings	**840**	478
Other creditors	**3**	1
Accruals and deferred income	**18**	24
	861	503

11 Called up share capital

	31 Dec 2000 £	31 Dec 1999 £
Authorised		
1,000 *(31 December 1999: 1,000)* Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
2 *(31 December 1999: 2)* Ordinary shares of £1 each	**2**	2

12 Reconciliation of movement in shareholders' funds

	Share capital £000	**Profit and loss account** £000	**Year to 31 Dec 2000 Total £000**	Seven months to 31 Dec 1999 Total £000
At beginning of the year	-	(109)	**(109)**	32
Loss for the financial year	-	(110)	**(110)**	(141)
At end of the year	-	(219)	**(219)**	(109)

13 Contingent liabilities

The company has sold retirement apartments under arrangements which entitle the purchaser to require repurchase of the apartments, in certain circumstances, at the higher of a discount to the cost or a discount to the market value. As at 31 December 2000 the total repurchase commitment notified to the company is £68,000 *(31 December 1999: £250,000)* and the total potential obligation is estimated at £1.1 million *(31 December 1999: £0.7m)*. The directors consider that no provision for losses is required.

Notes *(continued)*

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

The company is a subsidiary undertaking of, and is controlled by Westminster Health Care Holdings Limited which is incorporated in England and registered in England and Wales.

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.