

Westminster Beaumont Properties Limited

Directors' report and financial
statements

Registered number 2851607

31 December 2004



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Company information

| | |
|--------------------------|---|
| Directors | Michael Parsons David Duncan Jon Hather |
| Secretary | Jon Hather |
| Auditors | KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LT |
| Bankers | Barclays Bank PLC 31 High Row Darlington DL3 7QS |
| Solicitors | Lovells 65 Holburn Viaduct London EC1A 2DY |
| Registered office | Suite 201 The Chambers Chelsea Harbour London SW10 0XF |
| Registered number | 2851607 |

Directors' report

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

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

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 5. The directors are satisfied with the company's result.

Dividends

No dividends were paid during the year (2003: £nil).

Future prospects

The directors expect the general level of activity in the healthcare sector, and hence the demand for highly sheltered housing, to increase.

Directors and directors' interests

The directors who held office during the year and to the date of this report were as follows:

| | |
|--------------|------------------------------|
| A G Heywood | (resigned 12 November 2004) |
| N J Mitchell | (resigned 12 November 2004) |
| J G Scott | (resigned 12 November 2004) |
| T Street | (resigned 12 November 2004) |
| M Parsons | (appointed 9 November 2004) |
| D Duncan | (appointed 9 November 2004) |
| J Hather | (appointed 23 February 2005) |

There are no directors' interests requiring disclosure under the Companies Act 1985. Details of directors' interests in the ultimate parent undertaking, Grove Limited, are disclosed in that company's financial statements.

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



J Hather
Secretary

Suite 201
The Chambers
Chelsea Harbour
London
SW10 0XF

27 April 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 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.



KPMG LLP
Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Independent auditors' report to the members of Westminster Beaumont Properties Limited

We have audited the financial statements on pages 5 to 11.

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 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 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 affairs of the company as at 31 December 2004 and of the profit of the company 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

28 April 2005

Profit and loss account
Year ended 31 December 2004

| | <i>Note</i> | 2004 £'000 | 2003 £'000 |
|--|-------------|-----------------------------|-----------------------------|
| Turnover | <i>1</i> | 1,586 | 1,838 |
| Cost of sales | | (1,431) | (1,506) |
| Gross profit | | 155 | 332 |
| Administrative expenses | | (12) | - |
| Operating profit | | 143 | 332 |
| Interest receivable | | 3 | 5 |
| Profit on ordinary activities before taxation | <i>2</i> | 146 | 337 |
| Tax on profit on ordinary activities | <i>4</i> | (45) | (102) |
| Retained profit for the financial year | <i>10</i> | 101 | 235 |

All items derive from continuing operations.

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

There were no recognised gains and losses other than those shown in the profit and loss account for the current and preceding financial years and, accordingly, no Statement of Total Recognised Gains and Losses is shown.

Balance sheet
at 31 December 2004

| | <i>Note</i> | 2004 £'000 | 2003 £'000 |
|---|-------------|--------------------------------|--------------------------------|
| Fixed assets | | | |
| Tangible assets | 5 | 266 | 162 |
| Current assets | | | |
| Stocks | 6 | 1,036 | 1,041 |
| Debtors | 7 | 1,873 | 1,784 |
| Cash at bank and in hand | | 389 | 400 |
| Creditors: amounts falling due within one year | 8 | 3,298 (1,231) | 3,225 (1,155) |
| Net current assets | | 2,067 | 2,070 |
| Net assets | | 2,333 | 2,232 |
| Capital and reserves | | | |
| Called up share capital | 9 | - | - |
| Profit and loss account | 10 | 2,333 | 2,232 |
| Equity shareholders' funds | | 2,333 | 2,232 |

These financial statements were approved by the board of directors on 27 April 2005 and were signed on its behalf by:



D Duncan
Director

Reconciliation of movements in shareholders' funds

Year ended 31 December 2004

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Profit for the financial year | 101 | 235 |
| Shareholders' funds at beginning of year | 2,232 | 1,997 |
| Shareholders' funds at end of year | <u>2,333</u> | <u>2,232</u> |

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 under the historical cost accounting rules. The principal accounting policies adopted by the directors are described below:

Cash flow statement

Under FRS 1 (Revised) the company is exempt from the requirement to produce a cash flow statement due to the ultimate undertaking registered in England and Wales, Barchester Healthcare Limited including the company in its own published consolidated financial statements.

Turnover

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

Depreciation

Depreciation is provided 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:

Freehold buildings - 25 years

No depreciation is provided on freehold land.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| <i>Profit on ordinary activities before taxation is stated after charging:</i> | | |
| Depreciation and other amounts written off tangible fixed assets: owned | 4 | 4 |

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.

3 Remuneration of directors

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

4 Tax on profit on ordinary activities

| | 2004 £'000 | 2003 £'000 |
|-------------------------------|---------------|---------------|
| <i>Current taxation</i> | | |
| Corporation tax | (45) | - |
| Group relief payable | - | (102) |
| <i>Total current taxation</i> | (45) | (102) |

The current tax charge for the period is higher (2003: higher) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below.

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 146 | 337 |
| Tax on profit on ordinary activities at standard rate | (44) | (101) |
| <i>Factors affecting charge for the year:</i> | | |
| Non-qualifying depreciation | (1) | (1) |
| Total current tax charge (see above) | (45) | (102) |

Notes (continued)

5 Tangible fixed assets

**Freehold
land and
buildings
£'000**

Cost

At beginning of the year
 Additions

171
 108

At end of the year

279

Depreciation

At beginning of the year
 Charge for the year

(9)
 (4)

At end of the year

(13)

Net book value

At 31 December 2004

266

At 31 December 2003

162

6 Stocks

**2004
£'000**

**2003
£'000**

Assets for resale

1,036

1,041

Stock comprises close care units which have been developed by the company and are held for resale.

7 Debtors

**2004
£'000**

**2003
£'000**

Amounts owed by group undertakings

1,873

1,784

Amounts due from group undertakings stated above are legally due on demand and are thus recoverable within one year. It is not expected that the demand would be made or that these amounts will be received within the next year.

8 Creditors: amounts falling due within one year

**2004
£'000**

**2003
£'000**

Trade creditors
 Amounts owed to group undertakings
 Corporation tax
 Group relief payable
 Accruals and deferred income

2
 1,053
 70
 102
 4

2
 1,026
 25
 102
 -

1,231

1,155

Notes (continued)

9 Called up share capital

| | 2004 £ | 2003 £ |
|--|-----------|-----------|
| <i>Authorised</i> | | |
| 1,000 (2003: 1,000) ordinary shares of £1 each | 1,000 | 1,000 |
| <i>Allotted, called up and fully paid</i> | | |
| 2 (2003: 2) ordinary shares of £1 each | 2 | 2 |

10 Reserves

| | Profit and loss account £'000 |
|-------------------------------|--|
| At beginning of the year | 2,232 |
| Profit for the financial year | 101 |
| At end of the year | 2,333 |

11 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 2004 the total repurchase commitment notified to the company is £694,000 (2003: £275,000) and the total potential obligation is estimated at £8,957,000 (2003: £8,840,000). The directors do not estimate any impairment of the recoverable value of the underlying properties and consequently are of the opinion that no loss should accrue to the company in the event that the repurchase commitment crystallises.

12 Immediate and ultimate parent undertaking

The immediate parent undertaking is Westminster Securitisation Limited.

The ultimate UK parent undertaking is Barchester Healthcare Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate parent undertaking is Grove Limited, a company registered in Jersey.

13 Related party transactions

The company has taken advantage of the exemptions available under FRS 8 in not disclosing transactions with fellow group companies.