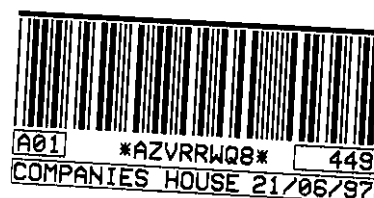


PPP BEAUMONT PROPERTIES LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1996



Registration No: 2851607

PPP BEAUMONT PROPERTIES LIMITED

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 1996, together with the audited accounts for the year ended on that date.

Principal activity

The company is a wholly owned subsidiary of PPP Beaumont PLC which sells highly sheltered housing to the frail and elderly as part of the services provided at the nursing centres owned by the group.

Review of business

The company continues to provide ongoing services to the existing estates and acquire new estates in line with the group strategy.

Financial result

The profit after taxation for the period amounted to £523,000 (1995 - £287,000). The directors do not recommend the payment of a dividend.

Directors

The directors at the date of this report are as follows:

Dr R H McNeilly
G T Mattinson
D W W Torrance

These directors served during the whole of the 1996.

According to the register kept in compliance with the Companies Act 1985, section 325, no director or his family had any disclosable interest in shares in, or debentures of, the company, its holding company or any other subsidiary.

During the period to 31 December 1996 there were no transactions involving directors and others that would require disclosure under the provisions of the Companies Act 1985, section 232.

Changes in fixed assets

The movements in fixed assets during the period are set out in note 5 to the accounts.

PPP BEAUMONT PROPERTIES LIMITED

DIRECTORS' REPORT (Continued)

Directors' and officers' liability insurance

The ultimate holding company, PPP healthcare group Plc, has purchased insurance on behalf of the company's directors and officers against any liability or breach of trust to the company.

Auditors

On 24 April 1996 the Company elected:


- i) to dispense with the holding of annual general meetings: and
- ii) to dispense with the laying of accounts and reports before the Company in general meeting: and
- iii) to dispense with the obligation to appoint the auditors annually.

Accordingly, Coopers & Lybrand will continue as auditors of the Company.

Tunbridge Wells

2nd
April 1997

On behalf of the Board of Directors


M B Clancy
Secretary

PPP BEAUMONT PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
Turnover		2,163	1,801
Cost of sales		<u>(1,355)</u>	<u>(1,369)</u>
Gross profit		808	432
Net operating expenses		<u>(13)</u>	<u>(2)</u>
Profit on ordinary activities before interest		795	430
Interest received		<u>-</u>	<u>1</u>
Profit on ordinary activities before taxation		795	431
Taxation	4	<u>(272)</u>	<u>(144)</u>
Retained profit for the year	10	<u><u>523</u></u>	<u><u>287</u></u>

The company has no recognised gains and losses other than those included in the profit and loss account. Therefore no separate statement of total recognised gains and losses has been presented. All gains and losses arise from continuing activities.

Note of historical cost profits and losses

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year as stated in the profit and loss account and their historical cost equivalents.

PPP BEAUMONT PROPERTIES LIMITED

BALANCE SHEET

31 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible fixed assets	5	42	42
Current assets			
Stock	6	539	251
Debtors	7	672	428
Bank and cash in hand		<u>1</u>	<u>1</u>
		1,212	680
Creditors:(amounts falling due within one year)	8	<u>(13)</u>	<u>(4)</u>
Net current assets		<u>1,199</u>	<u>676</u>
Total assets less current liabilities		<u>1,241</u>	<u>718</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	<u>1,241</u>	<u>718</u>
		<u>1,241</u>	<u>718</u>

The accounts on pages 3 to 8 were approved by the Board of Directors on 2 April 1997, and were signed on its behalf by:

Director:



Director:



PPP BEAUMONT PROPERTIES LIMITED

NOTES ON THE ACCOUNTS

31 DECEMBER 1996

1. Accounting Policies

(i) **Basis of accounting**

The freehold land is valued at directors' valuation. All other assets and liabilities are valued at historic cost and in accordance with applicable Accounting Standards in the United Kingdom.

(ii) **Turnover**

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

(iii) **Stock**

Stock represents close care units that have either been acquired or constructed by the company.

Stocks of these units are stated at the lower of cost or net realisable value. The cost of units acquired is their purchase cost. The cost of completed units is the cost of the land and direct expenditure and professional fees.

(iv) **Depreciation**

Depreciation is provided to write off the cost, less estimated residual value of all tangible fixed assets over their expected useful lives at the following rate:

Freehold land - nil

(v) **Cash flow statements**

The company is a wholly owned subsidiary of an EU company which publishes consolidated financial statements that include a consolidated cash flow statement and therefore is not required to produce a cash flow statement.

2. Directors and employees

The company has no employees other than the directors, none of whom received remuneration from the company during the period.

3. Auditors' remuneration

Auditors' remuneration is dealt with in the accounts of PPP Beaumont PLC.

PPP BEAUMONT PROPERTIES LIMITED

NOTES ON THE ACCOUNTS (Continued)

31 DECEMBER 1996

4.	<u>Taxation</u>	1996 £'000	1995 £'000
	Tax on profit on ordinary activities		
	United Kingdom Corporation Tax at 33% (1995 - 33%)	272	142
	Adjustment in respect of 1994	<u>-</u>	<u>2</u>
		<u>272</u>	<u>144</u>

5.	<u>Tangible fixed assets</u>	Freehold land £'000
	Balance at 1 January and 31 December 1996	<u>42</u>

6.	<u>Stock</u>	1996 £'000	1995 £'000
	Stock	<u>539</u>	<u>251</u>

Stock comprises close care units which have been developed by the holding company or purchased by PPP Beaumont Properties Limited. Stock is stated at the cost of construction or purchase.

For close care units sold after June 1996 the company guarantees the owners of close care units to buy them back at the greater of 97.5% of the original purchase price or 93% of the current market value. For sales prior to this date the guarantee is the greater of 90% of the current market value or 100% of the original purchase price. The directors consider the possibility of having to buy back all the Close Care Units to be remote for the foreseeable future.

7.	<u>Debtors</u>	1996 £'000	1995 £'000
	Trade debtors	250	-
	Amounts due from fellow subsidiaries	119	-
	Amounts due from parent undertaking	<u>303</u>	<u>428</u>
		<u>672</u>	<u>428</u>

The trade debtors relate to amounts outstanding on properties sold in the year and are secured by a legal charge on other property owned by the debtor to the value of the total amount due.

PPP BEAUMONT PROPERTIES LIMITED

NOTES ON THE ACCOUNTS (Continued)

31 DECEMBER 1996

8. Creditors: (amounts falling due within one year)

1996 £'000	1995 £'000
Other creditors	4
<u>13</u>	<u>4</u>

9. Called up share capital

Authorised

1000 Ordinary shares of £1

Allotted, issued and fully paid

2 Ordinary shares of £1

1996 £	1995 £
1,000	1,000
<u>2</u>	<u>2</u>

10. Profit and loss account

Balance at 1 January

Profit for the year

Balance at 31 December

1996 £'000	1995 £'000
718	431
<u>523</u>	<u>287</u>
<u>1,241</u>	<u>718</u>

11. Reconciliation of movement in shareholders' funds

Shareholders' funds at the beginning of the year

Retained profit for the year

Shareholders' funds at the end of the year

1996 £'000	1995 £'000
718	431
<u>523</u>	<u>287</u>
<u>1,241</u>	<u>718</u>

PPP BEAUMONT PROPERTIES LIMITED

NOTES ON THE ACCOUNTS (Continued)

31 DECEMBER 1996

12. Deed of Support

A legally binding deed of support has been provided in favour of PPP Beaumont Properties Limited by PPP Beaumont PLC.

13. Holding company

The company's immediate holding company is PPP Beaumont PLC, which is a wholly owned subsidiary of PPP healthcare foundation ltd , both companies being incorporated in Great Britain and registered in England and Wales.

PPP BEAUMONT PROPERTIES LIMITED
31 DECEMBER 1996
DIRECTORS' RESPONSIBILITIES FOR PREPARING
THE ACCOUNTS

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on the following page, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the accounts.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts: and
- prepare the accounts on a 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 which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PPP BEAUMONT PROPERTIES LIMITED

31 DECEMBER 1996

Report of the auditors to the members of PPP Beaumont Properties Limited.

We have audited the accounts on pages 3 to 8 .

Respective responsibilities of directors and auditors

As described on page 9 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

2 London
April 1997

Coopers & Lybrand

Chartered Accountants and
Registered Auditors