

Westminster Homecare Limited

Directors' report and financial statements

Seven months ended 31 December 1999

Registered number 3353584



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Directors' report

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

Principal activities

The principal activity of the company is the provision of domiciliary care services.

Business review

The results for the period are set out in the profit and loss account on page 5.

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.

Directors and directors' interests

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

PK Churchley	(appointed 30 July 1999)
AG Heywood	
Dr CB Patel	
MG Rogers	(resigned 30 July 1999)
MJ Tiplady	(resigned 30 July 1999)
AS Wilson	(resigned 30 July 1999)

On 6 January 2000 SJ Purse was appointed as a director and he resigned on 7 March 2000. On 30 September 2000 PK Churchley 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.

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	-	-	-

Directors' report *(continued)*

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

30 October 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 Homecare Limited

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

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 loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit M.C.
KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

30 October 2000

Profit and loss account

for the seven months to 31 December 1999

	Note	Seven months to 31 December 1999 £'000	Year to 31 May 1999 £'000
Turnover		1,043	1,432
Cost of sales		(767)	(970)
Gross Profit		276	462
Administrative expenses		(357)	(898)
Loss on ordinary activities before taxation	3	(81)	(436)
Tax on loss on ordinary activities	6	23	-
Loss for the period		(58)	(436)

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.

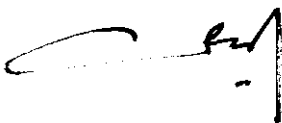
Movements in shareholders' funds are shown in note 12.

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

Balance sheet
at 31 December 1999

	<i>Note</i>	31 December 1999		31 May 1999	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		20		30
Current assets					
Debtors	8	865		413	
Cash at bank and in hand		-		43	
		<u>865</u>		<u>456</u>	
Creditors: amounts falling due within one year	9	(672)		(237)	
Net current assets			193		219
Total assets less current liabilities			<u>213</u>		<u>249</u>
Creditors: amounts falling due after more than one year	10	(565)		(543)	
Net liabilities			<u>(352)</u>		<u>(294)</u>
Capital and reserves					
Called up share capital	11	250		250	
Profit and loss account	12	(602)		(544)	
Shareholders' funds – equity			<u>(352)</u>		<u>(294)</u>

These financial statements were approved by the board of directors on 30 October 2000 and were signed on its behalf by:



Dr CB Patel
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 1999, 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 Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Fixed assets and depreciation

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:

Plant, fixtures and fittings	-	3 to 10 years
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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.

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.

Notes (continued)

2 Segmental information

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

3 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	-	2
Other services - fees paid to the auditor and its associates	-	-
Depreciation and other amounts written off tangible fixed assets	8	14
Hire of other assets - operating leases	16	16
Re-organisation costs - exceptional items	-	30
	<u> </u>	<u> </u>

4 Remuneration of directors

The directors received no emoluments for services during the period (31 May 1999: £nil).

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	233	200
Administrative staff	26	16
	<u> </u>	<u> </u>
	259	216
	<u> </u>	<u> </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	953	1,349
Social security costs	56	100
Other pension costs	3	20
	<u> </u>	<u> </u>
	1,012	1,469
	<u> </u>	<u> </u>

Other pension costs comprise principally contributions to employees' money purchase schemes

Notes (continued)

6 Taxation

	Seven months to 31 Dec 1999 £'000	Year to 31 May 1999 £'000
UK corporation tax at 30% (31 May 1999: 31%) on loss on ordinary activities	(23)	-

The UK corporation tax rebate on loss on ordinary activities of £23,000 has been surrendered to relieve profits by other group companies in exchange for payment of the same amount.

7 Tangible fixed assets

	Fixtures and fittings £000	Total £000
Cost		
At beginning of the period	91	91
Disposals	(3)	(3)
At end of the period	88	88
Depreciation		
At beginning of the period	61	61
Charge for the period	8	8
On disposals	(1)	(1)
At end of the period	68	68
Net book value		
At 31 December 1999	20	20
At 31 May 1999	30	30

8 Debtors

	31 Dec 1999 £'000	31 May 1999 £'000
Trade debtors	748	308
Amounts due from group undertakings	-	53
Other debtors	1	47
Group relief recoverable	23	-
Prepayments and accrued income	93	5
	865	413

Notes (continued)

9 Creditors: amounts falling due within one year

	31 Dec 1999 £'000	31 May 1999 £'000
Bank loans and overdrafts	494	-
Trade creditors	10	21
Other taxes and social security	55	82
Other creditors	56	65
Accruals and deferred income	57	69
	<u>672</u>	<u>237</u>

10 Creditors: amounts falling due after more than one year

	31 Dec 1999 £'000	31 May 1999 £'000
Other creditors		
Amounts due to group undertakings	565	543
	<u>565</u>	<u>543</u>

11 Called up share capital

	31 Dec 1999 £	31 May 1999 £
Authorised		
166,666 (31 May 1999: 166,666) "A" ordinary shares of £1 each	167	167
83,334 (31 May 1999: 83,334) "B" Ordinary shares of £1 each	83	83
	<u>250</u>	<u>250</u>
Allotted, called up and fully paid		
166,666 (31 May 1999: 166,666) "A" ordinary shares of £1 each	167	167
83,334 (31 May 1999: 83,334) "B" Ordinary shares of £1 each	83	83
	<u>250</u>	<u>250</u>

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	31 Dec 1999 £'000	31 May 1999 £'000
At beginning of period	250	(544)	(294)	142
Loss for the financial year	-	(58)	(58)	(436)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	250	(602)	(352)	(294)
	<hr/>	<hr/>	<hr/>	<hr/>

13 Commitments and contingencies

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

	31 Dec 1999 Land and buildings £'000	31 May 1999 Land and Buildings £'000
Operating lease which expire: In the second to fifth years inclusive	16	16
	<hr/>	<hr/>

14 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 £3,000 (31 May 1999: £20,000).

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

15 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.