

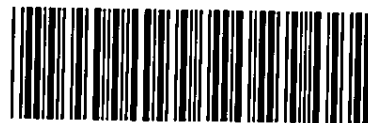
**Barchester Assisted Living Properties (Southgate)
Limited (formerly Westminster Beaumont
Properties (Southgate) Limited)**

**Directors' report and financial
statements**

Registered number 3425314

31 December 2007

WEDNESDAY



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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	Royal Bank of Scotland London Corporate Services 2½ Devonshire Square London EC2M 4XJ
Solicitors	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
Registered office	Suite 201 The Chambers Chelsea Harbour London SW10 0XF
Registered number	3425314

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

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.

The Company changed its name on 13 May 2008 from Barchester Close Care Properties (Southgate) Limited (which it had changed from Westminster Beaumont Properties (Southgate) Limited during the year) to Barchester Assisted Living Properties (Southgate) Limited.

Business review

The results for the year are set out in the profit and loss account on page 6. The directors are satisfied with the Company's result.

Dividends

No dividends were paid during the year (2006 £nil).

The directors do not recommend the payment of a dividend.

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:

M Parsons

D Duncan

J Hather

O McGartoll (resigned 4 October 2007)

Employees

The directors recognise the importance of human resources. Practices to provide good communications and relations with employees include providing them with information on matters of concern to them as employees.

The Company continues to give full and fair consideration to applications from disabled persons. If an employee becomes disabled the Company endeavours to continue their employment if this is practical and in appropriate cases training is given.

Disclosure of information to auditors

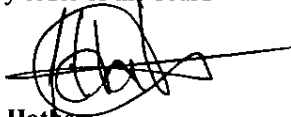
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report *(continued)*

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board

A handwritten signature in black ink, appearing to be 'J Hather', written over a circular stamp or seal.

J Hather
Director

Suite 201
The Chambers
Chelsea Harbour
London
SW10 0XF
30 June 2008

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 enable them to ensure that its 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 Barchester Assisted Living Properties (Southgate) Limited (formerly Westminster Beaumont Properties (Southgate) Limited)

We have audited the financial statements of Barchester Assisted Living Properties (Southgate) Limited (formerly Westminster Beaumont Properties (Southgate) Limited) for the year ended 31 December 2007 which comprise the Profit and loss account, the Balance sheet, the Reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Barchester Assisted Living Properties (Southgate) Limited (formerly Westminster Beaumont Properties (Southgate) Limited) (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

14 July 2008

Profit and loss account
for the year ended 31 December 2007

		2007 £000	2006 £000
Turnover	1	790	755
Cost of sales		(639)	(619)
Gross and operating profit		151	136
Interest receivable and similar income	4	-	1
Profit on ordinary activities before taxation	2	151	137
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	11	151	137

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

Reconciliation of movements in equity shareholders' funds
for the year ended 31 December 2007

	2007 £000	2006 £000
Profit for the financial year	151	137
Opening shareholders' funds	1,118	981
Closing shareholders' funds	1,269	1,118

Balance sheet
at 31 December 2007

	<i>Note</i>	2007	2006
		£000	£000
Fixed assets			
Tangible assets	6	10	10
Current assets			
Stocks	7	341	505
Debtors	8	2,260	2,086
		<u>2,601</u>	<u>2,591</u>
Creditors' amounts falling due within one year	9	<u>(1,342)</u>	<u>(1,483)</u>
Net current assets		<u>1,259</u>	<u>1,108</u>
Net assets		<u>1,269</u>	<u>1,118</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	1,269	1,118
Equity shareholder's funds		<u>1,269</u>	<u>1,118</u>

These financial statements were approved by the board of directors on ~~30 June~~ 2008 and were signed on its behalf by



D Duncan
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 financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is exempt from the requirement of FRS 1 (revised 1996) to prepare a cash flow statement as it is ultimately a wholly owned subsidiary undertaking of Barchester Healthcare Limited and its cash flows are included within the consolidated cash flow statement of that company

As the Company is a wholly owned subsidiary of Barchester Healthcare 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. The consolidated financial statements of Barchester Healthcare Limited, within which the company is included, can be obtained from the address given in note 15

Tangible fixed assets and depreciation

Depreciation is not provided on freehold land

Turnover

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

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

	2007 £000	2006 £000
Audit	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. The amount above is management's best estimate to the proportion relating to the 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 (2006 £nil). The directors received remuneration for services to Grove Limited of which Barchester Assisted Living Properties (Southgate) Limited (formerly Westminster Beaumont Properties (Southgate) Limited) is a subsidiary undertaking, however the proportion attributable to their services to Barchester Assisted Living Properties (Southgate) Limited (formerly Westminster Beaumont Properties (Southgate) Limited) is not separately identifiable.

4 Interest receivable and similar income

	2007 £000	2006 £000
Bank interest	-	1

5 Taxation

	2007 £000	2006 £000
<i>Current taxation</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-

The current tax charge/(credit) for the period is less (2006 less) than the standard rate of corporation tax in the UK of 30%, (2006 30%). The differences are explained below.

5 Taxation (continued)

	2007 £000	2006 £000
Profit on ordinary activities before tax	151	137
Tax on profit on ordinary activities at standard rate	45	41
<i>Factors affecting charge for the year</i>		
Group relief	(65)	(43)
Transfer pricing adjustments	20	2
Total current tax charge/(credit) (see above)	-	-

6 Tangible fixed assets

	Freehold land £000
<i>Cost and net book value</i>	
At beginning and end of the year	10

7 Stocks

	2007 £000	2006 £000
Assets held for resale	341	505

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

8 Debtors

	2007 £000	2006 £000
Amounts due from group undertakings	2,260	2,086
	2,260	2,086

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

Notes (continued)

9 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amounts owed to group undertakings	1,256	1,391
Group relief payable	86	86
Accruals and deferred income	-	6
	<u>1,342</u>	<u>1,483</u>

10 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
1,000 (2006 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
2 (2006 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Reserves

	Profit and loss account £000
At beginning of the year	1,118
Profit for the financial year	151
	<u>1,269</u>

12 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 2007 the total repurchase commitment notified to the company was £467,100 (2006 £171,000) and the total potential obligation is estimated at £2,450,576 (2006 £2 379,000). 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.

13 Related Party Disclosures

The Company is controlled by Barchester Healthcare Limited, by which it is 100% owned. The ultimate controlling party is Grove Limited which is the Company's ultimate parent undertaking.

The Company has taken advantage of the exemption conferred by FRS 8 and does not disclose transactions with its related parties.

Notes *(continued)*

14 Post balance sheet events

It has been announced that the corporation tax rate applicable to the Company will change from 30% to 28% from 1 April 2008

15 Immediate and ultimate parent undertaking

The immediate parent undertaking is Westminster Securitisation Limited

Westminster Securitisation Limited is a wholly owned subsidiary undertaking of Barchester Healthcare Limited, a company incorporated in Great Britain and registered in England and Wales

The Company's ultimate parent undertaking is Grove Limited, a company incorporated and registered in Jersey

The smallest Group in which the results of the Company are consolidated is that headed by Barchester Healthcare Limited. The largest group in which the results of the Company are consolidated is that headed by Grove Limited. The financial statements of Barchester Healthcare Limited are available to the public from the following address

Suite 201
The Chambers
Chelsea Harbour
London
SW10 0XF