Westminster Beaumont Properties (Southgate) Limited

Directors' report and financial statements

Year ended 31 December 2002

Registered number 3425314

Contents

Officers and professional advisers

DIRECTORS

A G Heywood
J G Scott
T Street

SECRETARY

J Hather

REGISTERED OFFICE

Westminster House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

BANKERS

Barclays Bank PLC
31 High Row
Darlington

SOLICITORS

Lovells
65 Holburn Viaduct
London
EC1A 2DY

AUDITORS

Deloitte & Touche LLP
Edinburgh

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

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.

Dividends

No dividends were paid during the year *(2001: £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 were as follows:

A G Heywood	
Dr C B Patel	(resigned 30 April 2002)
J D Weight	(resigned 30 April 2002)
J G Scott	(appointed 30 April 2002)
T Street	(appointed 1 July 2002)

There are no directors' interests requiring disclosure under the Companies Act 1985. Details of directors' interests in the ultimate parent undertaking, Westminster Health Care Holdings Limited (formerly Houghton Holdings Limited), are disclosed in that company's financial statements.

Auditors

On 7 January 2003 KPMG plc resigned as auditors to the company and Deloitte & Touche were appointed to fill the casual vacancy.

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

By order of the board

J Hather
Secretary

21 August 2003

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors report to the members of Westminster Beaumont Properties (Southgate) Limited

We have audited the financial statements of the Westminster Beaumont Properties (Southgate) Limited which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders funds and the related notes 1 to 14. 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 Auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh

1(August 2003

Profit and loss account

Year ended 31 December 2002

	Note	2002 £000	2001 £000
Turnover: continuing operations		**187**	764
Cost of sales		**(176)**	(628)
Operating profit: continuing operations		**11**	136
Interest receivable – bank interest		**1**	5
Profit on ordinary activities before taxation	*3*	**12**	141
Tax on profit on ordinary activities	*5*	**(4)**	(43)
Retained profit for the financial year	*11*	**8**	98

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 2002

	Note	2002 £000	2001 £000
Fixed assets			
Tangible assets	6	**10**	10
Current assets			
Stocks	7	**159**	172
Debtors	8	**1,830**	1,810
Cash at bank and in hand		**15**	1
		2,004	1,983
Creditors: amounts falling due within one year	9	**(1,313)**	(1,300)
Net current assets		**691**	683
Net assets		**701**	693
Capital and reserves			
Called up share capital	10	**-**	-
Profit and loss account	11	**701**	693
Equity shareholders' funds		**701**	693

These financial statements were approved by the board of directors on 21 August 2003 and were signed on its behalf by:

J G Scott
Director

Reconciliation of movement in shareholders' funds
Year ended 31 December 2002

	2002 £000	2001 £000
Profit for the financial year	**8**	98
Shareholders' funds at beginning of year	**693**	595
Shareholders' funds at end of year	**701**	693

Notes to the accounts

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards and the historic cost convention. The principal accounting policies adopted by the directors are described below:

Cash flow statement

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to produce a cash flow statement as the ultimate parent undertaking, Westminster Health Care Holdings Limited, includes 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 not provided on freehold land.

Stocks

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

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.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Group relief

Payment is generally made for group relief at a rate of 30% at the time of first estimating the tax provision. To the extent that amendments are subsequently made to the group relief plan, there is generally no payment or receipt in respect of the change.

2 Segmental information

The turnover, profit before taxation and net assets 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.

Notes to the accounts *(continued)*

3 Profit on ordinary activities before taxation

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.

4 Remuneration of directors

The company had no employees other than directors. The directors received no emoluments for services to the company during the year *(2001: £nil)*.

5 Tax on profit on ordinary activities

	2002	2001
	£000	£000
Current taxation		
Group relief payable	**(4)**	(43)
Tax on profit on ordinary activities	**(4)**	(43)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% *(2001 : 30%)*. The actual tax charge for the current and the previous years do not differ from the standard rate.

6 Tangible fixed assets

	Freehold Land
	£000
Cost and net book value	
At beginning and end of the year	10

7 Stocks

	2002	2001
	£000	£000
Assets for resale	**159**	172

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

Notes to the accounts *(continued)*

8 Debtors

	2002	2001
	£000	£000
Amounts due from group undertakings	**1,830**	1,810

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.

9 Creditors: amounts falling due within one year

	2002	2001
	£000	£000
Amounts owed to group undertakings	**1,294**	1,048
Group relief payable	**4**	237
Corporation tax	**14**	14
Other creditors	**1**	1
	1,313	1,300

10 Called up share capital

	2002	2001
	£	£
Authorised		
1,000 *(2001: 1,000)* Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
2 *(2001: 2)* Ordinary shares of £1 each	**2**	2

11 Reserves

	Profit and loss account £000
At beginning of the year	693
Profit for the financial year	8
At end of the year	701

Notes to the accounts *(continued)*

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 2002 the total repurchase commitment notified to the company is £0.2 million *(2001: £0.1 million)* and the total potential obligation is estimated at £2.2 million *(2001: £2.0m)*. The directors consider that no provision for losses is required.

13 Immediate and ultimate parent undertaking

The immediate parent undertaking is Westminster Securitisation Limited.

As a result of an MBO during the year, the ultimate parent undertaking changed from Westminster Health Care Holdings Limited to Houghton Holdings Limited. Shortly after the MBO, Houghton Holdings Limited changed its name to Westminster Health Care Holdings Limited.

The ultimate parent undertaking is Westminster Health Care Holdings Limited (formerly Houghton Holdings Limited). Copies of Westminster Health Care Holdings Limited consolidated financial statements can be obtained from the Company Secretary at Westminster House, Randalls Way, Leatherhead, Surrey KT22 7TZ.

14 Related party transactions

The company has taken advantage of the exemptions available under FRS8 in not disclosing transactions with fellow group companies.