

Co H/c
Company Number: 3679340

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HIGHFIELD HOME PROPERTIES LIMITED

ANNUAL REPORT

PERIOD ENDED 31 JULY 1999

PKF



HIGHFIELD HOME PROPERTIES LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Anthony Joyce (appointed 12/3/99) Martin Joyce (appointed 12/3/99) Meriel Joyce (appointed 12/3/99) |
| Secretary | Meriel Joyce |
| Company Number | 3679340 |
| Registered Office | 4 Quay Walls Berwick Upon Tweed TD15 1HD |
| Auditors | PKF 17 Rothesay Place Edinburgh EH3 7SQ |
| Solicitors | Henderson Boyd Jackson 19 Ainslie Place Edinburgh EH3 6AU |

HIGHFIELD HOME PROPERTIES LIMITED

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HIGHFIELD HOME PROPERTIES LIMITED

DIRECTORS' REPORT PERIOD ENDED 31 JULY 1999

The directors submit their report and the financial statements for the period ended 31 July 1999.

Principal activity

The company was incorporated on 4 December 1998 and commenced trading on 1 April 1999 at the Kerrvale nursing home in Bridgeton, Glasgow. The principal activity of the company during the period was the operation of this nursing home.

Directors

The directors who served during the period and their interests in the company's issued share capital at the balance sheet date and at the date of their appointment were:

| | Ordinary £1 shares 1999 Appointment | |
|---|--|---|
| Anthony Joyce (appointed 12/3/99) | - | - |
| Martin Joyce (appointed 12/3/99) | - | - |
| Meriel Joyce (appointed 12/3/99) | - | - |
| John Taylor (appointed 12/3/99 - resigned 31/3/99) | - | - |
| Henderson Boyd Jackson (appointed 4/12/98 - resigned 12/3/99) | - | - |

None of the directors in office at 31 July 1999 held a direct interest in the company. All of the directors are also directors of the parent company at 31 July, Highfield Group Limited, and their interests in the share capital of that company are disclosed in its accounts.

Post Balance Sheet Event

On 17th August 1999 the entire issued ordinary share capital of the company was acquired by Highfield Holdings Limited.

On the same date the company entered into lease agreements for a further 35 homes.

Auditors

PKF were appointed auditors on 29th November 2000 on the resignation of the previous auditors. PKF will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

Meriel Joyce
Meriel Joyce
Secretary

29 May 2001

HIGHFIELD HOME PROPERTIES LIMITED

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 of the company 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;
- 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 the financial statements 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
HIGHFIELD HOME PROPERTIES LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) and under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 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. However, the evidence available to us was limited because we were unable to satisfy ourselves as to the validity of the assumptions made by the directors as set out in note 16, in preparing the financial statements on the going concern basis. There were no other satisfactory audit procedures that we could adopt to confirm the directors assumptions. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in audit scope

Except for any adjustments which may arise from the inability of the company to continue as a going concern, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 July 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the assumptions made by the directors in preparing the financial statements on the going concern basis, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.



Edinburgh

Date 30 May 2001

PKF
Registered Auditors

HIGHFIELD HOME PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 JULY 1999

| | Notes | 1999 £ |
|--|-----------|------------------------|
| TURNOVER | 1b | 355,172 |
| Cost of sales | | (308,009) |
| GROSS PROFIT | | <u>47,163</u> |
| Administrative expenses | | (72,158) |
| OPERATING LOSS | 2 | <u>(24,995)</u> |
| Interest receivable and similar items | | 722 |
| Interest payable and similar items | | (232) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>(24,505)</u> |
| TAXATION | 3 | (5,890) |
| LOSS FOR THE FINANCIAL YEAR | | <u><u>(30,395)</u></u> |

HIGHFIELD HOME PROPERTIES LIMITED

BALANCE SHEET

31 JULY 1999

| | Notes | 1999 £ |
|--|-------|----------------------|
| FIXED ASSETS | | |
| Tangible | 5 | 10,540 |
| CURRENT ASSETS | | |
| Stocks | | 4,502 |
| Debtors | 6 | 226,848 |
| Cash at bank and in hand | | 120,765 |
| | | <hr/> 352,115 |
| PREPAYMENTS AND ACCRUED INCOME | 9 | 90,196 |
| CREDITORS: amounts falling due within one year | 7 | (245,382) |
| NET CURRENT ASSETS | | <hr/> 196,929 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 207,469 |
| CREDITORS: amounts falling due after more than one year | 8 | (237,862) |
| NET LIABILITIES | | <hr/> (30,393) <hr/> |
| CAPITAL AND RESERVES | | |
| Called up share capital | 10 | 2 |
| Profit and loss account | 11 | (30,395) |
| | | <hr/> (30,393) <hr/> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on *29 May 2001*

Signed on behalf of the board of directors

Martin Joyce Director



HIGHFIELD HOME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 JULY 1999

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company.

(c) Intangible fixed assets

Intangible fixed assets represent goodwill on the acquisition of a business. The cost of goodwill is written off immediately to the profit and loss account.

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|-----------------------|--------------------|
| Fixtures and fittings | 20 % straight line |
| Motor vehicles | 25 % straight line |

(e) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(g) Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

HIGHFIELD HOME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 JULY 1999

2 OPERATING LOSS

The operating loss is stated after charging:

| | £ |
|---|-------------------|
| Amortisation of intangible assets | 44,140 |
| Depreciation of tangible fixed assets: | |
| - owned by the company | 273 |
| - held under finance lease or hire purchase contracts | 1,189 |
| Audit fees | 2,500 |
| | <u> </u> |

No director received any emoluments.

3 TAXATION

| | £ |
|---------------------------------|-------------------|
| Current year taxation | |
| UK corporation tax at 30% | 96,086 |
| Transfer from deferred taxation | (90,196) |
| | <u> </u> |
| Total UK taxation | 5,890 |
| | <u> </u> |

4 INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|------------------------|-------------------|
| Cost | |
| At 4 December 1998 | - |
| Additions | 44,140 |
| | <u> </u> |
| At 31 July 1999 | 44,140 |
| | <u> </u> |
| Amortisation | |
| At 4 December 1998 | - |
| Charge for the period | 44,140 |
| | <u> </u> |
| At 31 July 1999 | 44,140 |
| | <u> </u> |
| Net book amount | |
| At 31 July 1999 | - |
| | <u> </u> |

HIGHFIELD HOME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 JULY 1999

5 TANGIBLE FIXED ASSETS

| | Freehold property £ | Fixtures & fittings £ | Motor vehicles £ | Total £ |
|------------------------|---------------------------|-----------------------------|------------------------|-------------|
| Cost | | | | |
| At 4 December 1998 | - | - | - | - |
| Additions | 1,888,668 | 276,482 | 1,551 | 2,166,701 |
| Disposals | (1,888,668) | (266,031) | - | (2,154,699) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 July 1999 | - | 10,451 | 1,551 | 12,002 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | |
| At 4 December 1998 | - | - | - | - |
| Charge for period | - | 842 | 620 | 1,462 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 July 1999 | - | 842 | 620 | 1,462 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book amount | | | | |
| At 31 July 1999 | - | 9,609 | 931 | 10,540 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

| | |
|-----------------------|-------|
| | £ |
| Fixtures and fittings | 6,491 |
| Motor vehicles | 931 |
| | <hr/> |
| | 7,422 |
| | <hr/> |

6 DEBTORS

| | |
|---------------|---------|
| | £ |
| Trade debtors | 170,963 |
| Other debtors | 55,885 |
| | <hr/> |
| | 226,848 |
| | <hr/> |

7 CREDITORS:

Amounts falling due within one year

| | |
|---|---------|
| | £ |
| Trade creditors | 36,026 |
| Amounts owed to group undertakings | 38,474 |
| Corporation tax | 96,086 |
| Net obligations under finance lease and hire purchase contracts | 2,662 |
| Other creditors | 72,134 |
| | <hr/> |
| | 245,382 |
| | <hr/> |

Finance lease and hire purchase creditors are secured on the assets concerned.

HIGHFIELD HOME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 JULY 1999

8 CREDITORS:

Amounts falling due after more than one year

| | |
|---|----------------|
| | £ |
| Net obligations under finance lease and hire purchase contracts | 1,636 |
| Other creditors | 236,226 |
| | <u>237,862</u> |

9 PREPAYMENTS AND ACCRUED INCOME

| | |
|-----------------------------|------------------------------------|
| | Deferred Taxation £ |
| At 4 December 1998 | - |
| Credited to profit and loss | 96,638 |
| Utilised | (6,442) |
| At 31 July 1999 | <u><u>90,196</u></u> |

Deferred tax arising from timing differences on sale and lease back is analysed as follows:

| | | |
|---------------------------|----------------------|---------------------|
| | Provided | Not provided |
| | £ | £ |
| Reversing within one year | <u><u>90,196</u></u> | <u><u>-</u></u> |

HIGHFIELD HOME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 JULY 1999

10 SHARE CAPITAL

| | Authorised £ | Allotted, called up and fully paid No. | £ |
|----------------------------|-----------------|--|---|
| Shares issued in period: | | | |
| Ordinary shares of £1 each | 1,000 | 2 | 2 |

On 4th December 1998 2 Ordinary £1 shares were issued for cash at par.

11 RESERVES

| | |
|-------------------------|----------|
| Profit and loss account | £ |
| At 4 December 1998 | - |
| Loss for the period | (30,395) |
| At 31 July 1999 | (30,395) |

12 FAIR VALUE ADJUSTMENTS

During the period the company acquired the nursing home business known as Kerrvale Nursing Home. The fair value adjustments and the resultant goodwill are detailed below.

| Assets acquired | Book cost of assets acquired | Bad debt provision | Fair value of assets acquired |
|---------------------|------------------------------------|-----------------------|-------------------------------------|
| Freehold property | £2,154,699 | £ nil | £2,154,699 |
| Net current assets | £311,553 | £(44,140) | £267,413 |
| | £2,466,252 | £(44,140) | £2,422,112 |
| Consideration- cash | | | £2,466,252 |
| Goodwill | | | £44,140 |

13 OTHER COMMITMENTS

At 31 July 1999 the company had annual commitments under operating leases as follows:

| | |
|----------------------|---------|
| Expiry date: | £ |
| In more than 5 years | 270,000 |

HIGHFIELD HOME PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 JULY 1999

14 TRANSACTIONS WITH RELATED PARTIES

Advantage has been taken of the exemption under Financial Reporting Standard 8 which allows the company not to make disclosures regarding transactions with members of the Highfield Group Limited as it is a wholly owned subsidiary.

15 POST BALANCE SHEET EVENTS

On 17th August 1999 the entire issued ordinary share capital of the company was acquired by Highfield Holdings Limited.

On the same date the company entered into new lease agreements for a further 35 homes.

16 GOING CONCERN

The company has net liabilities of £30,393. Since the year end the company has continued to make losses and is dependant on the financial support from its parent company Highfield Holdings Limited for continuance of normal trading operations. The parent company, in turn, is dependant on financial support from NHP Plc, the landlord for the majority of the homes in the Highfield Holdings group, for continuance of normal trading operations. The directors of the parent company consider that this support will continue for the foreseeable future and accordingly the accounts have been prepared on the going concern basis. The financial statements do not include any adjustments that would arise from the withdrawal of this support.

17 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

At 31 July 1999 the company's parent undertaking was Highfield Group Limited. From 17th August 1999 the company's parent undertaking is Highfield Holdings Limited. Copies of the statutory accounts of Highfield Holdings Limited and Highfield Group Limited are available from 4 Quay Walls, Berwick Upon Tweed, TD5 1AB.