

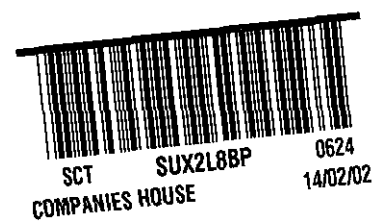
**PKF**

3679340

**HIGHFIELD HOME PROPERTIES  
LIMITED**

**ANNUAL REPORT**

**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**



# HIGHFIELD HOME PROPERTIES LIMITED

## COMPANY INFORMATION

<b>Directors</b>	Anthony Joyce Martin Joyce
<b>Secretary</b>	Meriel Joyce
<b>Company Number</b>	3679340
<b>Registered Office</b>	4 Quay Walls Berwick Upon Tweed Northumberland TD15 1HD
<b>Auditors</b>	PKF 17 Rothesay Place Edinburgh EH3 7SQ
<b>Solicitors</b>	Henderson Boyd Jackson 19 Ainslie Place Edinburgh EH3 6AU
<b>Bankers</b>	Bank of Scotland St Andrew Square Edinburgh EH2 2YR

# HIGHFIELD HOME PROPERTIES LIMITED

## CONTENTS

	Page
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 12

*The following pages do not form part of the statutory accounts:*

DETAILED PROFIT AND LOSS ACCOUNT	13-14
----------------------------------	-------

**HIGHFIELD HOME PROPERTIES LIMITED**  
**DIRECTORS' REPORT**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

The directors submit their report and the financial statements for the period ended 30 September 2001.

**Results and dividends**

The loss for the period, after taxation, amounted to **£605,812** (2000 - £3,804 profit).

**Principal activity and review of business**

The company's principal activity and that of its only subsidiary during the period continued to be the operation of nursing homes.

**Future developments**

A major capital expenditure programme, funded by NHP Plc, commenced after the year end to refurbish all the Nursing Homes operated by the company. This expenditure will be met by NHP Plc who are the landlords to all the Nursing Homes operated by the company. The Directors believe this investment will lead to increased occupancy at the Nursing Homes and improve profitability.

**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 start of the period were:

	<b>Ordinary Shares of £1 each</b>	
	<b>2001</b>	<b>2000</b>
Anthony Joyce	-	-
Martin Joyce	-	-
Meriel Joyce (resigned 27/2/01)	-	-
Alastair Milloy (resigned 27/2/01)	-	-

None of the directors in office at 30 September 2001 held a direct interest in the company. All of the directors are also directors of the parent company, Highfield Holdings Limited, and their interests in the share capital of that company are disclosed in its accounts.

**Employee involvement and employment of disabled persons**

The company is an equal opportunity employer committed to effect positive policies in recruitment, training and career development for staff members (and potential staff members) regardless of marital status, religion, colour, race, ethnic origin or disability. The company gives full consideration to applications by disabled persons where the recruitment of the job can be adequately fulfilled by a handicapped or disabled person.

**Accounting Reference Date**

The company has extended its accounting reference date to 30 September.

By order of the Board

Meriel Joyce 5/12/01  
Meriel Joyce  
Secretary

# **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;
- 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 ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

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.

# **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**

## **HIGHFIELD HOME PROPERTIES LIMITED**

We have audited the financial statements of Highfield Home Properties Limited for the period ended 30 September 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom 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 within it.

### **Basis of audit 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 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 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 19, in preparing the financial statements on a 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 the 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 the company's affairs as at 30 September 2001 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, UK

Date

7 December 2001

  
PKF  
Registered Auditors

**HIGHFIELD HOME PROPERTIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

		14 months 30 September 2001 £	Year ended 31 July 2000 £
	Notes		
<b>TURNOVER</b>	<b>2</b>	<b>38,808,495</b>	32,388,453
Cost of sales		<u>(33,948,045)</u>	<u>(28,344,857)</u>
<b>GROSS PROFIT</b>		<b>4,860,450</b>	4,043,596
Administrative expenses		<u>(5,677,540)</u>	<u>(4,410,926)</u>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(817,090)</b>	(367,330)
Amounts written off group debt		<b>235,000</b>	504,075
Interest payable and similar charges	<b>5</b>	<u>(23,722)</u>	<u>(138,831)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(605,812)</b>	(2,086)
<b>TAXATION</b>	<b>6</b>	<b>-</b>	5,890
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<u><b>(605,812)</b></u>	<u><b>3,804</b></u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the period other than those included in the profit and loss account.

# HIGHFIELD HOME PROPERTIES LIMITED

## BALANCE SHEET 30 SEPTEMBER 2001

	Notes	30 September 2001 £	31 July 2000 £
<b>FIXED ASSETS</b>			
Tangible	7	802,079	496,486
Investments	8	1	1
		<u>802,080</u>	<u>496,487</u>
<b>CURRENT ASSETS</b>			
Stocks	9	-	57,712
Debtors	10	3,923,267	3,641,428
Cash at bank and in hand		4,197	176,189
		<u>3,927,464</u>	<u>3,875,329</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(5,248,811)</u>	<u>(4,006,656)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,321,347)</u>	<u>(131,327)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(519,267)</u>	<u>365,160</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>(113,134)</u>	<u>(391,749)</u>
<b>NET LIABILITIES</b>		<u><u>(632,401)</u></u>	<u><u>(26,589)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	2	2
Profit and loss account	15	(632,403)	(26,591)
<b>SHAREHOLDERS' FUNDS</b>	16	<u><u>(632,401)</u></u>	<u><u>(26,589)</u></u>

The financial statements were approved by the Board on 5/12/01

Signed on behalf of the Board of Directors

Martin Joyce

  
Director

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

**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 applicable accounting standards.

The financial statements cover the period from 1 August 2000 to 30 September 2001. The comparative figures are for the year ended 31 July 2000.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**(b) Turnover**

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

**(c) Tangible fixed assets and depreciation**

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

Plant, machinery, fixtures and fittings	20 % straight line
Motor vehicles	25 % straight line

**(d) 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.

**(e) Investments**

Investments are stated at cost.

**(f) Deferred taxation**

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

**2 TURNOVER**

Turnover is attributable to one class of business.

Turnover arose within the United Kingdom.

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

**3 OPERATING LOSS**

The operating loss is stated after charging:

	14 months 30 September 2001 £	Year ended 31 July 2000 £
Depreciation of tangible fixed assets:		
- owned by the company	29,683	73,663
- held under finance lease or hire purchase contracts	158,622	44,381
Audit fees	9,750	9,000
Auditors' remuneration - non-audit services	20,000	2,000
Operating lease rentals:		
Land and buildings	9,799,615	7,778,581
	<u>          </u>	<u>          </u>

No directors received any emoluments (2000 - £NIL).

**4 STAFF COSTS**

Staff costs were as follows:

	14 months 30 September 2001 £	Year ended 31 July 2000 £
Wages and salaries	18,866,975	15,485,429
Social security costs	1,090,702	1,346,558
	19,957,677	16,831,987
	<u>          </u>	<u>          </u>

The average monthly number of employees during the period was :

	No	No
Nursing home staff	2,850	2,865
	<u>          </u>	<u>          </u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	14 months 30 September 2001 £	Year ended 31 July 2000 £
Bank loans and overdrafts	2,042	114,443
Finance charges under finance lease and hire purchase contracts	21,680	24,388
	23,722	138,831
	<u>          </u>	<u>          </u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

**6 TAXATION**

	14 months 30 September 2001 £	Year ended 31 July 2000 £
<b>UK corporation tax</b>		
Current tax on income for the period	-	(96,086)
<b>Deferred tax</b>		
Current tax on income for the period	-	90,196
	<u>-</u>	<u>(5,890)</u>

**7 TANGIBLE FIXED ASSETS**

	Motor vehicles £	Plant & machinery fixtures & fittings £	Total £
<b>Cost</b>			
At 1 August 2000	343,552	499,230	842,782
Additions	43,715	406,618	450,333
Disposals	(78,548)	-	(78,548)
Transfers	139,274	-	139,274
At 30 September 2001	<u>447,993</u>	<u>905,848</u>	<u>1,353,841</u>
<b>Depreciation</b>			
At 1 August 2000	238,021	108,275	346,296
Charge for year	57,256	131,049	188,305
On disposals	(71,289)	-	(71,289)
Transfers	88,450	-	88,450
At 30 September 2001	<u>312,438</u>	<u>239,324</u>	<u>551,762</u>
<b>Net book value</b>			
At 30 September 2001	<u>135,555</u>	<u>666,524</u>	<u>802,079</u>
At 31 July 2000	<u>105,531</u>	<u>390,955</u>	<u>496,486</u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

**7 TANGIBLE FIXED ASSETS (continued)**

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

	30 September 2001 £	31 July 2000 £
Fixtures & fittings etc.	73,825	259,239
Motor vehicles	112,845	77,883
	<u>186,670</u>	<u>337,122</u>

**8 FIXED ASSET INVESTMENTS**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 August 2000 and 30 September 2001	<u>1</u>

Investments include an investment in a subsidiary, Highfield Home Properties (Perth) Limited, a company incorporated in Great Britain, comprising a holding of 100% of its issued ordinary capital.

**9 STOCKS**

	30 September 2001 £	31 July 2000 £
Consumables	<u>-</u>	<u>57,712</u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

**10 DEBTORS**

	30 September 2001 £	31 July 2000 £
<b>Due within one year</b>		
Trade debtors	1,892,012	1,270,792
Amounts due from group undertakings	34,199	428,713
Other debtors	93,035	121,421
Prepayments & accrued income	606,621	525,717
	<u>2,625,867</u>	<u>2,346,643</u>
<b>Due after one year</b>		
Other debtors	1,297,400	1,294,785
	<u>3,923,267</u>	<u>3,641,428</u>

**11 CREDITORS**

	30 September 2001 £	31 July 2000 £
<b>Amounts falling due within one year</b>		
Trade creditors	666,709	181,844
Amounts owed to group undertakings	1,065,946	1,416,819
Other tax and social security	978,004	268,545
Net obligations under finance lease and hire purchase contracts (note 13)	76,855	107,769
Other creditors	922,850	903,920
Accruals and deferred income	1,538,447	1,127,759
	<u>5,248,811</u>	<u>4,006,656</u>

**12 CREDITORS**

	30 September 2001 £	31 July 2000 £
<b>Amounts falling due after more than one year</b>		
Net obligations under finance lease and hire purchase contracts (note 13)	16,495	219,948
Other creditors	96,639	171,801
	<u>113,134</u>	<u>391,749</u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

**13 FINANCE LEASES**

Net obligations under finance lease and hire purchase agreements fall due as follows:

	30 September 2001 £	31 July 2000 £
Within one year	76,855	107,769
Between one and five years	16,495	219,948
	<u>93,350</u>	<u>327,717</u>

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

**14 SHARE CAPITAL**

	Authorised £	Allotted, called up and fully paid No	£
At 1 August 2000 and 30 September 2001 Ordinary shares of £1 each	1,000	2	2

**15 RESERVES**

	£
<b>Profit and loss account</b>	
At 1 August 2000	(26,591)
Loss for the period	(605,812)
At 30 September 2001	<u>(632,403)</u>

**16 SHAREHOLDERS' FUNDS**

	30 September 2001 £	31 July 2000 £
Shareholders' funds at 1 August 2000	(26,589)	(30,393)
(Loss)/profit for the period	(605,812)	3,804
Shareholders' funds at 30 September 2001	<u>(632,401)</u>	<u>(26,589)</u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOURTEEN MONTHS ENDED 30 SEPTEMBER 2001**

**17 OTHER COMMITMENTS**

At 30 September 2001 the company had annual commitments under operating leases as follows:

	<b>Land and buildings</b>	
	<b>30 September</b>	<b>31 July</b>
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
After more than five years	<b>7,826,639</b>	<b>7,784,404</b>

**18 TRANSACTIONS WITH RELATED PARTIES**

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

**19 GOING CONCERN**

The company has net liabilities of £632,401. The company is dependent on financial support from its parent company, Highfield Holdings Limited, for continuance of normal trading operations. The parent company, in turn, is dependent 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.

**20 CONTROLLING PARTIES**

The company's ultimate parent undertaking and controlling party is Highfield Holdings Limited. Consolidated statutory accounts of Highfield Holdings Limited are available from 4 Quay Walls, Berwick Upon Tweed, TD5 1AB.