

Company Number: 3679340

**HIGHFIELD HOME PROPERTIES LIMITED**

**ANNUAL REPORT**

**YEAR ENDED 30 SEPTEMBER 2002**



**PKF**

# HIGHFIELD HOME PROPERTIES LIMITED

## COMPANY INFORMATION

<b>Directors</b>	Anthony Joyce Martin Joyce Kevin Groombridge
<b>Secretary</b>	Meriel Joyce
<b>Company Number</b>	3679340
<b>Registered Office</b>	Block A, Upper Ground Floor Dukes Court Dukes Street Woking GU21 5BH
<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 Plc St Andrew Square Edinburgh EH2 2YR

# HIGHFIELD HOME PROPERTIES LIMITED

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**HIGHFIELD HOME PROPERTIES LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 30 SEPTEMBER 2002**

The directors submit their report and the financial statements for the year ended 30 September 2002.

**Results and dividends**

The profit for the year, after taxation, amounted to **£375,938** (2001 - £605,812 loss).

**Principal activity and review of the business**

The company's principal activity and that of its only subsidiary during the period continued to be the operation of nursing homes. The directors intend to continue with these activities in the current year. The company has turned a loss of £605,812 in the prior period to a profit of £375,938 this year. This has been achieved as a result of improved occupancy and fee rates, particularly in the Scottish region.

On 12 December 2001 NHP Plc became the ultimate parent company.

The directors believe that the association with NHP Plc will strengthen the company's trading position.

**Future developments**

A major capital expenditure programme, funded by NHP Plc, commenced during the period refurbishing all the nursing homes operated by the company. This expenditure was financed by NHP Plc who are the landlords to all the nursing homes operated by the company. This investment programme will continue next year. The directors believe this investment will lead to increased occupancy in the nursing homes and improved profitability.

**Directors**

The directors who served during the year were:

Anthony Joyce

Martin Joyce

Kevin Groombridge (appointed 14 January 2002)

The directors who served during the year and their share options in the parent company at the balance sheet date were:

**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.

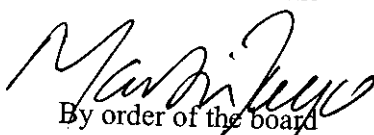
**HIGHFIELD HOME PROPERTIES LIMITED**  
**DIRECTORS' REPORT (continued)**  
**YEAR ENDED 30 SEPTEMBER 2002**

**Payment policy and practice**

The company's policy is to fix payment terms when agreeing the terms of each transaction. It is the company's policy to pay suppliers in accordance with the agreed terms and conditions provided that the supplier has complied with those terms. The creditors days for the company, calculated in accordance with the Companies Act 1985, are 28 (2001: 46).

**Auditors**

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

  
By order of the board  
**Martin Joyce**  
Director

# **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 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.

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.

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

We have audited the financial statements of Highfield Home Properties Limited for the year ended 30 September 2002 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 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 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.

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 20 of the financial statements concerning the support provided by the parent company. In view of the significance of this matter we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

## INDEPENDENT AUDITORS' REPORT (continued)

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

4 December 2002

PKF

Edinburgh, UK

**PKF**  
Registered Auditors



**HIGHFIELD HOME PROPERTIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2002**

		Year ended 30 September 2002 £	Fourteen months ended 30 September 2001 £
	Notes		
<b>TURNOVER</b>	<b>2</b>	<b>37,564,859</b>	38,808,495
Cost of sales		<u>(23,645,046)</u>	<u>(24,148,430)</u>
<b>GROSS PROFIT</b>		<b>13,919,813</b>	14,660,065
Administrative expenses		<u>(13,520,388)</u>	<u>(15,477,155)</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<b>399,425</b>	(817,090)
Amounts written off group debt		-	235,000
Other interest receivable and similar income		4,027	-
Interest payable and similar charges	<b>5</b>	<u>(27,514)</u>	<u>(23,722)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><b>375,938</b></u>	<u><b>(605,812)</b></u>

All amounts relate to continuing operations.

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

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

# HIGHFIELD HOME PROPERTIES LIMITED

## BALANCE SHEET 30 SEPTEMBER 2002

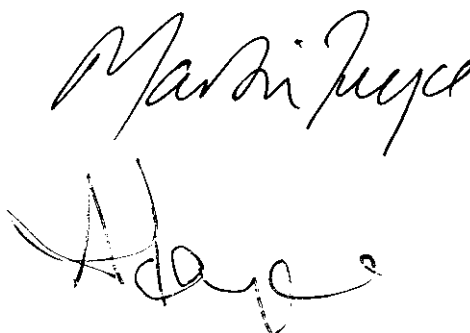
	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible	7	751,000	802,079
Investments	8	1	1
		<u>751,001</u>	<u>802,080</u>
<b>CURRENT ASSETS</b>			
Debtors	9	6,246,921	3,923,267
Cash at bank and in hand		619,714	4,197
		<u>6,866,635</u>	<u>3,927,464</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(7,841,863)</u>	<u>(5,248,811)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(975,228)</u>	<u>(1,321,347)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(224,227)</u>	<u>(519,267)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11	<u>(32,236)</u>	<u>(113,134)</u>
<b>NET LIABILITIES</b>		<u>(256,463)</u>	<u>(632,401)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	2	2
Profit and loss account	15	<u>(256,465)</u>	<u>(632,403)</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u>(256,463)</u>	<u>(632,401)</u>

The financial statements were approved by the board on 31/12/02

Signed on behalf of the board of directors

Martin Joyce                      Director

Anthony Joyce                      Director



**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**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 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.

The directors have elected to take advantage of the exemption under FRS1 not to prepare a cashflow statement as the financial statements of the parent company contain a consolidated cashflow statement and are publicly available.

**(b) Turnover**

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

**(c) Tangible fixed assets**

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**

FRS19 has been adopted for the first time in this accounting period. FRS19 requires full provision for timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. The standard requires that deferred tax is not recognised in respect of gains and losses unless the company has entered into a binding agreement to sell the assets and the gains and losses are recognised in the profit and loss account. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**2 TURNOVER**

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

**3 OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging:

	Year ended 30 September 2002 £	Fourteen months ended 30 September 2001 £
Depreciation of tangible fixed assets:		
- owned by the company	227,135	29,683
- held under finance lease or hire purchase contracts	37,334	158,622
Audit fees	11,000	9,750
Auditors' remuneration - non-audit services	-	20,000
Operating lease rentals:		
Land and buildings	8,068,626	9,799,615
	<u>8,068,626</u>	<u>9,799,615</u>

No directors received any emoluments (2001 - £NIL).

**4 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows:

	Year ended 30 September 2002 £	Fourteen months ended 30 September 2001 £
Wages and salaries	18,533,836	18,866,975
Social security costs	975,634	1,090,702
	<u>19,509,470</u>	<u>19,957,677</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Nursing home staff	<u>1,583</u>	<u>1,664</u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 30 September 2002 £	Fourteen months ended 30 September 2001 £
Bank overdraft	17,292	2,042
Finance charges under finance lease and hire purchase contracts	10,222	21,680
	<u>27,514</u>	<u>23,722</u>

**6 TAXATION**

**Factors affecting tax charge for year**

The tax assessed for the year is greater than the standard rate of corporation tax in the UK (30 per cent). Reconciling items are explained below:

Profit/(loss) on ordinary activities before tax	375,938	(605,812)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	112,781	(181,744)
Effects of:		
Permanent differences	(1,000)	(35,000)
Depreciation in excess of capital allowances	15,000	12,744
Utilisation of losses brought forward	(106,781)	-
Losses not recognised	-	11,000
Group relief for nil consideration	(20,000)	193,000
	<u>-</u>	<u>-</u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**7 TANGIBLE FIXED ASSETS**

	Motor vehicles £	Plant & machinery fixtures & fittings £	Total £
<b>Cost</b>			
At 1 October 2001	447,993	905,848	1,353,841
Additions	62,240	160,223	222,463
Disposals	(74,970)	-	(74,970)
At 30 September 2002	<u>435,263</u>	<u>1,066,071</u>	<u>1,501,334</u>
<b>Depreciation</b>			
At 1 October 2001	312,438	239,324	551,762
Charge for year	72,760	191,709	264,469
On disposals	(65,897)	-	(65,897)
At 30 September 2002	<u>319,301</u>	<u>431,033</u>	<u>750,334</u>
<b>Net book amount</b>			
At 30 September 2002	<u>115,962</u>	<u>635,038</u>	<u>751,000</u>
At 30 September 2001	<u>135,555</u>	<u>666,524</u>	<u>802,079</u>

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

	2002 £	2001 £
Plant & machinery, fixtures & fittings	59,060	73,825
Motor vehicles	90,276	112,845
	<u>149,336</u>	<u>186,670</u>

**8 FIXED ASSET INVESTMENTS**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 October 2001 and 30 September 2002	<u>1</u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**8 FIXED ASSET INVESTMENTS (continued)**

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.

During its latest financial year Highfield Home Properties (Perth) Limited made a profit after tax of **£112,081** (2001 - £(234,655)) and at the end of that year the aggregate of its capital and reserves was **£(154,263)** (2001 - £(266,344)).

**9 DEBTORS**

	2002 £	2001 £
<b>Due within one year</b>		
Trade debtors	3,102,865	1,892,012
Amounts due from group undertakings	1,425,050	34,199
Other debtors	80,793	93,035
Prepayments & accrued income	357,479	606,621
	<u>4,966,187</u>	<u>2,625,867</u>
<b>Due after one year</b>		
Other debtors	1,280,734	1,297,400
	<u>6,246,921</u>	<u>3,923,267</u>

**10 CREDITORS**

	2002 £	2001 £
<b>Amounts falling due within one year</b>		
Bank overdraft	477,124	-
Trade creditors	620,524	666,709
Amounts owed to group undertakings	2,814,513	1,065,946
Other tax and social security	659,223	978,004
Net obligations under finance lease and hire purchase contracts(note 12)	25,389	76,855
Other creditors	3,245,090	2,461,297
	<u>7,841,863</u>	<u>5,248,811</u>

**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**11 CREDITORS**

	2002 £	2001 £
<b>Amounts falling due after more than one year</b>		
Net obligations under finance lease and hire purchase contracts(note 12)	-	16,495
Other creditors	32,236	96,639
	<u>32,236</u>	<u>113,134</u>

**12 FINANCE LEASES**

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

	2002 £	2001 £
Within one year	25,389	76,855
Between one and five years	-	16,495
	<u>25,389</u>	<u>93,350</u>

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

**13 PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred tax is analysed as follows:

	<b>Provided</b>		<b>Not provided</b>	
	2002 £	2001 £	2002 £	2001 £
Capital allowances	-	-	(55,112)	(91,928)

**14 SHARE CAPITAL**

	<b>Authorised £</b>	<b>Allotted, called up and fully paid No</b>	<b>£</b>
At 1 October 2001 and 30 September 2002			
Ordinary shares of£1 each	1,000	2	2

**15 RESERVES**

<b>Profit and loss account</b>	<b>£</b>
At 1 October 2001	(632,403)
Profit for the year	375,938
At 30 September 2002	<u>(256,465)</u>



**HIGHFIELD HOME PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**16 SHAREHOLDERS' FUNDS**

	2002 £	2001 £
Shareholders' funds at 1 October 2001	(632,401)	(26,589)
Profit/(loss) for the year	<u>375,938</u>	<u>(605,812)</u>
Shareholders' funds at 30 September 2002	<u><u>(256,463)</u></u>	<u><u>(632,401)</u></u>

**17 OTHER COMMITMENTS**

At 30 September 2002 the company had annual commitments under operating leases as follows:

	<b>Land and buildings</b> 2002 £	2001 £
<b>Expiry date:</b>		
After more than five years	<u><u>8,269,119</u></u>	<u><u>7,826,639</u></u>

**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 NHP Plc group of companies as it is a wholly owned subsidiary.

**19 POST BALANCE SHEET EVENTS**

Since the year end the company has acquired 12 further leased homes.

**20 GOING CONCERN**

The company has net liabilities of £256,463 (2001 - £632,401). The company is dependant on financial support from NHP Plc, its ultimate parent company and landlord for all of its homes. The company has received a letter of support from NHP Plc. The directors of the 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 adjustment that would arise from the withdrawal of this support.

**21 PARENT UNDERTAKINGS**

As at 30 September 2002 the directors regarded NHP plc, a company quoted on the London Stock Exchange which is incorporated in the United Kingdom, as the company's parent undertaking. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.