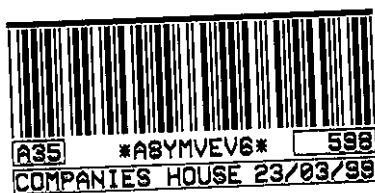


Westminster Beaumont Properties (Southgate) Limited

**Directors' report and financial statements
from the date of incorporation 20 August 1997 to
31 May 1998**

Registered number 3425314



Westminster Beaumont Properties (Southgate) Limited

Directors' report and financial statements

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Westminster Beaumont Properties (Southgate) Limited

Directors' report

The directors present their annual report and the audited financial statements for the period from incorporation, 20 August 1997 to 31 May 1998.

Principal activity

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 to the lessees by other group companies.

Business review

The company was incorporated on 20 August 1997 and has traded in its principal activity since that date.

Proposed dividend

No interim dividend was paid during the period. The directors do not recommend payment of a final dividend.

Directors and directors' interests

The directors who held office during the period were as follows:

KCK Scott (appointed 9 October 1997)
AS Wilson (appointed 9 October 1997)

In accordance with the articles of association, no directors retire by rotation.

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company. The interests of KCK Scott and AS Wilson in the share capital and share options of Westminster Health Care Holdings PLC are set out below:

	31 May 1998 No. of shares held	Date of appointment No. of shares held
KCK Scott	16,161	6,161
AS Wilson	25,000	15,000

	Number of Options					Market price on date of exercise	Date from which exercisable	Expiry date
	At start of period	Granted during period	Exercise d during period	At end of period	Exercise price			
KCK Scott	20,645	-	-	20,645	252p	-	15/4/96	14/4/2003
	5,161	-	-	5,161	330p	-	15/8/97	17/8/2004
	3,000	-	-	3,000	329p	-	4/9/98	3/9/2005
	75,000	-	-	75,000	305p	-	21/3/99	20/3/2006
	-	44,000	-	44,000	275p	-	15/8/2000	14/8/2001
AS Wilson	-	75,000	-	75,000	275p	-	15/8/2000	14/8/2001

Westminster Beaumont Properties (Southgate) Limited

Directors' report (continued)

The closing market price of Westminster Health Care Holdings PLC's ordinary shares on 31 May 1998 was 303.5p and the range during the period from 20 August 1997 to 31 May 1998 was 411.5p to 238.5p

Statement on payment of suppliers

Legislation introduced requires companies to state their policies on payments to suppliers including any code or standard which is followed in respect thereof. Whilst the company does not follow any specified code or standard on payment practice it does endeavour to ensure all payments are made within mutually agreed credit terms. In cases where disputes arise we seek to resolve these promptly and amicably to minimise delays in payment.

Year 2000

Westminster Beaumont Properties (Southgate) Limited is committed to resolving the year 2000 issue at an early stage. Work is in hand on internal systems and all Group companies are currently being reviewed for their compliance.

Auditors

KPMG Audit Plc was appointed by the directors as the Company's first auditors. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

48 Leicester Square
London
WC2H 7WH

25 February 1999



By order of the board
K D O'Connell
Secretary

Westminster Beaumont Properties (Southgate) Limited

Directors' responsibilities in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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; 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 to enable them to ensure that the 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.

Westminster Beaumont Properties (Southgate) Limited

Report of the auditors, KPMG Audit Plc, to the members of Westminster Beaumont Properties (Southgate) Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 3, 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 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 the company's affairs as at 31 May 1998 and of its profit for the nine month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

25 February 1999

Westminster Beaumont Properties (Southgate) Limited

Profit and loss account for the period ended 31 May 1998

Period from
20 August 1997
to 31 May 1998
£'000

	Notes	
Turnover		1,358
Cost of sales		(709)
Gross profit		<u>649</u>
Administrative expenses		<u>(68)</u>
Profit on ordinary activities before taxation	2	581
Tax on profit on ordinary activities	4	(183)
Profit for the financial period		<u>398</u>
Dividends		-
Retained profit for the financial period	10	<u><u>398</u></u>

The company has no recognised gains or losses other than the profit for the period.

The historical cost profit and reported profit are the same.

Movements in shareholders' funds are shown in note 10.


The notes on pages 7 to 10 form part of these financial statements.

Westminster Beaumont Properties (Southgate) Limited

Balance sheet at 31 May 1998

	Notes	1998 £'000	1998 £'000
Fixed assets			
Tangible fixed assets	5		10
Current assets			
Stocks	6	630	
Debtors	7	1,341	
Cash at bank and in hand		4	
		<u>1975</u>	
Creditors: amounts falling due within one year	8	<u>(1,587)</u>	
Net current assets			388
Total assets less current liabilities			<u>398</u>
Capital and reserves			
Called up share capital	9		-
Profit and loss account	10		398
Equity shareholders' funds			<u>398</u>

Approved by the board of directors on 25 February 1999 and signed on its behalf by:


A Wilson
Director

The notes on pages 7 to 10 form part of these financial statements

Westminster Beaumont Properties (Southgate) Limited

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 company's financial statements.

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 Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Westminster Health Care Holdings PLC, and its cash flows are included within the consolidated cash flow statement of that company.

The related party transactions note included in the consolidated financial statements of the ultimate parent undertaking complies with the conditions of Financial Reporting Standard No.8 (FRS8) 'Related Party Transactions'. The company is therefore exempt under FRS8 from the requirement to prepare a separate note.

Turnover

Turnover represents sales of highly sheltered property. Sales to third parties are recognised on completion.

Stocks

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

Stocks of these units are stated at the lower of cost and net realisable value. The cost of units acquired is their purchase cost. The cost of completed units is the cost of land and direct expenditure and proposal fees.

Depreciation

Depreciation is provided to write off the cost, less estimated residual value of all tangible fixed assets over their expected useful lives at the following rate:

-	freehold land	-	nil
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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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Westminster Beaumont Properties (Southgate) Limited

Notes continued

2. Profit on ordinary activities before taxation

	Period 20 August 1997 to 31 May 1998 £'000
Profit on ordinary activities before taxation is stated after charging:	
Auditors' remuneration:	
- Audit services	1
	<u>1</u>

All auditors' remuneration is disclosed exclusive of VAT.

3. Directors and employees

The company has no employees other than directors, none of whom received any remuneration from the company during the period.

4. Taxation

	Period 20 August 1997 to 31 May 1998 £'000
Tax on ordinary activities	
UK corporation tax at 31%	183
	<u>183</u>

5. Tangible fixed assets

	1998 £'000
At 20 August 1997	-
Additions (at cost)	10
	<u>10</u>
At 31 May 1998	<u>10</u>

Westminster Beaumont Properties (Southgate) Limited

Notes (continued)

6. Stocks

	1998 £'000
Stock	630

Stock comprises close care units which have been developed by Westminster Beaumont Properties (Southgate) Limited.

7. Debtors

	1998 £'000
Amounts due from parent and fellow subsidiary undertakings	1,341

8. Creditors: amounts falling due within one year

	1998 £'000
Amounts owed to parent undertaking	1,403
Taxation	183
Other creditors	1
	1,587

Westminster Beaumont Properties (Southgate) Limited

Notes (continued)

9. Called up share capital

	1998 £
Authorised	
1000 Ordinary shares of £1 each	1,000
Allotted and fully paid	
2 Ordinary shares of £1 each	2

10. Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	1998 Total £'000
At start of period	-	-	-
Profit for the period	-	398	398
Dividend	-	-	-
At end of period/year	<u>-</u>	<u>398</u>	<u>398</u>

11. Contingent liability

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 May 1998 the total repurchase commitment notified to the company is £nil and the aggregate maximum repurchase obligation is estimated at £1.3m. The Directors consider that no provision for losses is required.

12. Control and ultimate parent company

The company's immediate parent undertaking, Westminster Beaumont Limited heads the smallest group of undertakings for which group financial statements are prepared and of which the company is a member. Westminster Beaumont Limited is incorporated in England and registered in England and Wales.

The company is a subsidiary undertaking of and is controlled by Westminster Health Care Holdings PLC, which is incorporated in England and registered in England and Wales. Westminster Health Care Holdings PLC heads the largest group of undertakings for which group financial statements are prepared and of which the company is a member.

Copies of these financial statements are available to the public and may be obtained from the company secretary at 48 Leicester Square London WC2H 7WH.