

Farm Place Limited

Directors' report and financial statements

31 May 1999

Registered number 2663868



Farm Place Limited

Directors' report and financial statements

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Farm Place Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 1999.

Principal activity

The company's principal activity continues to be the rehabilitation of alcoholics and drug users and the treatment of eating disorders.

Business review

The results for the period are set out on page 5 and are in accordance with the directors' expectations.

Dividends

No interim dividend (1998: £nil) was paid during the period and the directors do not recommend payment of a final dividend (1998: £nil).

Directors and directors' interests

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

KCK Scott	(resigned 31 May 1999)
AS Wilson	(resigned 30 July 1999)
AG Heywood	(appointed 26 April 1999)
Dr CB Patel	(appointed 26 April 1999)

On 3 November 1999 SJ Purse was appointed as a director and he resigned on 7 March 2000.

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 the directors in the share capital of Westminster Health Care Holdings Limited were as follows:

	At 31 May 1999 and at date of appointment	
	A shares	B shares
Dr CB Patel	909,278	9
AG Heywood	75,773	1

Statement on payment of suppliers

The company's policy, in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not follow any code or standard on payment practice. At 31 May 1999 the number of billing days outstanding to suppliers was 29 days (1998: 31 days).

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Directors' report (continued)

Year 2000

The directors have considered the impact of the Year 2000 date change on the Company. There can be no assurance that the change in date from 1999 to 2000 will not affect the Company's operations or results, however, at the date of signing, no adverse effects of the date change have been experienced.

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.

Kings Court
41-51 Kingston Road
Leatherhead
Surrey KT22 7SZ

By order of the board



AG Heywood

Director

30 March 2000

Farm Place Limited

Directors' responsibilities in respect of the preparation of financial statements

Company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the company 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, 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.

Farm Place Limited

Report of the auditors, KPMG Audit Plc, to the members of Farm Place Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 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.

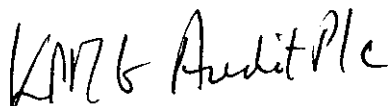
Basis of opinion

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

30 March 2000

Farm Place Limited

Profit and loss account for the year ended 31 May 1999

	Note	1999 £'000	1998 £'000
Turnover	2	1,346	1,237
Administrative expenses		(1,014)	(989)
Operating profit		<u>332</u>	<u>248</u>
Interest receivable	6	-	5
Profit on ordinary activities before taxation	3	<u>332</u>	<u>253</u>
Tax on profit on ordinary activities	7	(116)	(79)
Retained profit for the financial period	15	<u><u>216</u></u>	<u><u>174</u></u>

The historical cost profit and reported profit are the same.

None of the company's activities was acquired or discontinued during the above financial periods.

Statement of total recognised gains and losses for the year ended 31 May 1999

	1999 £'000	1998 £'000
Profit for the financial year	216	174
Unrealised surplus on the revaluation of properties	233	-
Total gains and losses recognised in the year	<u><u>449</u></u>	<u><u>174</u></u>

The notes on pages 7 to 11 form part of these financial statements.

Farm Place Limited

Balance sheet at 31 May 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	9	2,790	2,571
Current assets			
Stocks	10	20	14
Debtors	11	543	239
Cash at bank and in hand		<u>55</u>	<u>46</u>
		618	299
Creditors: amounts falling due within one year	12	<u>(197)</u>	<u>(114)</u>
Net current assets		421	185
Total assets less current liabilities		<u>3,211</u>	<u>2,756</u>
Provisions for liabilities and charges		(6)	-
Net assets		<u>3,205</u>	<u>2,756</u>
Capital and reserves			
Called up share capital	14	-	-
Share premium account	15	2,498	2,498
Revaluation reserve	15	233	-
Profit and loss account	15	474	258
Equity shareholders' funds		<u>3,205</u>	<u>2,756</u>

The accounts were approved by the board of directors on 30 March 2000 and were signed on its behalf by:



AG Heywood
Director

Farm Place 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, as modified by the revaluation of land and buildings

In accordance with Section 228 of the Companies Act 1985, no consolidated financial statements have been prepared in respect of the Company's investments in subsidiary undertakings since the Company is itself a wholly owned subsidiary undertaking. Consequently, these financial statements reflect the results of the Company as an individual undertaking.

The company is exempt from the requirement of Financial Reporting Standard 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Westminster Health Care Group Limited (formerly Westminster Health Care Holdings PLC), and its cash flows are included within the consolidated cash flow statement of that company.

As the Company is a wholly owned subsidiary of Westminster Health Care Group Limited, the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the Group.

Turnover policy

Turnover comprises charges to patients for the provision of care and treatment received on an ongoing basis and is stated exclusive of VAT.

Fixed assets and depreciation

The cost of land and buildings includes interest on the capital employed in developments and development costs associated with initiating and monitoring the construction. Such interest is capitalised only until the day of opening of the relevant facility. The rate of interest used is the average cost of funds during the period.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets (with the exception of freehold land and buildings) by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- 50 years
Short leasehold property	- over period of lease
Plant, fixtures and fittings	- 3 to 10 years
Motor vehicles	- 4 years

Stocks

Stocks comprise consumable supplies which are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less further costs to completion and disposal.

Farm Place Limited

Notes forming part of the financial statements (continued)

1. Accounting policies (continued)

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.

Contributions to pension fund

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

2. Segmental information

The company's turnover, profit before taxation and net assets arise primarily from its principal activity of drug rehabilitation, in the United Kingdom.

3. Profit on ordinary activities before taxation

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration: Audit services	6	6
Depreciation on tangible fixed assets	<u>38</u>	<u>45</u>

All auditors' remuneration is disclosed exclusive of VAT.

4. Directors emoluments

The directors received no emoluments for services to the company during the year (1998:£nil).

5. Staff numbers and costs

	1999 Number of employees	1998 Number of employees
The average number of persons employed by the company (including directors) during the year was as follows:	<u>36</u>	<u>41</u>
	1999 £'000	1998 £'000
Wages and salaries	529	481
Social security costs	49	87
Other pension costs	<u>34</u>	<u>29</u>
	<u>612</u>	<u>597</u>

Other pension costs represent payment made into employee's money purchase schemes.

Farm Place Limited

Notes forming part of the financial statements (continued)

6. Interest receivable

	1999 £'000	1998 £'000
Interest on bank deposits	<u>-</u>	<u>5</u>

7. Taxation

	1999 £'000	1998 £'000
Corporation tax at 31% (1998:31%) on profit on ordinary activities	110	79
Deferred taxation	6	-
	<u>116</u>	<u>79</u>

8. Dividends

	1999 £'000	1998 £'000
Ordinary dividends: paid	<u>-</u>	<u>-</u>

9. Tangible fixed assets

	Land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 June 1998	2,482	224	3	2,709
Additions	3	21	-	24
Surplus on revaluation	<u>206</u>	<u>-</u>	<u>-</u>	<u>206</u>
At 31 May 1999	<u>2,691</u>	<u>245</u>	<u>3</u>	<u>2,939</u>
Depreciation				
At 1 June 1998	-	135	3	138
Charge for the period	27	11	-	38
Transfer on revaluation	<u>(27)</u>	<u>-</u>	<u>-</u>	<u>(27)</u>
At 31 May 1999	<u>-</u>	<u>146</u>	<u>3</u>	<u>149</u>
Net book value				
At 31 May 1999	<u>2,691</u>	<u>99</u>	<u>-</u>	<u>2,790</u>
At 31 May 1998	<u>2,482</u>	<u>89</u>	<u>-</u>	<u>2,571</u>

The Company's freehold land and buildings were valued externally at 31 May 1999 on an open market value for existing use by Conrad Ritblat, an independent firm employing qualified surveyors specialising in nursing and rest home surveys and valuations. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Statements of Asset Valuation Practice and Guidance Notes. The historical cost of freehold land and buildings was £2,485,000 (1998: £2,482,000).

The gross book value of land and buildings includes £2,018,000 (1998:£1,861,500) of depreciable assets.

Farm Place Limited

Notes forming part of the financial statements (continued)

10. Stocks

	1999 £'000	1998 £'000
Consumable supplies	<u>20</u>	<u>14</u>

11. Debtors

	1999 £'000	1998 £'000
Trade debtors	141	126
Amounts owed by group undertaking	387	84
Other debtors	-	5
Prepayments and accrued income	<u>15</u>	<u>24</u>
	<u>543</u>	<u>239</u>

12. Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Trade creditors	10	1
Other creditors including taxation and Social security:		
Corporation tax	112	80
Other taxes and social security	12	13
Other creditors	31	11
Accruals and deferred income	<u>32</u>	<u>9</u>
	<u>197</u>	<u>114</u>

13. Provisions for liabilities and charges

	£'000
Deferred tax	
At 1 June 1998	-
Charge for the year	6
At 31 May 1999	<u>6</u>

	1999 Provided £'000	1999 Full potential liability £'000	1998 Provided £'000	1998 Full potential liability £'000
Other timing differences	<u>6</u>	<u>6</u>	-	-

No provision has been made for deferred tax on the excess of valuation over cost of the company's properties as it is not the intention to dispose of any of the properties on which a revaluation surplus has arisen. The additional potential liability which could arise in the event of the disposal of properties at their revalued amounts is approximately £70,000.

Farm Place Limited

Notes forming part of the financial statements (continued)

14 Called up share capital

	1999 £	1998 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
4 Ordinary shares of £1 each	<u>4</u>	<u>4</u>

15 Reconciliation of movements in shareholders' funds

	Share capital	Share premium account	Revaluation reserve	Profit and loss account	1999 Total	1998 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 June 1998	-	2,498	-	258	2,756	2,582
Profit for the year	-	-	-	216	216	174
Revaluation surplus	-	-	233	-	233	-
At 31 May 1999	<u>-</u>	<u>2,498</u>	<u>233</u>	<u>474</u>	<u>3,205</u>	<u>2,756</u>

16 Guarantee

The company, together with certain other group undertakings, has a banking facilities set-off agreement with Lloyds Bank PLC. It has given a guarantee in respect of this facility under which an amount of £nil was drawn at 31 May 1999 (1998 - £nil)

17 Control and ultimate parent company

The company is a subsidiary undertaking of and is controlled by Westminster Health Care Holdings Limited which is incorporated in England and registered in England and Wales, Westminster Health Care Holdings Limited heads the largest and the smallest higher group of undertakings for which group financial statements are prepared and of which the company is a member. Westminster Health Care Holdings Limited's first accounting period ended on 31 December 1999.