

# **Farm Place Limited**

**Directors' report and financial statements  
31 May 1998**

**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 1998. The comparative figures shown in the financial statements relate to the eleven months ended 31 May 1997.

## 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 year are set out on page 4 and are in accordance with the directors' expectations.

## Dividend

No interim dividend (1997: £250,000) was paid during the year and the directors do not recommend payment of a final dividend (1997: £nil).

## Directors and directors' interests

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

PH Easterman (resigned 3 April 1998)  
KCK Scott  
AS Wilson

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

None of the directors who held office at the end of the year had any disclosable interest in the shares of the company at the beginning and end of the financial period. 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		31 May 1997	
	No. of shares held		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	Exercised 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

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 to that date was 411.5p to 238.5p.

# Farm Place Limited

## Directors' report (continued)

### 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.

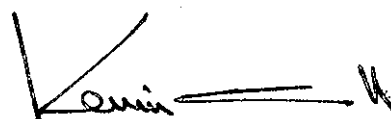
### Year 2000

Farm Place 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

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



By order of the board  
K D O'Connell  
Secretary

25 February 1999

# 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.

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

We have audited the financial statements on pages 4 to 11.

### Respective responsibilities of directors and auditors

As described above, 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 year 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

# Farm Place Limited

## Profit and loss account for the year ended 31 May 1998

	Note	Year ended 31 May 1998	Period from 1 July 1996 to 31 May 1997
		£'000	£'000
Turnover	2	1,237	1,069
Administrative expenses		(989)	(841)
<b>Operating profit</b>		<b>248</b>	<b>228</b>
Interest receivable	6	5	10
<b>Profit on ordinary activities before taxation</b>	3	<b>253</b>	<b>238</b>
Tax on profit on ordinary activities	7	(79)	(79)
<b>Profit for the financial period</b>		<b>174</b>	<b>159</b>
Dividends	8	-	(250)
<b>Retained profit/ (loss) for the financial period</b>	15	<b>174</b>	<b>(91)</b>

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 15.

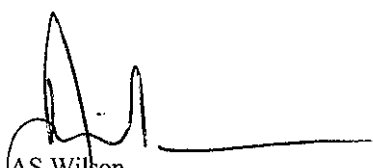
The notes on pages 6 to 11 form part of these financial statements.

# Farm Place Limited

## Balance sheet at 31 May 1998

	Note	1998 £'000	1997 £'000
<b>Fixed assets</b>			
Tangible assets	9	2,571	2,354
<b>Current assets</b>			
Stocks	10	14	11
Debtors	11	239	118
Cash at bank and in hand		46	227
		<u>299</u>	<u>356</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(114)</u>	<u>(128)</u>
<b>Net current assets</b>		185	228
<b>Net assets</b>		<u>2,756</u>	<u>2,582</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Share premium account	15	2,498	2,498
Profit and loss account	15	258	84
<b>Equity shareholders' funds</b>		<u>2,756</u>	<u>2,582</u>

Approved by the board of directors on 26 February 1999 and signed on its behalf by:

  
 AS Wilson  
 Director

The notes on pages 6 to 11 form part of these financial statements

# 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.

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.

#### 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.

Having reviewed the estimates of residual values of freehold buildings in the light of proposals set out in FRED17 "Measurement of Tangible Fixed Assets" the Directors' have revised their estimated depreciation rates from nil to 2% of cost or valuation.

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) 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

Depreciation charges relating to plant, fixtures and fittings in new homes are pro-rated in line with occupancy until the earlier of the first anniversary of opening or achievement of 75 per cent. occupancy.

#### 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 price less further costs to completion and disposal.

#### 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.



# Farm Place Limited

## Notes (continued)

### 1. Accounting policies (continued)

#### Contributions to pension fund

Contributions to the money purchase scheme are charged to the profit and loss account as incurred.

### 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

	Year ended 31 May 1998	Period 1 July 1996 to 31 May 1997
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration: Audit services	6	4
Depreciation on tangible fixed assets	45	27
	<u>          </u>	<u>          </u>

All auditors' remuneration is disclosed exclusive of VAT.

### 4. Remuneration of directors

	Year ended 31 May 1998	Period 1 July 1996 to 31 May 1997
	£'000	£'000
Directors' remuneration:		
Fees	-	5
	<u>          </u>	<u>          </u>

# Farm Place Limited

## Notes (continued)

### 5. Staff numbers and costs

	Year ended 31 May 1998	Period 1 July 1996 to 31 May 1997
	Number of employees	Number of employees
The average number of persons employed by the company (including directors) during the year was as follows:-	41	36

	Year ended 31 May 1998	Period 1 July 1996 to 31 May 1997
	£'000	£'000
Wages and salaries	481	455
Social security costs	87	43
Other pensions costs	29	26
	<u>597</u>	<u>524</u>

Other pension costs represent payments made into employees money purchase schemes.

### 6. Interest receivable

	Year ended 31 May 1998	Period 1 July 1996 to 31 May 1997
	£'000	£'000
Interest on bank deposits	5	10

### 7. Taxation

	Year ended 31 May 1998	Period 1 July 1996 to 31 May 1997
	£'000	£'000
Corporation tax at 31% (1997: 33%)	79	79

### 8. Dividends

	Year ended 31 May 1998	Period 1 July 1996 to 31 May 1997
	£'000	£'000
Ordinary dividends: paid	-	250

# Farm Place Limited

## Notes (continued)

### 9. Tangible fixed assets

	Land and buildings	Assets in course of construction	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 31 May 1997	2,268	50	152	3	2,473
Additions	440	1	21	-	462
Transfers	-	(51)	51	-	-
Disposals	(226)	-	-	-	(226)
<b>At 31 May 1998</b>	<b>2,482</b>	<b>-</b>	<b>224</b>	<b>3</b>	<b>2,709</b>
<b>Depreciation</b>					
At 31 May 1997	21	-	95	3	119
Eliminated	(26)	-	-	-	(26)
Charge for the period	5	-	40	-	45
<b>At 31 May 1998</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>3</b>	<b>138</b>
<b>Net book value</b>					
<b>At 31 May 1998</b>	<b>2,482</b>	<b>-</b>	<b>89</b>	<b>-</b>	<b>2,571</b>
At 31 May 1997	2,247	50	57	-	2,354

The net book value of land and buildings comprises:

	1998 £'000	1997 £'000
Freehold	2,276	2,041
Short leasehold	206	206
	<b>2,482</b>	<b>2,247</b>

The gross book value of land and buildings includes £1,862,000 (1997: £1,701,000) of depreciable assets.

### 10. Stocks

	1998 £'000	1997 £'000
Consumable supplies	14	11

# Farm Place Limited

## Notes (continued)

### 11. Debtors

	1998 £'000	1997 £'000
Trade debtors	126	105
Amounts owed by parent undertaking	84	-
Other debtors	5	2
Prepayments and accrued income	24	11
	<u>239</u>	<u>118</u>

### 12. Creditors: amounts falling due within one year

	1998 £'000	1997 £'000
Trade creditors	1	10
Amount owed to parent undertaking	-	3
Other creditors including taxation and social security:		
Corporation tax	80	79
Other taxes and social security	13	13
Other creditors	11	3
Accruals and deferred income	9	20
	<u>114</u>	<u>128</u>

### 13. 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 1998 (1997 - £84,416).

### 14 Called up share capital

	1998 £	1997 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted and fully paid		
4 Ordinary shares of £1 each	4	4

# Farm Place Limited

## Notes (continued)

### 15 Reconciliation of movements in shareholders' funds

	Share capital £'000 £'000	Share premium account £'000	Profit and loss account £'000	1998 Total £'000	1997 Total £'000
At start of year/ period	-	2,498	84	2,582	2,673
Profit for the year/ period	-	-	174	174	159
Dividend	-	-	-	-	(250)
<b>At end of year/ period</b>	<b>-</b>	<b>2,498</b>	<b>258</b>	<b>2,756</b>	<b>2,582</b>

### 16. Control and ultimate parent company

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 and the smallest higher 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 its company secretary at 48 Leicester Square London WC2H 7WH.