

Westminster Health Care (NH) Limited

Directors' report and financial statements

Year ended 31 December 2001

Registered number 3486535



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The company's principal activity continues to be the operation of nursing homes providing long term care to the elderly.

Business review

The results for the year are set out in the profit and loss account on page 5.

Dividends

Dividends of £1,075,000 were paid during the year (2000: £nil).

Directors and directors' interests

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

AG Heywood
 Dr CB Patel
 JD Weight

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 year 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, the ultimate parent company, were as follows:

	Interest at end of the year		Interest at start of year	
	A shares	B shares	A shares	B shares
Dr CB Patel	909,278	9	909,278	9
AG Heywood	75,773	1	75,773	1
JD Weight	15,155	-	15,155	-

Directors' report *(continued)*

Employees

The directors recognise that the continued position of the company in the health care industry depends on the quality and motivation of its employees and as such the company is committed to pursue employment policies which will continue to attract, retain and motivate its employees.

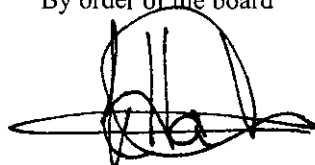
Good and effective employee communications are particularly important, and throughout the business it is the directors' policy to promote the understanding by all employees of the company's business aims and performance. This is achieved through internal publications, presentations on performance and a variety of other approaches appropriate for a particular location.

The directors believe that it is important to recruit and retain capable and caring staff regardless of their sex, marital status, race or religion. It is the company's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of and to arrange appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

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.

By order of the board

A handwritten signature in black ink, appearing to read 'Jon Hather', written over a horizontal line.

Jon Hather
Secretary

Westminster House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

30 April 2002

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 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;
- 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.

Independent auditor's report to the members of Westminster Health Care (NH) Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

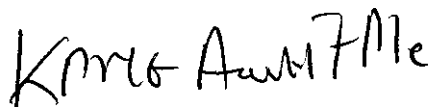
Basis of opinion

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 December 2001 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

8 Salisbury Square
London
EC4Y 8BB

30 April 2002

Profit and loss account
for the year to 31 December 2001

	<i>Note</i>	2001 £'000	2000 £'000
Turnover		10,104	9,574
Cost of sales		(9,452)	(8,991)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	652	583
Tax on profit on ordinary activities	6	(130)	(179)
		<hr/>	<hr/>
Profit for the financial year		522	404
Dividends		(1,075)	-
		<hr/>	<hr/>
Retained (loss)/profit for the financial year		(553)	404
		<hr/>	<hr/>

The results for the year and the prior year derive from continuing activities.

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

The historical cost profit and the reported profit are the same.

Balance sheet
at 31 December 2001

	<i>Note</i>	31 December 2001		31 December 2000	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		897		481
Current assets					
Debtors	8	275		397	
Cash at bank and in hand		10,811		11,694	
		11,086		12,091	
Creditors: amounts falling due within one year	9	(11,602)		(11,672)	
Net current (liabilities)/assets			(516)		419
Total assets less current liabilities			381		900
Creditors: amounts falling due after more than one year	10		(2)		(2)
Provisions for liabilities and charges	11		(57)		(23)
Net assets			322		875
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		322		875
Shareholders' funds – equity			322		875

These financial statements were approved by the board of directors on 30 April 2002 and were signed on its behalf by:



JD Weight
 Director

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.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Westminster Health Care Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold properties	-	over the period of the lease
Plant, fixtures and fittings	-	3 to 10 years

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

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 period.

Taxation

The charge for taxation is based on the profit for the year 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.

Group relief

Payment is generally made for group relief at a rate of 30% at the time of first estimating the tax provision. To the extent that amendments are subsequently made to the group relief plan, there is generally no payment or receipt in respect of the change.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers.

Notes (continued)

2 Segmental information

The company's turnover, profit before taxation and net assets arise primarily from its principal activity operating nursing homes in the United Kingdom.

3 Profit on ordinary activities before taxation

	2001 £000	2000 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets	113	86
Hire of other assets - operating leases	1,650	1,650
	<hr/>	<hr/>

The auditors' remuneration for the year and the prior year was borne by another group company.

4 Remuneration of directors

The directors received no emoluments for their services to the company during the year (31 December 2000: £nil).

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2001	2000
Nursing staff	462	485
Non-nursing staff	187	169
	<hr/>	<hr/>
	649	654
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2001 £000	2000 £000
Wages and salaries	4,974	4,774
Social security costs	376	332
Other pension costs	17	14
	<hr/>	<hr/>
	5,367	5,120
	<hr/>	<hr/>

Other pension costs comprise principally contributions to employees' money purchase schemes

Notes (continued)

6 Taxation

	2001 £'000	2000 £'000
UK corporation tax at 30% on profit on ordinary activities	162	164
Adjustment in respect of previous years	(66)	-
Deferred tax	34	15
	<hr/>	<hr/>
	130	179
	<hr/>	<hr/>

7 Tangible fixed assets

	Short leasehold properties £000	Fixtures and fittings £000	Total £000
<i>Cost</i>			
At beginning of the year	35	610	645
Additions	8	521	529
	<hr/>	<hr/>	<hr/>
At end of the year	43	1,131	1,174
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of the year	11	153	164
Charge for the year	6	107	113
	<hr/>	<hr/>	<hr/>
At end of the year	17	260	277
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2001	26	871	897
	<hr/>	<hr/>	<hr/>
At 31 December 2000	24	457	481
	<hr/>	<hr/>	<hr/>

8 Debtors

	31 December 2001 £'000	31 December 2000 £'000
Trade debtors	221	321
Prepayments and accrued income	54	76
	<hr/>	<hr/>
	275	397
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	31 December 2001 £'000	31 December 2000 £'000
Obligations under finance lease contracts	1	1
Trade creditors	134	184
Amounts due to group undertakings	10,774	10,354
Group relief payable	162	362
Other taxes and social security	91	78
Other creditors	372	350
Accruals and deferred income	68	343
	<hr/>	<hr/>
	11,602	11,672
	<hr/>	<hr/>

10 Creditors: amounts falling due after more than one year

	31 December 2001 £'000	31 December 2000 £'000
Obligations under finance lease contracts	2	2
	<hr/>	<hr/>

Obligations under finance leases are payable as follows:

	31 December 2001 £000	31 December 2000 £000
Within one year or less	1	1
Within one to two years	2	1
Within two to five years	-	1
	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>

Notes (continued)

11 Provisions for liabilities and charges

	£000
<i>Deferred tax</i>	
At beginning of the year	23
Charge for the period	34
	<hr/>
At end of the year	57
	<hr/>

Deferred tax has been provided in full as follows:

	31 Dec 2001 £000	31 Dec 2000 £000
Difference between accumulated depreciation and capital allowances	57	23
	<hr/>	<hr/>

12 Called up share capital

	31 Dec 2001 £	31 Dec 2000 £
<i>Authorised</i>		
1,000 (31 December 2000: 1,000) Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1 (31 December 2000: 1) Ordinary shares of £1 each	1	1
	<hr/>	<hr/>

13 Reconciliation of movement in shareholders' funds

	Share capital £000	Profit and loss account £000	Total £000
At beginning of the year	-	875	875
Retained loss for the financial year	-	(553)	(553)
	<hr/>	<hr/>	<hr/>
At end of the year	-	322	322
	<hr/>	<hr/>	<hr/>

Notes (continued)

14 Commitments and contingencies

Annual commitments under non-cancellable operating leases are as follows:

	31 Dec 2001 Land and buildings £'000	31 Dec 2000 Land and Buildings £'000
Operating leases which expire:		
Over five years	1,650	1,650

15 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £17,000 (2000: £14,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of, and is controlled by, Westminster Health Care Holdings Limited which is incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Westminster Health Care Holdings Limited. No other group accounts include the results of the company.