

Farm Place Limited

**Directors' report and financial statements
for the period 1 July 1996 to**

31 May 1997

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 eleven months ended 31 May 1997. The comparative figures shown in the financial statements relate to the year ended 30 June 1996.

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 4 and are in accordance with the directors' expectations. On 11 September 1996, the company was acquired by Westminster Health Care (Investments) Limited.

Proposed dividend

An interim dividend of £250,000 (1996: £nil) was paid during the period. The directors do not recommend payment of a final dividend (1996: £250,000).

Directors and directors' interests

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

PH Easterman (appointed 11 September 1996)
A Best (resigned 11 September 1996)
CT Dunkley (resigned 11 September 1996)
A Ditzler (resigned 11 September 1996)
KCK Scott (appointed 11 September 1996)
AS Wilson (appointed 11 September 1996)

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 PH Easterman in the share capital and share options of Westminster Health Care Holdings PLC, the parent company, are disclosed in the accounts of that company. The interests of the other directors in the share capital and share options of Westminster Health Care Holdings PLC are set out below:

	31 May 1997 No. of shares held	11 September 1996 No. of shares held
KCK Scott	6,161	6161
AS Wilson	15,000	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			
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

Farm Place Limited

Directors' report (continued)

The closing market price of Westminster Health Care Holdings PLC's ordinary shares on 31 May 1997 was 246p and the range during the period to that date was 337p to 227p

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Employees

Policies

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. Believing that employee share ownership makes an important contribution to employee involvement in the business, the Directors have continued to operate the Sharesave Scheme and the 1993 Employee Share Ownership Plan in addition to the No.1 and No.2 Executive Share Option Schemes.

Communication

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 at Group and local levels, presentations on Group performance and a variety of other approaches appropriate for the particular location.

Equal opportunities

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.

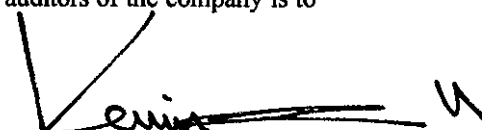
Statement on payment of suppliers

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.

Auditors

During the period KPMG Audit Plc were appointed auditors of the company. 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
18 August 1997



By order of the board
K D O'Connell
Secretary

Farm Place 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.

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 1997 and of its profit for the 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

18th August 1997

Farm Place Limited

Profit and loss account for the period ended 31 May 1997

	Note	Period from 1 July 1996 to 31 May 1997 £'000	Year ended 30 June 1996 £'000
Turnover	2	1,069	1,176
Administrative expenses		(841)	(899)
Operating profit		<u>228</u>	<u>277</u>
Interest receivable	6	10	20
Profit on ordinary activities before taxation	3	<u>238</u>	<u>297</u>
Tax on profit on ordinary activities	7	(79)	(79)
Profit for the financial period		<u>159</u>	<u>218</u>
Dividends	8	(250)	(250)
Retained loss for the financial period	15	<u>(91)</u>	<u>(32)</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 15.

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

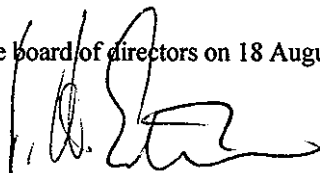
Farm Place Limited

Balance sheet at 31 May 1997

	Note	At 31 May 1997		At 30 June 1996	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		2,354		2,327
Current assets					
Stocks	10	11		12	
Debtors	11	118		110	
Cash at bank and in hand		227		280	
		<u>356</u>		<u>402</u>	
Creditors: amounts falling due within one year	12	<u>(128)</u>		<u>(56)</u>	
Net current assets			228		346
Net assets			<u>2,582</u>		<u>2,673</u>
Capital and reserves					
Called up share capital	14		-		-
Share premium account	15		2,498		2,498
Profit and loss account	15		84		175
Equity shareholders' funds			<u>2,582</u>		<u>2,673</u>

Approved by the board of directors on 18 August 1997 and signed on its behalf by:

P H Easterman
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 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 amounts charged to third parties arising from rehabilitation services provided throughout the United Kingdom.

Fixed assets and depreciation

Freehold and long leasehold land and buildings are carried in the financial statements at cost.

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 light of the proposals set out in the ASB Discussion Paper "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 and buildings) by equal instalments over their estimated useful economic lives as follows:

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.

Farm Place Limited

Notes (continued)

1. Accounting policies (continued)

No depreciation is provided on land and buildings with the exception of short leasehold (less than 50 years). It is the company's policy to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and, accordingly, the directors consider that the lives of these assets are so long and that the residual values, based on prices prevailing at the time of acquisition, construction or subsequent valuation, are so high that depreciation is insignificant. It is the company's policy to make provision in the profit and loss account in respect of the permanent diminution in the value of any individual property.

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.

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

	Period 1 July 1996 to 31 May 1997 £'000	Year ended 30 June 1996 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration: Audit services	4	5
Depreciation on tangible fixed assets	27	28
	<u> </u>	<u> </u>

All auditors' remuneration is disclosed exclusive of VAT.

4. Remuneration of directors

	Period 1 July 1996 to 31 May 1997 £'000	Year ended 30 June 1996 £'000
Directors' remuneration:		
Fees	-	5
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Farm Place Limited

Notes (continued)

5. Staff numbers and costs

	Period 1 July 1996 to 31 May 1997 Number of employees	Year ended 30 June 1996 Number of employees
The average number of persons employed by the company (including directors) during the period was as follows:-	<u>36</u>	<u>29</u>

	Period 1 July 1996 to 31 May 1997 £'000	Year ended 30 June 1996 £'000
Wages and salaries	455	414
Social security costs	43	40
Other pensions costs	26	37
	<u>524</u>	<u>491</u>

6. Interest receivable

	Period 1 July 1996 to 31 May 1997 £'000	Year ended 30 June 1996 £'000
Interest on bank deposits	<u>10</u>	<u>20</u>

7. Taxation

	Period 1 July 1996 to 31 May 1997 £'000	Year ended 30 June 1996 £'000
Corporation tax at 33% (1996: 33%)	79	79
	<u>79</u>	<u>79</u>

8. Dividends

	Period 1 July 1996 to 31 May 1997 £'000	Year ended 30 June 1996 £'000
Ordinary dividends: paid	250	250
	<u>250</u>	<u>250</u>

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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
Cost or valuation					
At 30 June 1996	2,268	-	148	3	2,419
Additions	-	50	4	-	54
At 31 May 1997	2,268	50	152	3	2,473
Depreciation					
At 30 June 1996	16	-	74	2	92
Charge for the period	5	-	21	1	27
At 31 May 1997	21	-	95	3	119
Net book value					
At 31 May 1997	2,247	50	57	-	2,354
At 30 June 1996	2,252	-	74	1	2,327

The net book value of land and buildings comprises:

	Period 1 July 1996 31 May 1997 £'000	Year ended 30 June 1996 £'000
Freehold	2,041	2,041
Short leasehold	206	211
	2,247	2,252

The gross book value of land and buildings includes £227,000 (1996: £227,000) of depreciable assets.

10. Stocks

	31 May 1997 £'000	30 June 1996 £'000
Consumable supplies	11	12

11. Debtors

	31 May 1997 £'000	30 June 1996 £'000
Trade debtors	105	97
Other debtors	2	-
Prepayments and accrued income	11	13
	118	110

Farm Place Limited

Notes (continued)

12. Creditors: amounts falling due within one year

	31 May 1997 £'000	30 June 1996 £'000
Trade creditors	10	7
Amount owed to parent undertaking	3	
Other creditors including taxation and social security:		
Corporation tax	79	16
Other taxes and social security	13	12
Other creditors	3	-
Accruals and deferred income	20	21
	<u>128</u>	<u>56</u>

13. Guarantee

During the period the company, together with certain other group undertakings, made 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 £84,416 was drawn at 31 May 1997 (1996 - £nil).

14. Called up share capital

	31 May 1997 £	30 June 1996 £
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 £'000 £'000	Share premium account	Profit and loss account £'000	1997 Total £'000	1996 Total £'000
At start of period	-	2,498	175	2,673	2,705
Profit for the period	-	-	159	159	218
Dividend	-	-	(250)	(250)	(250)
At end of period/year	<u>-</u>	<u>2,498</u>	<u>84</u>	<u>2,582</u>	<u>2,673</u>

Farm Place Limited

Notes (continued)

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.