

Spire Washington Hospital Limited
(Formerly Goldsborough Developments Limited)
(Registered No. 1879848)

Directors' Report and Financial Statements
For the 4 Month Period Ended 31 December 2007

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Spire Washington Hospital Limited

Report of the directors

for the 4 month period to 31 December 2007

The directors present their annual report and the audited financial statements for the four month period ended 31 December 2007

1. Business review and principal activity

The principal activity of the company was the ownership and operation of private hospitals within the Spire Healthcare group

The results of the company for the period show a pre-tax profit of £10,114,875 (8 month period to 31 August 2007 loss £3,303,513) and sales of £2,993,713 (8 month period to 31 August 2007 £6,386,613)

No dividend is proposed for 4 month period to 31 December 2007 (8 month period to 31 August 2007 £nil)

On 31 August 2007 the company, as part of the BHS (Holdings) Limited group, was acquired by Spire Healthcare Group Limited, a company ultimately controlled by the private equity firm Cinven Limited. On 12 October 2007 the company changed its name to Spire Washington Hospital Limited

On 30 November 2007 the company's operations were transferred to Spire Healthcare Limited, the company's parent for a consideration of £13,138,000. This gave rise to a profit on transfer of £11,126,410

The directors do not expect the company to trade in the coming year

The company has net assets of £13,500,816 (8 month period to 31 August 2007 £3,096,688)

2. Directors and directors' interests

The names of persons who were directors at any time since 1 September 2007 are as follows

F D Gregory	Resigned 8 October 2007
C M Hollingsworth	Resigned 13 February 2008
R J E Jones	Appointed 1 February 2008
R Roger	Appointed 8 October 2007
R J Wise	Appointed 1 February 2008

There were no directors' interests requiring disclosure under Section 234 of the Companies Act 1985

Report of the directors

for the 4 month period to 31 December 2007 - continued

3. Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report, indemnities are in force under which the company has agreed to indemnify certain directors, to the extent permitted by law and the company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company

4. Creditor payment policy

The company's policy concerning the payment of its trade creditors is to take the full credit terms offered by suppliers, with suppliers paid on average within 30 days of the receipt of invoice

It is the company's policy to

- agree the terms of payment at the start of business with that supplier,
- ensure that suppliers are aware of the terms of payment, and
- pay in accordance with its contractual and other legal obligations

At 31 December 2007 the company's trade creditors represented approximately 29 days (31 August 2007 29 days) of purchases

5. Employees and remuneration

Details of the number of persons employed and gross remunerations are contained in Note 3 to the financial statements

Every effort is made by the directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the company's performance

The company continues to pursue its stated policy of giving every consideration to the employment of disabled persons. Employees who are registered disabled persons are, to the greatest possible extent, treated on the same basis as all other employees and given every opportunity to develop their full working potential within the company, through training, career development and promotion. Where employees have become disabled whilst in the service of the company, every effort is made to rehabilitate them in their former occupation or some suitable alternative.

Spire Washington Hospital Limited

Report of the directors

for the 4 month period to 31 December 2007 - continued

6. Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

7. International Financial Reporting Standards

Group accounts are prepared in accordance with International Financial Reporting Standards (IFRS) The company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK Accounting Standards

8. Disclosure of Information to Auditors

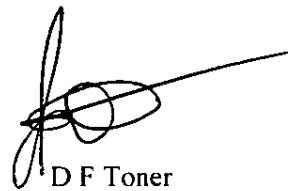
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware Each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Registered Office

120 Holborn
London
EC1N 2TD

22 May 2008

By Order of the Board



D F Toner
Secretary

Spire Washington Hospital Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements for the 4 month period to 31 December 2007

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**Independent auditors' report to the members of Spire Washington Hospital Limited
for the 4 month period to 31 December 2007**

We have audited the financial statements of Spire Washington Hospital Limited for the 4 month period ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Spire Washington Hospital Limited

Independent auditors' report to the members of Spire Washington Hospital Limited for the 4 month period to 31 December 2007 - continued

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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the period then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

VPMG LLP
KPMG LLP
Chartered Accountants
Registered Auditor
22 May 2008

8 Salisbury Square
London EC4Y 8BB

Spire Washington Hospital Limited

Profit and Loss Account

for the 4 month period to 31 December 2007

	<i>Note</i>	4 month period to 31 December 2007 £	8 month period to 31 August 2007 £
Turnover		2,993,713	6,386,613
Operating expenses		(2,389,375)	(5,963,519)
Operating profit		<u>604,338</u>	<u>423,094</u>
Profit on transfer of business		11,126,410	-
Interest receivable and similar income	4	74,993	64,598
Interest payable and similar charges	5	(1,690,866)	(3,791,205)
		<u>10,510,537</u>	<u>(3,662,107)</u>
Profit/(loss) on ordinary activities before taxation	6	10,114,875	(3,303,513)
Tax on profit/(loss) on ordinary activities	8	289,254	371,107
Retained profit/(loss) for the financial period		<u>10,404,128</u>	<u>(2,932,406)</u>

The operating profit is all derived from continuing operations

There were no recognised gains and losses other than the profit for the period

The accounting policies and notes on pages 10 to 22 form part of these financial statements

Spire Washington Hospital Limited

Balance Sheet as at 31 December 2007

	<i>Note</i>	31 December 2007 £	31 August 2007 £
Fixed assets			
Tangible assets	9	-	13,944,225
Current assets			
Stock		-	164,175
Debtors	10	13,500,816	94,641,001
Cash at bank and in hand		-	1,582,579
		<u>13,500,816</u>	<u>96,387,755</u>
Creditors: amounts falling due within one year	11	<u>-</u>	<u>(33,610,442)</u>
Net current assets		<u>13,500,816</u>	<u>62,777,313</u>
Total assets less current liabilities		<u>13,500,816</u>	<u>76,721,538</u>
Creditors: amounts falling due after more than one year	12	-	(72,991,360)
Provisions for liabilities and charges	13	-	(633,490)
		<u>-</u>	<u>(73,624,850)</u>
Net assets		<u>13,500,816</u>	<u>3,096,688</u>
Capital and reserves			
Called up share capital	14	12,000,000	12,000,000
Revaluation reserve	15	-	5,986,469
Profit and loss account	15	1,500,816	(14,889,781)
		<u>13,500,816</u>	<u>3,096,688</u>
Equity shareholders' funds		<u>13,500,816</u>	<u>3,096,688</u>

These financial statements were approved by the Board of Directors on 22 May 2008 and were signed on its behalf by



R Roger
Director

The accounting policies and notes on pages 10 to 22 form part of these financial statements

Spire Washington Hospital Limited

**Note of historical cost profits and losses
for the 4 month period to 31 December 2007**

	4 month period to 31 December 2007	8 month period to 31 August 2007
	£	£
Reported profit/(loss) on ordinary activities before taxation	10,114,875	(3,303,513)
Difference between historical cost depreciation charge and the actual depreciation charge on the revalued amount	7,142	19,046
Historical cost profit/(loss) on ordinary activities before taxation	<u>10,122,017</u>	<u>(3,284,467)</u>
Historical cost profit/(loss) on ordinary activities after taxation	<u>10,411,270</u>	<u>(2,913,360)</u>

**Reconciliation of movements in shareholders' funds
for the 4 month period to 31 December 2007**

	4 month period to 31 December 2007	8 month period to 31 August 2007
	£	£
Retained profit/(loss) for the financial period	10,404,128	(2,932,406)
Net addition/(reduction) in shareholders' funds	<u>10,404,128</u>	<u>(2,932,406)</u>
Opening shareholders' funds	3,096,688	6,029,094
Closing shareholders' funds	<u>13,500,816</u>	<u>3,096,688</u>

Spire Washington Hospital Limited

Notes to the financial statements for the 4 month period to 31 December 2007

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention, modified to include the revaluation of land and buildings and on a going concern basis

All accounting policies have been applied consistently during the period

Related parties

As the company is a wholly owned subsidiary undertaking of Spire Healthcare Limited a company registered in England and Wales, which is a subsidiary undertaking of Spire Healthcare (Holdings) Limited, a company also registered in England and Wales, which publishes consolidated accounts, the company has pursuant to paragraph 17 of Financial Reporting Standard No 8 Related Party Disclosure (FRS 8) not included details of transactions with other Spire group companies which are subsidiary undertakings of the Spire group. There were no other related party transactions.

Cash flow statement

Under Financial Reporting Standard No 1 Cash flow statements (revised 1996) (FRS 1) the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a subsidiary undertaking of Spire Healthcare (Holdings) Limited, a company that prepares a consolidated cash flow statement for the Spire Healthcare (Holdings) Limited Group.

Accounting conventions

A summary of the more significant accounting policies, which have been applied consistently except as noted above, is set out below.

Turnover

Turnover represents the amounts derived from the provision of private care services in the UK excluding value added tax.

**Notes to the financial statements
for the 4 month period to 31 December 2007**

1. Accounting policies - continued

Fixed assets and depreciation

Freehold and leasehold properties including hospital properties are stated at valuation. The valuation takes into account the future trading potential of the properties on an existing use basis. Unrealised gains are taken to the revaluation reserve unless they reverse revaluation losses previously taken to the profit and loss account. Unrealised revaluation losses are taken to the revaluation reserve until the carrying value is reduced to the original cost of the asset, at which point any further losses are taken to the profit and loss account.

The properties are subject to a full valuation every three years. Internal valuations are carried out in the interim years for the purposes of checking for impairment. No surpluses on revaluation are recognised.

Other tangible assets are stated at cost.

No depreciation is provided on freehold land or properties under construction. Other tangible assets are depreciated so as to write off the cost or valuation by equal instalments over their estimated economic lives, as follows:

Leasehold land and buildings	- lower of 50 years or life of lease
Plant and machinery	- 3 - 10 years
Fixtures, fittings & equipment	- 3 - 10 years

The estimated economic lives of the freehold and leasehold properties are reviewed annually and revised as appropriate, taking into consideration the levels of expenditure incurred on an ongoing basis to maintain the properties in a fit and proper state for their ongoing use as hospitals.

Taxation including deferred taxation

The charge for taxation is based on the result for the year and takes into account deferred tax.

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- ♦ Provision is made for tax on gains arising from the revaluation of property to its current value, the fair value adjustment of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- ♦ Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current tax rates and laws.

**Notes to the financial statements
for the 4 month period to 31 December 2007**

1. Accounting policies - continued

Trading losses surrendered to other Group subsidiary undertakings are made on a full payment basis, except that no payment is made for the surrender of losses between companies within the subgroup headed by Spire Healthcare (Holdings) Limited

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value

Cost means purchase price, less trade discounts, calculated on an average basis. Net realisable value means estimated selling price, less trade discounts, and less all costs to be incurred in marketing, selling and distribution.

The difference between the estimated replacement cost of stock and the purchase price or production cost is not material.

Leases

Leasing arrangements which transfer to the company substantially all the risks and rewards of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible assets and depreciated over their estimated economic lives or over the term of the lease, whichever is the shorter. The capital element of the leasing commitments is included in liabilities as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the profit and loss account in proportion to the capital element outstanding.

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

Defined contribution pension scheme

The company operates a defined contribution pension scheme, The Spire Healthcare Pension Plan. The assets of the scheme are held separately from those of the company in independently administered funds.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Spire Washington Hospital Limited

Notes to the financial statements for the 4 month period to 31 December 2007

2. Immediate and ultimate parent undertakings

The immediate parent undertaking of Spire Washington Hospital Limited is Spire Healthcare Limited, a company registered in England and Wales which is a subsidiary of Spire Healthcare (Holdings) Limited, a company also registered in England and Wales. The results of Spire Washington Hospital Limited are included in the consolidated accounts of Spire Healthcare (Holdings) Limited and copies of these accounts may be obtained from the Registrar of Companies, Cardiff, CF14 3UZ.

The ultimate parent undertakings of Spire Washington Limited are Fourth Cinven Fund (No 1) LP, Fourth Cinven Fund (No 2) LP, Fourth Cinven Fund (No 3 - VCOC) LP, Fourth Cinven Fund (No 4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership and Fourth Cinven (MACIF) LP (together the 'Cinven Funds'), being funds managed and advised by Cinven Limited, a company incorporated under the laws of England and Wales.

Accordingly, the directors consider the company's ultimate controlling party is Cinven Limited, the managers and advisor to the Cinven Funds.

Spire Washington Hospital Limited

Notes to the financial statements for the 4 month period to 31 December 2007

3. Staff costs and directors' remuneration

a) Employees

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

	Number of employees	
	4 month period to 31 December 2007	8 month period to 31 August 2007
Medical	80	75
Non medical	59	56
	<hr/>	<hr/>
	139	131
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	4 month period to 31 December 2007	8 month period to 31 August 2007
	£	£
Wages and salaries	724,106	1,781,573
Social security costs	62,876	140,863
Other pension costs (see note 16)	28,895	183,976
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	815,877	2,106,412
	<hr/>	<hr/>

No remuneration was paid to any of the directors for the period (8 month period to 31 August 2007 £ nil)

Spire Washington Hospital Limited

Notes to the financial statements for the 4 month period to 31 December 2007

4. Interest receivable and similar income

	4 month period to 31 December 2007 £	8 month period to 31 August 2007 £
Receivable from Group undertakings	74,993	64,598

5. Interest payable and similar charges

	4 month period to 31 December 2007 £	8 month period to 31 August 2007 £
Payable to Group undertakings		
Loans	452,511	2,622,692
Other	1,238,355	1,168,513
	1,690,866	3,791,205

6. Profit/(loss) on ordinary activities before taxation

	4 month period to 31 December 2007 £	8 month period to 31 August 2007 £
Profit/(loss) on ordinary activities is stated after charging:		
Depreciation and other amounts written off tangible fixed assets		
Owned	207,655	516,630
Hire of plant and machinery - rentals payable	35,644	56,708
Hire of other assets		
- rentals payable under operating leases	14,981	41,749

Spire Washington Hospital Limited

Notes to the financial statements

for the 4 month period to 31 December 2007

7. Auditors' remuneration

	4 month period to 31 December	8 month period to 31 August 2007
	£	£
Fees for the audit of the company	8,000	8,000

Fees for the audit of the company represent the amount receivable by the company's auditors. The amount may not be borne by the company.

Fees paid to the company's auditors, KPMG LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of Spire Healthcare (Holdings) Limited are required to disclose non-audit fees on a consolidated basis.

8. Tax on loss on ordinary activities before taxation

	4 month period to 31 December 2007	8 month period to 31 August 2007
	£	£
(i) Analysis of tax (credit) in period		
Current tax		
UK corporation tax on profit for the period	(262,971)	-
Adjustments in respect of prior periods	-	(325,698)
	(262,971)	(325,698)
Deferred tax		
Origination and reversal of timing differences	(40,098)	1,668
Change in tax rates	-	(45,130)
Adjustments in respect of prior periods	13,815	(1,947)
	(289,254)	(371,107)
Tax on profit/(loss) on ordinary activities		

Spire Washington Hospital Limited

Notes to the financial statements for the 4 month period to 31 December 2007

8. Tax on loss on ordinary activities before taxation - continued

(ii) Factors affecting the current tax charge

The tax assessed for the period is lower/higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	4 month period to 31 December	8 month period to 31 August 2007
	£	£
Profit/(loss) on ordinary activities before taxation	10,114,875	(3,303,513)
Tax charge/(credit) on loss on ordinary activities at 30%	3,034,461	(991,055)
Effects of		
Non taxable expenses not deductible for tax purposes	20,835	48,734
Transfer pricing adjustment	-	(699,651)
Depreciation in excess of capital allowances claimed	40,097	(7,517)
Deferred tax on short term and other timing differences	227	5,730
Adjustments to tax credit in respect of prior periods	-	(325,698)
Non taxable profit on disposal of business	(3,337,923)	-
Difference in tax rates	(20,668)	-
Group relief not paid for	-	1,643,759
Total current tax credit for the period	(262,971)	(325,698)

Spire Washington Hospital Limited

Notes to the financial statements for the 4 month period to 31 December 2007

9. Tangible assets

Cost or valuation	Long leasehold property £	Assets under the course of construction £	Fixtures, fittings & vehicles £	Total £
At 1 September 2007	12,865,279	423,621	5,064,095	18,352,995
Additions	(403,632)	652,744	139,945	389,058
Transfers to Group undertakings	(12,461,647)	(1,076,365)	(5,204,040)	(18,742,053)
At 31 December 2007	-	-	-	-
Depreciation				
At 1 September 2007	477,919	-	3,930,851	4,408,770
Charge for the period	70,577	-	137,078	207,655
Transfers to Group undertakings	(548,496)	-	(4,067,929)	(4,616,425)
At 31 December 2007	-	-	-	-
Net Book Value				
At 31 December 2007	-	-	-	-
At 31 August 2007	12,387,360	423,621	1,133,244	13,944,225
Depreciable amount				
At 31 December 2007	-	-	-	-
31 August 2007	12,865,279	-	5,064,095	17,929,374

Spire Washington Hospital Limited

Notes to the financial statements

for the 4 month period to 31 December 2007

9. Tangible assets - continued

Particulars relating to revalued assets are given below

	Long Leasehold property 31 December 2007 £	31 August 2007 £
Land and buildings		
At 2005 existing use value	-	12,348,667
Cost	-	516,612
Aggregate depreciation thereon	-	(477,919)
	-	12,387,360
	31 December 2007 £	31 August 2007 £
Historical cost of revalued assets	-	11,436,801
Aggregate depreciation based on historical cost	-	(1,835,451)
Historical cost net book value	-	9,601,350

10. Debtors

	31 December 2007 £	31 August 2007 £
Amounts falling due within one year:		
Trade debtors	-	1,047,500
Other debtors	-	52
Prepayments and accrued income	-	93,259,332
Amounts owed by Group undertakings	13,500,816	334,117
	13,500,816	94,641,001

Included in prepayments and accrued income were payments to Group undertakings for future services

Spire Washington Hospital Limited

**Notes to the financial statements
for the 4 month period to 31 December 2007**

11. Creditors - amounts falling due within one year :

	31 December 2007	31 August 2007
	£	£
Trade creditors	-	36,566
Amounts owed to Group undertakings	-	32,658,378
Other creditors	-	170,836
Accruals and deferred income	-	744,662
	-	<u>33,610,442</u>

12. Creditors - amounts falling due after more than one year :

	31 December 2007	31 August 2007
	£	£
Amounts owed to Group undertakings	-	<u>72,991,360</u>

13. Deferred taxation

Deferred tax assets and liabilities are analysed as follows

	31 December 2007	Provided 31 August 2007
	£	£
Accelerated capital allowances	-	654,895
Other timing differences	-	<u>(21,405)</u>
	-	<u>633,490</u>

The movement for the period in the net deferred tax provision is as follows

	31 December 2007
	£
At 1 September 2007	633,490
Deferred tax credit for the period	(26,283)
Transfer to fellow subsidiary	<u>(607,207)</u>
At 31 December 2007	<u>-</u>

The net deferred tax provision is included within provisions for liabilities and charges

Spire Washington Hospital Limited

Notes to the financial statements for the 4 month period to 31 December 2007

14. Share capital

	31 December 2007 £	31 August 2007 £
Authorised		
30,000,000 ordinary shares of £1 each	30,000,000	30,000,000
Allotted, called-up and fully paid		
12,000,000 ordinary shares of £1 each	12,000,000	12,000,000

15. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 September 2007	5,986,469	(14,889,781)
Realisation on transfer of business	(5,986,469)	5,986,469
Retained profit for the period	-	10,404,128
At 31 December 2007	-	1,500,816

16 Pensions

As of 1 September 2007 employees of Spire Washington Hospital Limited were able to join The Spire Healthcare Pension Plan, a defined contribution scheme. The scheme operates a salary sacrifice arrangement whereby the employer's contribution rate took account of pension contributions paid as part of this arrangement leading to a corresponding reduction in wages and salaries. The pension cost to the company in respect of this scheme equalled the employer's contributions payable in the period.

The total pension cost included in the profit and loss account for the 4 month period to 31 December 2007 amounted to £28,895 (8 month period to 31 August 2007 £183,976).

Spire Washington Hospital Limited

Notes to the financial statements

for the 4 month period to 31 December 2007

17. Commitments

Operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	31 December 2007	31 August 2007
	£	£
Operating leases which expire		
Over 5 years	-	51,000

18. Contingent liabilities

The company has given certain undertakings in respect of the Senior Facilities Agreement entered into by Spire Healthcare Group Limited on 30 August 2007. The amount outstanding at the balance sheet date for these loans was £1,228,000,000.

The company has given a guarantee and other undertakings to a maximum of £15,000,000, as part of the Group Unlimited Inter Company Composite Guarantee, in respect of the overdraft and loans of the Spire Healthcare (Holdings) Limited group.

The company's bankers have provided guarantees on behalf of Spire Healthcare (Holdings) Limited relating to performance on NHS contracts totalling £24,349,000. If Spire Healthcare (Holdings) Limited fails to meet targets set by the relevant NHS Trusts, then these amounts will become payable by Spire Healthcare Group Limited to the guarantors.

Under a group registration the company is jointly and severally liable for value added tax due by certain other Group companies. The amount outstanding at the balance sheet date for VAT was £141,000.