

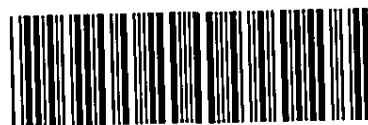
# **Highbank Private Hospital Limited**

Directors' report and financial statements

Year ended 31 December 2007

Registered number 2049088

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## Directors' report

The directors present their annual report and the financial statements for the year ended 31 December 2007

### Principal activities and business review

The company operates as a financing company and did not trade during the year

Further information regarding the operations and key performance indicators of the group are set out in the directors' report of Priory Investments Holdings Limited

### Dividends

The directors do not recommend the payment of a dividend (2006 £nil)

### Directors

The directors who held office during the year were as follows

PJ Greensmith	(resigned 22 March 2007)
Dr CB Patel	(resigned 9 March 2007)
D Spruzen	(resigned 24 April 2007)
S Bradshaw	(appointed 16 April 2007)
Professor C Thompson	(appointed 16 April 2007)

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

### Auditors

In accordance with Section 386 of the Companies Act 1985 (as amended), the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, PricewaterhouseCoopers LLP will continue in office as auditors

### Provision of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board



**S Mukerji**  
Company Secretary

Priory House  
Randalls Way  
Leatherhead  
Surrey  
KT22 7TP

26 June 2008

## 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 auditors' report to the members of Highbank Private Hospital Limited

We have audited the financial statements of Highbank Private Hospital Limited for the year 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.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

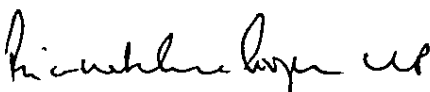
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- 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.

  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Reading

1 July 2008

**Profit and loss account**  
*for the year ended 31 December 2007*

	Note	2007 £000	2006 £000
Administrative expenses		-	(2)
<b>Result/(loss) on ordinary activities before interest and tax</b>		-	(2)
Interest receivable and similar income	3	176	155
Interest payable and similar charges	4	(116)	(101)
<b>Profit on ordinary activities before taxation</b>	2	60	52
Tax on profit on ordinary activities	5	(18)	(46)
<b>Profit for the financial year</b>	10	42	6

The company had no other recognised gains and losses for the year other than the profit above therefore no statement of total recognised gains and losses is presented

There is no difference between the profit before taxation and the profit for the year stated above and their historical cost equivalents

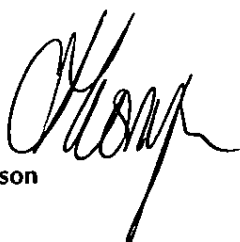
The results for the year derive from continuing activities

**Balance sheet**  
**at 31 December 2007**

	Note	2007 £000	2006 £000
<b>Current assets</b>			
Debtors	6	3,240	3,064
		<u>3,240</u>	<u>3,064</u>
<b>Creditors amounts falling due within one year</b>	7	(1,893)	(1,759)
		<u>(1,893)</u>	<u>(1,759)</u>
<b>Net current assets</b>			
Due within one year		(906)	(948)
Debtors due after more than one year	6	2,253	2,253
		<u>1,347</u>	<u>1,305</u>
<b>Creditors: amounts falling due after more than one year</b>	8	(1,475)	(1,475)
		<u>(1,475)</u>	<u>(1,475)</u>
<b>Net liabilities</b>		<u>(128)</u>	<u>(170)</u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	(128)	(170)
		<u>(128)</u>	<u>(170)</u>
<b>Shareholders' funds - equity</b>	11	<u>(128)</u>	<u>(170)</u>

These financial statements were approved by the board of directors on 26 June 2008 and were signed on its behalf by

**Professor C Thompson**  
 Director



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in the company's financial statements

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable UK accounting standards and UK company law and under the historical cost accounting rules

The ultimate parent company, Priory Investments Holdings Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least 12 months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis

Under FRS 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

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

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

#### **Group relief**

Payment is generally made for group relief at the current tax rate 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

### 2 Profit on ordinary activities before taxation

The remuneration of the auditors in the year and the prior period was borne by another group undertaking

Costs relating to the directors' services have been borne by Priory Central Services Limited, a fellow group company. No amounts have been recharged to the company in respect of the directors' services and the directors do not believe that it is practical to allocate these costs between group companies

The company had no employees during the year (2006 nil)

### 3 Interest receivable and similar income

	2007 £000	2006 £000
Inter-company interest receivable	176	155



**Notes (continued)**

**4 Interest payable and similar charges**

	2007 £000	2006 £000
Inter-company interest payable	116	101

**5 Taxation**

	2007 £000	2006 £000
<b>Corporation tax</b>		
Current tax on income for the year	18	46

The tax charge of £18,000 (2006 £46,000) on profits for the year has been relieved by the surrender of losses by other group companies in exchange for payment of the same amount

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 30%)  
 The actual tax charge for the year is the same as (2006 higher than) the standard rate for the reasons set out in the following reconciliation

	2007 £000	2006 £000
Profit on ordinary activities before tax	60	52
Tax on profit on ordinary activities at standard rate	18	16
<i>Factors affecting charge for the year</i>		
Expenses not deductible for tax purposes	-	30
Total actual amount of current tax	18	46

## Notes (continued)

### 6 Debtors

	2007 £000	2006 £000
<i>Amounts due within one year</i>		
Amounts owed by group undertakings	987	811
	<u>987</u>	<u>811</u>
<i>Amounts due after more than one year</i>		
Amounts owed by group undertakings	2,253	2,253
	<u>3,240</u>	<u>3,064</u>

Amounts due from group undertakings due within one year are non-interest bearing and repayable on demand

Amounts due from group undertakings due after more than one year bear interest at LIBOR plus 2.25% per annum and are repayable on demand. It is not expected that the demand would be made or that these amounts will be received within the current year and accordingly these amounts have been shown as amounts due after more than one year.

### 7 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amounts owed to group undertakings	1,875	1,713
Group relief payable	18	46
	<u>1,893</u>	<u>1,759</u>

Amounts due to group undertakings are unsecured, non-interest bearing and repayable on demand

### 8 Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Amounts owed to group undertakings	1,475	1,475

Amounts due to group undertakings are unsecured, bear interest at LIBOR plus 2.25% per annum and are repayable on demand. It is not expected that the demand would be made or that these amounts will be paid within one year and accordingly these amounts have been shown as amounts falling due after more than one year.

## Notes (continued)

### 9 Called up share capital

	2007 £	2006 £
<b>Authorised</b>		
10,000 (2006 10,000) Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
100 (2006 100) Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

### 10 Reserves

	Profit and loss account £000
At beginning of the year	(170)
Retained profit for the year	42
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At end of the year	(128)
	<hr/>

### 11 Reconciliation of movements in shareholders' deficit

	2007 £000	2006 £000
Profit for the financial year	42	6
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Net addition to shareholders' deficit	42	6
Opening shareholders' deficit	(170)	(176)
	<hr/>	<hr/>
Closing shareholders' deficit	(128)	(170)
	<hr/>	<hr/>

### 12 Contingent liabilities

The company has entered into banking facilities set-off agreements in respect of which guarantees have been given. The aggregate amount outstanding under the agreements was £nil at 31 December 2007 (2006 £nil).

Bank loans of a fellow group undertaking are secured by fixed and floating charges over all the assets of the company.

## **Notes** *(continued)*

### **13 Ultimate parent company**

The company's immediate parent company, which is incorporated in England, is Priory Securitisation Limited

The ultimate parent company and the largest group of which the company is a member and for which group accounts are prepared is that headed by Priory Investments Holdings Limited. A copy of the consolidated accounts can be obtained from the Company Secretary at Priory House, Randalls Way, Leatherhead, Surrey KT22 7TP