

Tunbridge Wells Independent Hospital Limited

Annual report for the year ended 29 September 1996

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Directors and advisers

Executive directors

G Smith (Chairman)

I Fozard

G R Stevens

Secretary and registered office

D R Morris
Bridge House
Outwood Lane
Horsforth
LEEDS
LS18 4UP

Registered Auditors

Coopers & Lybrand
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Solicitors

Walker Morris
Kings Court
King Street
LEEDS
LS1 2HL

Bankers

National Westminster Bank PLC
8 Park Row
LEEDS
LS1 1QS

**Directors' report
for the year ended 29 September 1996**

The directors present their report and the audited financial statements for the year ended 29 September 1996

Principal activities

The Company is engaged in the operation and administration of a private hospital.

Review of business

The results of the Company for the year are set out on page 6.

The directors consider the year end financial position and the future prospects to be satisfactory.

Dividends and transfers to reserves

The directors do not propose the payment of a dividend. The profit retained in the company for the year of £408,000 (1995 : £36,000) will be transferred to reserves.

Directors

The directors of the company who served during the year were as follows:

G Smith
I Fozard
G R Stevens

Directors' interests in shares of the company

The directors holding office at 29 September 1996 had no interest in the shares of the company at that date or at any time during the year. The interests of the directors holding office at 29 September 1996 in the shares of the ultimate parent company, Goldsborough Healthcare PLC, are set out in the financial statements of that company.

Fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements.

In addition to these fixed assets, land, buildings and certain items of medical equipment used by the hospital in carrying on its principal activity are owned by a fellow subsidiary undertaking.

Taxation status

In the opinion of the directors the company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Insurance of officers

During the year, the ultimate parent company maintained an insurance policy to indemnify directors and officers of that company and of its subsidiary companies against liabilities in relation to those companies.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

D R Morris
Company Secretary
Leeds
14 January 1997

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 29 September 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



D R Morris
Company secretary
14 January 1997

**Report of the auditors to the members of
Tunbridge Wells Independent Hospital Limited**

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

As described on page 4 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 at 29 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditors

27 January 1997

**Profit and loss account
for the year ended 29 September 1996**

	Notes	1996 £'000	1995 £'000
Turnover	2	3,990	3,785
Cost of sales		(2,256)	(1,940)
		<hr/>	<hr/>
Gross profit		1,734	1,845
Net operating expenses		(1,100)	(1,255)
		<hr/>	<hr/>
Operating profit		634	590
Interest payable and similar charges	5	-	(4)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2,6	634	586
Tax on profit on ordinary activities	7	(226)	(49)
		<hr/>	<hr/>
Profit after tax on ordinary activities		408	537
Dividends	8	-	(501)
		<hr/>	<hr/>
Retained profit for the year	16	408	36
		<hr/>	<hr/>

All of the company's activities during the year have been in respect of continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 29 September 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	9	430	309
Current assets			
Stocks	10	128	121
Debtors	11	718	720
Cash at bank and in hand		589	95
		<u>1,435</u>	<u>936</u>
Creditors: amounts falling due within one year	12	<u>(1,002)</u>	<u>(790)</u>
Net current assets		<u>433</u>	<u>146</u>
Total assets less current liabilities		<u>863</u>	<u>455</u>
Provisions for liabilities and charges	13	<u>-</u>	<u>-</u>
Net assets		<u>863</u>	<u>455</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	863	455
Equity shareholders' funds	17	<u>863</u>	<u>455</u>

The financial statements on pages 6 to 14 were approved by the board of directors on 14 January 1997 and were signed on its behalf by:


G. Smith
Director


G R Stevens
Director

Notes to the financial statements for the year ended 29 September 1996

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Cashflow statement

As permitted by Financial Reporting Standard No 1, no cashflow statement is provided as the company is a wholly owned subsidiary undertaking of a company incorporated in the UK.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over their expected useful lives. The annual rate used for this purpose is:

Medical equipment, fixtures and fittings	10%
Computer equipment	20%

Pension costs

The company pays contributions to personal money purchase schemes for eligible employees, and accounts for the amount due in each period as a cost in the profit and loss account.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

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.

Stocks

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

Turnover

Turnover, all of which arises in the UK, is derived from the provision of services to patients during the year.

2 Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation arise wholly in the United Kingdom and are attributable to one continuing activity, the provision of medical care.

3 Directors' emoluments

No remuneration was paid to the directors of the company during the current year or previous year.

4 Employee information

The average weekly number of employees during the year was as follows:

	1996 Number	1995 Number
Nursing	44	51
Administration	9	11
Ancillary	18	24
	—	—
	71	86
	==	==

The aggregate payroll costs were as follows:

	1996 £'000	1995 £'000
Wages and salaries	1,007	1,124
Social security costs	96	95
Other pension costs (note 14)	12	12
	—	—
	1,115	1,231
	==	==

5 Interest payable and similar charges

	1996 £'000	1995 £'000
On bank loans, overdrafts and other loans wholly repayable within five years not by instalments	-	4
	<u> </u>	<u> </u>

6 Profit on ordinary activities before taxation

	1996 £'000	1995 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	-	-
Depreciation on tangible fixed assets	37	59
Land and buildings - operating leases	441	441
	<u> </u>	<u> </u>

Operating expenses for 1996 also include £97,000 (1995: £Nil) of costs incurred in defending the company's trade by preventing a takeover bid for its ultimate parent.

Auditors' remuneration in the current year is borne by a fellow subsidiary undertaking.

7 Tax on profit on ordinary activities

	1996 £'000	1995 £'000
United Kingdom corporation tax at 33% (1995 : 33%) on profit for the year on ordinary activities	226	79
Deferred	-	(30)
	<u> </u>	<u> </u>
	<u>226</u>	<u>49</u>

8 Dividends

	1996 £'000	1995 £'000
Ordinary dividend of £NIL per ordinary share (1995 : £250,445)	-	501
	<u> </u>	<u> </u>

9 Tangible fixed assets

	Leasehold improvements	Medical equipment, fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
At 2 October 1995	16	378	394
Additions	3	155	158
	<u> </u>	<u> </u>	<u> </u>
At 29 September 1996	19	533	552
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 2 October 1995	-	85	85
Charge for year	-	37	37
	<u> </u>	<u> </u>	<u> </u>
At 29 September 1996	-	122	122
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 29 September 1996	19	411	430
	<u> </u>	<u> </u>	<u> </u>
At 1 October 1995	16	293	309
	<u> </u>	<u> </u>	<u> </u>

Included in the cost of medical equipment, fixtures and fittings is the net book value of assets purchased under finance lease of £4,000 (1995 : £NIL).

10 Stocks

	1996 £'000	1995 £'000
Pharmaceutical stocks and consumables	128	121
	<u> </u>	<u> </u>

11 Debtors

	1996 £'000	1995 £'000
Trade debtors	518	484
Amounts owed by parent and fellow subsidiary undertakings	162	40
Prepayments and accrued income	37	22
Other debtors	1	174
	<u>718</u>	<u>720</u>

12 Creditors: amounts falling due within one year

	1996 £'000	1995 £'000
Trade creditors	261	218
Amounts owed to parent and fellow subsidiary undertakings	429	202
Corporation tax	208	224
Other creditors	24	49
Accruals and deferred income	76	97
Obligations under finance leases	4	-
	<u>1,002</u>	<u>790</u>

13 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	Amount provided		Amount unprovided	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Accelerated capital allowances	-	-	52	-
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

14 Pension and similar obligations

The company contributes to a money purchase scheme for certain employees. Payment arrangements are variable with contributions made by both the company and employees. In addition the company contributes towards a number of personal pension schemes. The total pension cost to the company in the year amounted to £12,000 (1995: £12,000).

15 Called up share capital

	1996 £'000	1995 £'000
Authorised		
200,000 ordinary shares of 50 pence	100	100
	==	==
Allotted, called up and fully paid		
2 ordinary shares of 50 pence each	-	-
	==	==

16 Profit and loss account

	1996 £'000	1995 £'000
At 2 October 1995	455	419
Retained profit for the year	408	36
	==	==
At 29 September 1996	863	455
	==	==

17 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Retained profit for the year	408	36
Opening shareholders' funds	455	419
	==	==
Closing shareholders' funds	863	455
	==	==

18 Group banking arrangements

The Company has entered into unlimited multilateral guarantees to secure the borrowings of certain other group undertakings. At 29 September 1996 the net amount outstanding under these arrangements was approximately £42,250,000 (1995: £35,000,000).

19 Financial commitments

At 29 September 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996	1995
	Land and	Land and
	buildings	buildings
	£'000	£'000
Expiring in over five years	441	441
	<u><u> </u></u>	<u><u> </u></u>

20 Ultimate parent company

The ultimate parent company is Goldsborough Healthcare PLC, a company registered in England and Wales. Copies of that company's consolidated financial statements may be obtained from The Secretary, Goldsborough Healthcare PLC, Bridge House, Outwood Lane, Horsforth, Leeds, LS18 4UP.