

**Tunbridge Wells Independent Hospital Limited**

**(Registered No. 2345011)**

**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2002**



# **Tunbridge Wells Independent Hospital Limited**

## **Report of the directors for the year ended 31 December 2002**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### **1. Principal activity**

The principal activity of the Company was the operation of a private hospital.

### **2. Review of the business**

On 21 December 2001, the Company sold the whole of its operations to BUPA Hospitals Limited. The completion date for the purchase was 31 December 2001.

Following the sale of its operations the Company has not traded this year.

### **3. Results and dividends**

The loss for the year, after taxation and before dividends, amounted to £269,584 (2001 - profit £8,087,085).

A final dividend of £nil was paid in the year (2001 - £11,000,000).

### **4. Directors and directors' interests**

The names of persons who were directors at any time during the year are as follows:

J P Davies  
M I Dugdale (appointed 1 January 2002)  
D A Gray  
C M Hollingsworth  
R King  
A D Walford

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

### **5. Auditors**

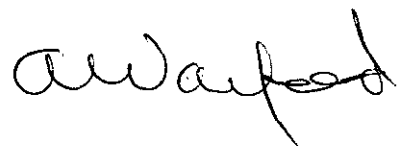
Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office :

BUPA House  
15-19 Bloomsbury Way  
London  
WC1A 2BA

13 March 2003

By Order of the Board



A D Walford  
Secretary

## **Tunbridge Wells Independent Hospital Limited**

### **Statement of directors' responsibilities in respect of the 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 of the Company 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Tunbridge Wells Independent Hospital Limited**

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

We have audited the financial statements set out on pages 4 to 12.

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 are responsible for preparing the Directors' report and, as described on page 2, 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 audit 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 affairs of the Company as at 31 December 2002 and of the loss of the Company for the year 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

13 March 2003

# Tunbridge Wells Independent Hospital Limited

## Profit and Loss Account

for the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
<b>Turnover</b>		-	6,842,445
Operating expenses		-	(6,011,664)
<b>Operating profit</b>		-	830,781
Profit on sale of business		-	7,241,336
Interest payable and similar charges	4	-	(1,646)
<b>Profit on ordinary activities before taxation</b>	5	-	8,070,471
Tax on profit on ordinary activities	6	(269,584)	16,614
<b>(Loss)/profit on ordinary activities after taxation</b>		(269,584)	8,087,085
Dividends	7	-	(11,000,000)
<b>Retained loss for the financial year</b>		(269,584)	(2,912,915)

The operating profit is all derived from discontinued operations.

There were no recognised gains or losses other than the loss for the financial year.

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation.

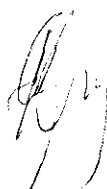
# Tunbridge Wells Independent Hospital Limited

## Balance Sheet as at 31 December 2002

	<i>Note</i>	2002 £	2001 £
<b>Current assets</b>			
Debtors due within one year	8	1,039,192	12,039,192
Creditors: amounts falling due within one year	9	(269,584)	(11,000,000)
<b>Total assets less current liabilities</b>		<u>769,608</u>	<u>1,039,192</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	11	769,607	1,039,191
<b>Equity shareholders' funds</b>		<u>769,608</u>	<u>1,039,192</u>

These financial statements were approved by the Board of Directors on 13 March 2003 and were signed on its behalf by

D A Gray



Director

The accounting policies and notes on pages 7 to 12 form part of these financial statements.

**Tunbridge Wells Independent Hospital Limited**  
**Reconciliation of movements in shareholders' funds**  
**for the year ended 31 December 2002**

	2002 £	2001 £
<b>Retained loss for the financial year</b>	(269,584)	(2,912,915)
Opening shareholders' funds	1,039,192	3,952,107
<b>Closing shareholders' funds</b>	<u>769,608</u>	<u>1,039,192</u>

# **Tunbridge Wells Independent Hospital Limited**

## **Notes to the Financial Statements for the year ended 31 December 2002**

### **1. Accounting policies**

#### **Basis of preparation**

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

As the Company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (BUPA), a company registered in England and Wales, which publishes consolidated accounts, the Company has pursuant to paragraph 17 of Financial Reporting Standard No 8: Related Party Disclosures (FRS 8) not included details of transactions with other companies which are subsidiary undertakings of the BUPA Group. There are no other related party transactions.

#### **New financial reporting standards**

##### **(i) Adoption of FRS 19**

Under Financial Reporting Standard No 19: Deferred Tax (FRS 19) deferred tax is recognised 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 FRS 19.

Previously the Company provided for deferred tax using the liability method to the extent that it was probable that liabilities would crystallise in the foreseeable future. Under FRS 19 full provision is required, whether or not an actual liability will crystallise. This represents a change in accounting policy, however, there is no impact on the comparative figures and therefore no prior year adjustment is required. As permitted by FRS 19, the Company has adopted a policy of not discounting deferred tax assets and liabilities.

#### **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 wholly owned subsidiary undertaking of The British United Provident Association Limited, a company that prepares a consolidated cash flow statement for the BUPA 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, after deducting trade discounts and Value Added Tax.



## **Tunbridge Wells Independent Hospital Limited**

### **Notes to the Financial Statements for the year ended 31 December 2002**

#### **1. Accounting policies - continued**

##### **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 exception:

Deferred tax assets are recognised only to the extent that 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.

Trading losses surrendered to other Group subsidiary undertakings are made on a full payment basis, except where the surrender of losses is between companies within the subgroup headed by BUPA Hospitals (Holdings) Limited.

#### **2. Immediate and ultimate parent undertakings**

The immediate parent undertaking of Tunbridge Wells Independent Hospital Limited is Goldsborough Developments Limited, a company registered in England and Wales which in itself is a subsidiary of BUPA Hospitals Limited, a company also registered in England and Wales, which is a subsidiary of BUPA Hospitals (Holdings) Limited. The results of Tunbridge Wells Independent Hospital Limited are included in the accounts of BUPA Hospitals (Holdings) Limited and copies of these accounts may be obtained from the Registrar of Companies, Cardiff, CR4 3UZ.

The ultimate parent undertaking of Tunbridge Wells Independent Hospital Limited is The British United Provident Association Limited (BUPA), a company registered in England and Wales.

The results of Tunbridge Wells Independent Hospital Limited are included in the consolidated accounts of BUPA and copies of these accounts can be obtained from The Registrar of Companies, Cardiff, CR4 3UZ.

# Tunbridge Wells Independent Hospital Limited

## Notes to the Financial Statements for the year ended 31 December 2002

### 3 Staff costs and directors' remuneration

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

	Number of employees	
	2002	2001
Medical	-	69
Non Medical	-	34
	<hr/>	<hr/>
	-	103

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£	£
Wages and salaries	-	1,840,333
Social security costs	-	129,932
Other pension costs (see Note 12)	-	100,837
	<hr/>	<hr/>
	-	2,071,102

No remuneration was paid to any of the directors for the year (2001 : £ nil).

### 4 Interest payable and similar charges

	2002	2001
	£	£
Finance charges payable in respect of finance leases	<hr/>	<hr/>
	-	1,646

### 5 Profit on ordinary activities before taxation

	2002	2001
	£	£
<i>Profit on ordinary activities is stated after charging :</i>		
Depreciation on tangible fixed assets :		
Owned	-	245,526
Leased	-	8,045
Finance charges payable – finance leases and hire purchase	-	1,646
Hire of plant and machinery - rentals payable	-	165,542
Hire of other assets - rentals payable under operating leases	-	375,000
	<hr/>	<hr/>

Auditors' remuneration in the previous period was borne by a fellow group undertaking.

# Tunbridge Wells Independent Hospital Limited

## Notes to the Financial Statements for the year ended 31 December 2002

### 6 Tax on profit on ordinary activities

#### (i) Analysis of tax charge in year

	2002 £	2001 £
Current tax		
Adjustments in respect of prior periods	269,584	-
Deferred tax		
Origination and reversal of timing differences	-	(16,614)
	<hr/>	<hr/>
Tax on profit on ordinary activities	269,584	(16,614)

#### (ii) Factors affecting the tax charge

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

	2002 £	2001 £
Profit on ordinary activities before taxation	<hr/> -	<hr/> 8,070,471
Tax charge on profit on ordinary activities at 30%	-	2,421,141
Effects of:		
Expenses not deductible for tax purposes	-	(2,168,171)
Deferred tax on short term and other timing differences	-	16,614
Adjustments to to tax charge in respect of prior periods	269,584	-
Group relief not paid	-	(269,584)
	<hr/>	<hr/>
Total current tax charge for the year	269,584	-

### 7 Dividends paid

	2002 £	2001 £
<b>Equity shares</b>		
Final proposed dividend on ordinary shares	<hr/> -	<hr/> 11,000,000

# Tunbridge Wells Independent Hospital Limited

## Notes to the Financial Statements for the year ended 31 December 2002

### 8 Debtors

	2002	2001
	£	£
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings	1,039,192	12,039,192
	<u>1,039,192</u>	<u>12,039,192</u>

### 9 Creditors - amounts falling due within one year :

	2002	2001
	£	£
Final proposed dividend	-	11,000,000
Amounts owed to Group undertakings	<u>269,584</u>	<u>-</u>
	<u>269,584</u>	<u>11,000,000</u>

### 10 Share capital

	2002	2001
	£	£
<b>Authorised</b>		
200,000 ordinary shares of 50p each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called-up and fully paid</b>		
2 ordinary shares of 50p each	<u>1</u>	<u>1</u>

### 11 Reserves

	Profit and loss account £
At 1 January 2002	1,039,191
Retained loss	(269,584)
	<u>769,607</u>
At 31 December 2002	

## **Tunbridge Wells Independent Hospital Limited**

### **Notes to the Financial Statements for the year ended 31 December 2002**

#### **12 Pensions**

##### **SSAP24**

The BUPA Group operates defined contribution and defined benefit pension schemes for the benefit of staff. The principal scheme, The BUPA Pension Scheme, is a defined benefit pension scheme which provides benefits based on final pensionable salary, contributions being charged to the profit and loss account so as to spread the cost of the pensions over employees' working lives with the Company. This scheme was closed to new entrants from 1 October 2002. Under this scheme, contributions by employees and the BUPA Group are administered by trustees in funds independent of the Group. The scheme is funded to cover future pension liabilities allowing for future earnings and pension increases. On the basis of detailed valuations undertaken every three years and periodic interim reviews, an independent actuary recommends the rate of contribution using the projected unit method.

The latest valuation of The BUPA Pension Scheme was carried out as at 1 July 2002. Details of the latest valuation of the scheme and main assumptions are included in the annual report and accounts of the ultimate holding company together with transitional disclosures required under FRS 17.

Employer contributions were paid at the rate of 3% of pensionable salary from 1 July 2001 until 30 June 2002 and at a rate of 5% from 1 July 2002. The pension costs charged for the year are shown in note 3.

From 1 October 2002 any new employees were eligible to join The BUPA Retirement Savings Plan which is a defined contribution scheme. The pension cost to the Company in respect of this scheme equals the employer's contribution payable in the period.

##### **FRS 17**

The BUPA Pension Scheme was valued as at 31 December 2002 under the requirements of FRS 17. This valuation showed a deficit before deferred tax of £141.5 million with assets of £239.7 million and liabilities of £381.2 million. It is not practicable to identify the Company's share of this deficit on a consistent and reliable basis, therefore as permitted by FRS 17 the pension costs relating to this scheme will be accounted for by the Company as if the scheme was a defined contribution scheme.

The full disclosure requirements under FRS 17 are disclosed in the Annual Report and Accounts of the British United Provident Association Limited.

#### **13 Contingent liabilities**

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft and loans of certain other Group undertakings.

Under a group registration the Company is jointly and severally liable for value added tax due by certain other Group companies.

#### **14. Securitisation**

During the year, the Company's immediate parent company, BUPA Hospitals Limited, undertook two capital raising transactions and, as a requirement of the transactions, granted fixed and floating ranking security over the undertaking and assets of BUPA Hospitals Limited and its subsidiaries, including the Company.