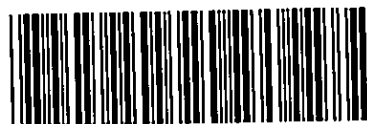


INDEPENDENT SURGERY CENTRES LIMITED

REPORTS AND FINANCIAL STATEMENTS 31 DECEMBER 2011

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COMPANIES HOUSE

Report of the Board of Directors to the Members

The directors present their report together with the financial statements for the year ended 31 December 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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,
- 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 the financial statements comply with the Companies Act 2006. 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. In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Constitution and Principal Activities

The principal activities of the company are the development of hospitals and being a holding company.

Results

The company made a profit for the year of £101,756 (2010 – loss of £59,846)

Dividends

The directors do not recommend the payment of a dividend (2010 - £nil)

Directors

The current directors of the Board are

Mr D Mobbs
Mr K P Doyle

No director had any interest in the shares of the company during the year

INDEPENDENT SURGERY CENTRES LIMITED

Fixed Assets

Particulars of the company's tangible and other fixed assets are stated in Notes 5 and 6 to the financial statements

Charitable donations

Donations to charities amounted to £nil (2010 - £134,150)

Ultimate holding company

The ultimate holding company is Nuffield Health

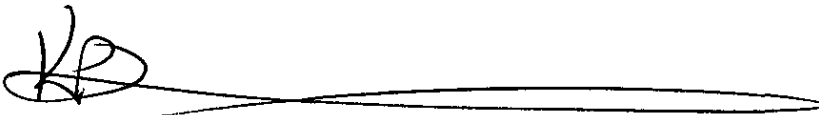
Small company provisions

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Auditors

Grant Thornton UK LLP offers themselves for reappointment as Auditors in accordance with Section 487 (2) of the Companies Act 2006

Approved by the Board of Directors on 24 September 2012 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'K P Doyle', followed by a long, horizontal, slightly wavy line that extends across the page.

K P Doyle - Director

INDEPENDENT SURGERY CENTRES LIMITED

Independent Auditor's report to the Members of Independent Surgery Centres Limited

We have audited the financial statements of Independent Surgery Centres Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the principal accounting policies and notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities Effective April 2008 (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statements set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion of financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT SURGERY CENTRES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and take advantage of the small companies exemption preparing the Director's report



Stephen Maslin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

26 September 2012

INDEPENDENT SURGERY CENTRES LIMITED

Profit and Loss Account

Year ended 31 December 2011

	Note	2011 £	2010 £
Turnover		228,000	228,000
Cost of sales		(61,870)	(194,871)
Operating profit before interest and tax		166,130	33,129
Interest payable	1	(64,374)	(92,975)
Profit/(loss) on ordinary activities before taxation	2	101,756	(59,846)
Tax on profit/(loss) on ordinary activities	4	-	-
Retained profit/(loss) for the financial year			
Transferred to/(from) reserves	10	101,756	(59,846)

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

All operations are continuing

The accounting policies and notes on pages 7 to 10 form part of these financial statements

Balance Sheet
at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	5	1,893,408		1,952,279	
Investments	6	104		104	
			1,893,512		1,952,383
Current assets					
Debtors	7	523,098			527,201
Creditors : amounts falling due within one year	8	(1,982,546)		(2,147,276)	
Net current liabilities			(1,459,448)		(1,620,075)
Total assets less current liabilities			434,064		332,308
Capital and reserves					
Share capital	9		160,000		160,000
Share premium	10		1,440,000		1,440,000
Profit and loss account	10		(1,165,936)		(1,267,692)
Shareholders' funds	11		434,064		392,308

The financial statements have been prepared in accordance with the special provisions for Small Companies under part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (Effective April 2008)

These financial statements were approved by the Board of Directors on 24 September 2012 and are signed on their behalf by



K P Doyle - Director

INDEPENDENT SURGERY CENTRES LIMITED

Accounting Policies

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (Effective April 2008)

The following are the principal accounting policies, which have remained unchanged from the previous year

a) **Basis of consolidation**

The company has taken advantage of the exemption permitted by Part 15 of the Companies Act 2006 and not produced consolidated financial statements as it is itself a wholly owned subsidiary of Nuffield Health

b) **Going concern**

The directors have considered the medium term trading expectations of the company, together with the value of the assets which it owns. The directors are satisfied that the company has adequate resources to continue as a going concern for the foreseeable future and accordingly, these financial statements have been prepared on the going concern basis

c) **Turnover**

Turnover is the total amount receivable by the company for rents from property, excluding VAT

d) **Depreciation**

No depreciation is charged on freehold land or buildings in course of construction

Depreciation on the other tangible fixed assets is calculated on a straight line basis to write down the cost over their expected useful economic lives. The applicable periods are

Freeholds	-	60 years or the remaining useful life
Equipment	-	Between 3 and 15 years

e) **Deferred taxation**

No provision has been made for deferred tax. No future liability is expected to crystallise because of the cumulative tax losses

f) **Investments**

Investments are stated at the lower of cost or market value

INDEPENDENT SURGERY CENTRES LIMITED

Notes to the Financial Statements

1 Interest payable	2011	2010
	£	£
Interest payable		
Interest on loans from parent undertaking	64,374	92,975
	<u> </u>	<u> </u>
2 Profit / (loss) on ordinary activities before taxation	2011	2010
	£	£
This is stated after charging		
Depreciation on tangible fixed assets (note 5)	58,871	58,871
Other fees to auditors	2,999	1,850
	<u> </u>	<u> </u>

3 Directors

All of the directors are employees of the ultimate parent undertaking Nuffield Health. They received neither remuneration nor fees in respect of their directorships.

4 Tax on profit / (loss) on ordinary activities

The company has unrelieved tax losses which will be available to offset against future taxable profits.

5 Tangible fixed assets	Freeholds	Equipment	Total
	£	£	£
Cost			
At 1 January and 31 December 2011	2,395,436	634,155	3,029,591
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 January 2011	475,267	602,045	1,077,312
Charge for year	34,788	24,083	58,871
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2011	510,055	626,128	1,136,183
	<u> </u>	<u> </u>	<u> </u>
Net book value at 31 December 2011	1,885,381	8,027	1,893,408
	<u> </u>	<u> </u>	<u> </u>
Net book value at 31 December 2010	1,920,169	32,110	1,952,279
	<u> </u>	<u> </u>	<u> </u>

The gross amount on which depreciation on freehold buildings is being provided is £2,087,286 (2010 - £2,087,286). The gross cost of assets held for use in operating leases amounted to £3,029,591 (2010 - £3,029,591). The accumulated depreciation on those assets amounted to £1,136,183 (2010 - £1,077,312).

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6 Fixed asset investments	2011	2010
	£	£
Investment in subsidiaries at cost		
At 31 December 2011	<u>104</u>	<u>104</u>

At 31 December 2011 the company had interest in the following subsidiary undertakings, all of which are incorporated and registered in England and Wales.

Company name	Class of share capital held	Portion held by the parent undertaking	Nature of business
ISC Estates Limited	Ordinary	100%	Hospital development
ISC Leasing (Ipswich) Limited	Ordinary	100%	Equipment leasing
ISC Projects Limited	Ordinary	100%	Hospital development

7 Debtors	2011	2010
	£	£
Amount owed by group undertakings	<u>523,098</u>	<u>527,201</u>

8 Creditors: amounts falling due within one year	2011	2010
	£	£
Amount owed to the ultimate parent undertaking	1,967,669	2,135,723
Amounts owed to group undertaking	2	2
Social security and other taxes	11,400	9,826
Accruals and deferred income	3,475	1,725
	<u>1,982,546</u>	<u>2,147,276</u>

The amount owed to the ultimate parent undertaking is at commercial rates of interest and is secured by a fixed charge on the company's freehold property

9 Share capital	2011	2010
	£	£
Authorised		
35,000,000 ordinary shares of 10p each	<u>3,500,000</u>	<u>3,500,000</u>
Allotted, called up and fully paid		
1,600,000 ordinary shares of 10p each	<u>160,000</u>	<u>160,000</u>

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10 Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 January 2011	1,440,000	(1,267,692)	172,308
Profit for the year	-	101,756	101,756
At 31 December 2011	<u>1,440,000</u>	<u>(1,165,936)</u>	<u>274,064</u>

11 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
At 1 January	332,308	392,154
Profit/(loss) for the year	101,756	(59,846)
At 31 December	<u>434,064</u>	<u>332,308</u>

12 Cash flow statement

A cash flow statement has not been prepared as a group cash flow statement is included in the financial statements of Nuffield Health

13 Ultimate controlling party

The directors consider that the parent and the ultimate parent undertaking is Nuffield Health by virtue of the company being wholly owned by Nuffield Health, a charitable company registered in England and Wales

The largest and smallest group of undertakings for which group financial statements are drawn up is that headed by Nuffield Health. The financial statements for Nuffield Health can be obtained from the Secretary, Nuffield Health, 40 – 44 Coombe Road, New Malden, Surrey KT3 4QF

14 Related party transactions

The company has taken advantage of the exemption in FRS 8 by which wholly owned subsidiary undertakings do not need to disclose transactions with entities that are part of the same group and its results are included in the publicly available financial statements of the group

15 Capital commitments

The company had no capital commitments at 31 December 2011 (2010 - £nil)

16 Contingent liabilities

There were no contingent liabilities at 31 December 2011 (2010 - £nil)