

**Goldsborough East Surrey Limited**

**(Registered No. 3014160)**

**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2001**



# **Goldsborough East Surrey Limited**

## **Report of the directors for the year ended 31 December 2001**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2001.

### **1. Principal activity**

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

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

The Directors consider the development of the Company during the year to be satisfactory, and do not foresee any significant changes in the forthcoming year.

On 21 December 2001, BUPA Hospitals Limited transferred its ownership of the Company to BHS (Holdings) Limited.

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

The loss for the year, after taxation, amounted to £660,481 (2000 - loss £376,855).

No dividend is proposed for 2001 (2000 - £ nil).

### **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	
D A Holden	(resigned 31 December 2001)
C M Hollingsworth	
R King	(appointed 1 August 2001)
E W Lea	(resigned 13 September 2001)
A D Walford	

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

### **5. Auditors**

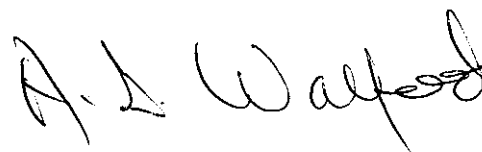
Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office :

BUPA House  
15-19 Bloomsbury Way  
London  
WC1A 2BA

14 March 2002

By Order of the Board



A D Walford  
Secretary

## **Goldsborough East Surrey 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.

## **Goldsborough East Surrey Limited**

### **Independent Auditors' report to the members of Goldsborough East Surrey Limited**

We have audited the financial statements set out on pages 4 to 16.

#### **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 the Company's affairs at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

London

14 March 2002

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

# **Goldsborough East Surrey Limited**

## **Profit and Loss Account for the year ended 31 December 2001**

	<i>Note</i>	2001 £	2000 £
<b>Turnover</b>		2,662,075	2,636,227
Operating expenses		(3,316,292)	(2,992,202)
<b>Operating loss</b>		<u>(654,217)</u>	<u>(355,975)</u>
Interest payable and similar charges	4	<u>(6,264)</u>	<u>(20,880)</u>
<b>Loss on ordinary activities before taxation</b>	5	(660,481)	(376,855)
Tax on loss on ordinary activities	6	-	-
<b>Retained loss for the financial year</b>		<u><u>(660,481)</u></u>	<u><u>(376,855)</u></u>

The operating loss is all derived from continuing operations.

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

# **Goldsborough East Surrey Limited**

## **Balance Sheet** **as at 31 December 2001**

	<i>Note</i>	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	7	2,759,246	3,000,000
<b>Current assets</b>			
Stocks		86,424	238,029
Debtors	8	715,799	811,857
Cash at bank and in hand		<u>42,983</u>	<u>183</u>
		845,206	1,050,069
<b>Creditors: amounts falling due within one year</b>	9	<u>(8,993,955)</u>	<u>(8,754,651)</u>
<b>Net current liabilities</b>		(8,148,749)	(7,704,582)
<b>Total assets less current liabilities</b>		<u>(5,389,503)</u>	<u>(4,704,582)</u>
<b>Creditors: amounts falling due after more than one year</b>	10	-	(62,474)
<b>Provisions for liabilities and charges</b>	12	(68,393)	(30,359)
		<u>(5,457,896)</u>	<u>(4,797,415)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account	14	(5,457,897)	(4,797,416)
<b>Equity shareholders' deficit</b>		<u>(5,457,896)</u>	<u>(4,797,415)</u>

These financial statements were approved by the Board of Directors on 14 March 2002 and were signed on its behalf by

D A Gray



Director

The accounting policies and notes on pages 8 to 16 form part of these financial statements.

**Goldsborough East Surrey Limited**  
**Note of historical cost profits and losses**  
**for the year ended 31 December 2001**

	2001 £	2000 £
<b>Reported loss on ordinary activities before taxation</b>	(660,481)	(376,855)
Difference between a historical cost depreciation charge and the actual depreciation charge on the revalued amount	(100,169)	(58,562)
<b>Historical cost profit on ordinary activities before taxation</b>	<u>(760,650)</u>	<u>(435,417)</u>
<b>Historical cost loss on ordinary activities after taxation and dividends</b>	<u>(760,650)</u>	<u>(435,417)</u>

**Goldsborough East Surrey Limited**  
**Reconciliation of movements in shareholders' funds**  
**for the year ended 31 December 2001**

	2001 £	2000 £
<b>Retained loss for the financial year</b>	(660,481)	(376,855)
	<hr/>	<hr/>
<b>Net reduction to shareholders' funds</b>	(660,481)	(376,855)
Opening shareholders' deficit	(4,797,415)	(4,420,560)
	<hr/>	<hr/>
<b>Closing shareholders' deficit</b>	<u>(5,457,896)</u>	<u>(4,797,415)</u>



**Notes to the Financial Statements  
for the year ended 31 December 2001**

**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 buildings and on a going concern basis, in view of a letter of support from BUPA Investments Limited, which undertakes to provide or procure such support as is necessary to enable the company to meet its liabilities as they fall due.

As the Company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (BUPA), it has taken advantage of the exemption contained in FRS 8 "Related Party Disclosure" and has therefore not disclosed separately transactions or balances with entities which form part of the BUPA group of companies.

**Cash flow statement**

The Company is exempt from the requirement of FRS 1 (Revised 1996) to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited, and its cash flows are included within the consolidated cash flow statement of that company.

**Changes in accounting policies**

The Company is complying with FRS 17 "Retirement benefits" for the first time this year. The transitional reporting requirements are being adopted for the next two years and full compliance will be reported in 2003.

**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, all of which arises in the UK, is derived from the provision of services to patients during the year after deducting trade discounts and value added tax.

**Stocks**

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.

**Notes to the Financial Statements  
for the year ended 31 December 2001**

**1 Accounting policies - continued**

**Fixed assets and depreciation**

Leasehold properties are stated at cost or valuation; other tangible assets are stated at cost. Unrealised gains/losses are taken to revaluation reserves or the profit and loss account in accordance with FRS 15 "Tangible Fixed Assets."

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	- term of the lease
Plant and machinery	- 3 - 10 years
Fixtures, fittings & equipment	- 3 - 10 years

**Taxation**

The charge for taxation is based on the result for the period and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise. No payment is made for group relief claimed or surrendered.

**Pension and other post-retirement benefits**

The ultimate holding company, The British United Provident Association Limited, operates a defined contribution pension scheme and a defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company in an independently administered fund.

Contributions to the defined benefit scheme are charged to the profit and loss account over the expected average remaining service lives of the employees. Any difference between the cumulative charge to the profit and loss account and the contributions paid to the schemes is shown as a provision in the balance sheet.

Contributions to the defined contribution scheme are charged to the profit and loss account in the accounting period in which they occur.

**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.

## **Goldsborough East Surrey Limited**

### **Notes to the Financial Statements for the year ended 31 December 2001**

#### **2 Ultimate holding company**

The Company is a wholly owned subsidiary of BHS (Holdings) Limited, which is registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited (BUPA), in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

#### **3 Staff costs and directors' remuneration**

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

	Number of employees	
	2001	2000
Medical	39	28
Other	19	23
	<u>58</u>	<u>51</u>

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£	£
Wages and salaries	962,597	932,667
Social security costs	61,843	59,441
Other pension costs (see note 15)	42,915	34,484
	<u>1,067,355</u>	<u>1,026,592</u>

No remuneration was paid to any of the directors for the year (2000 : £ nil).

#### **4 Interest payable and similar charges**

	2001	2000
	£	£
Finance charges payable in respect of finance leases	<u>6,264</u>	<u>20,880</u>

# **Goldsborough East Surrey Limited**

## **Notes to the Financial Statements for the year ended 31 December 2001**

### **5 Loss on ordinary activities before taxation**

	2001 £	2000 £
<i>Loss on ordinary activities is stated after charging :</i>		
Depreciation and other amounts written off tangible fixed assets :		
Owned	233,541	229,827
Leased	66,588	71,321
Finance charges payable – finance leases and hire purchase	6,264	20,880
Hire of plant and machinery - rentals payable under operating leases	164,186	113,132
Hire of other assets - rentals payable under operating leases	300,000	300,000
Property revaluation - adjustment to carrying values	-	(278,153)
	<hr/>	<hr/>

Auditors' remuneration is borne by a fellow subsidiary undertaking.

### **6 Tax on loss on ordinary activities before taxation**

The current year's UK corporation tax credit has been eliminated due to surrender of group relief to a related party, for which no payment has been received. The current year UK corporation tax credit would otherwise have amounted to £191,091 (2000 : £215,832).

# Goldsborough East Surrey Limited

## Notes to the Financial Statements for the year ended 31 December 2001

### 7 Tangible assets

	Short leasehold property £	Fixtures, fittings & equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2001	2,306,089	1,527,605	3,833,694
Additions	-	59,375	59,375
At 31 December 2001	2,306,089	1,586,980	3,893,069
<b>Depreciation</b>			
At 1 January 2001	-	833,694	833,694
Charge for the period	72,696	227,433	300,129
On revaluations	-	-	-
At 31 December 2001	72,696	1,061,127	1,133,823
<b>Net Book Value</b>			
At 31 December 2001	2,233,393	525,853	2,759,246
At 31 December 2000	2,306,089	693,911	3,000,000
<b>Depreciable amount at 31 December 2001</b>	2,306,089	1,586,980	3,893,069
Depreciable amount at 31 December 2000	2,306,089	1,527,605	3,833,694

Particulars relating to revalued assets are given below :

	2001 £	2000 £
<b>Land and buildings</b>		
At 2001 existing use value	2,306,089	2,306,089
Aggregate depreciation thereon	(72,696)	-
	2,233,393	2,306,089

# **Goldsborough East Surrey Limited**

## **Notes to the Financial Statements for the year ended 31 December 2001**

### **7 Tangible assets - continued**

	2001 £	2000 £
Historical cost of revalued assets	4,583,638	4,583,638
Aggregate depreciation based on historical cost	(654,916)	(482,051)
Historical cost net book value	<u>3,928,722</u>	<u>4,101,587</u>

Included in the total net book value of fixtures and fittings is £200,618 (2000 : £267,198) in respect of assets held under finance leases. Depreciation for the period on these assets was £66,588 (2000 : £72,036).

The Directors are not aware of any material change in value since the last valuation and therefore the valuations have not been updated.

### **8 Debtors**

	2001 £	2000 £
<b>Amounts falling due within one year:</b>		
Trade debtors	328,596	459,608
Amounts owed by group undertakings	349,037	349,037
Prepayments and accrued income	<u>38,166</u>	<u>3,212</u>
	<u>715,799</u>	<u>811,857</u>

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

	2001 £	2000 £
Bank overdraft	-	534,305
Trade creditors	12,300	39,601
Amounts owed to Group undertakings	8,716,629	7,854,307
Obligations under finance leases	62,475	121,816
Accruals and deferred income	<u>202,551</u>	<u>204,622</u>
	<u>8,993,955</u>	<u>8,754,651</u>

### **10 Creditors - amounts falling due after more than one year :**

	2001 £	2000 £
Obligations under finance leases	<u>-</u>	<u>62,474</u>

# Goldsborough East Surrey Limited

## Notes to the Financial Statements for the year ended 31 December 2001

### 11 Obligations under finance leases

	2001 £	2000 £
The maturity of obligations under finance leases is as follows :		
Within one year	64,040	128,080
Between two and five years	-	64,039
	<u>64,040</u>	<u>192,119</u>
Less : finance charges allocated to future periods	<u>(1,565)</u>	<u>(7,829)</u>
	<u>62,475</u>	<u>184,290</u>

### 12 Provisions for other risks and charges

	Pension £
At 1 January 2001	30,359
Charge for the year	38,034
	<u>68,393</u>
At 31 December 2001	<u>68,393</u>

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

	Provided		Not Provided	
	2001	2000	2001	2000
	£	£	£	£
Accelerated capital allowances	-	-	272,424	253,485
Latent capital gains	-	-	83,400	83,400
Other	-	-	(550,222)	(536,812)
	<u>-</u>	<u>-</u>	<u>(194,398)</u>	<u>(199,927)</u>

### 13 Share capital

	2001 £	2000 £
<b>Authorised</b>		
1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called-up and fully paid</b>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

**Notes to the Financial Statements  
for the year ended 31 December 2001**

**14 Reserves**

	Profit and loss account £
At 1 January 2001	(4,797,416)
Retained loss	(660,481)
	<hr/>
At 31 December 2001	<u>(5,457,897)</u>

**15 Pensions**

The Group operates defined contribution and defined benefit pension schemes for the benefit of the staff. The principal scheme, The BUPA Pension Scheme is a defined benefit pension scheme which provides benefits based on final pensionable salary. Under this scheme, contributions by employees and the 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 rates of contribution.

The latest valuation of the main UK scheme was carried out as at 1 July 1999. Details of the latest valuation of the scheme are included in the financial statements of the ultimate holding company and these include details of complying with the transitional arrangements of FRS 17 "Retirement Benefits".

There was a pension contribution holiday from 1 July 2000 to 30 June 2001. Employer contributions were then paid at the rate of 3% of pensionable salary with effect from 1 July 2001 and will increase to the rate of 5% from 1 July 2002. The financial statements include a provision (see note 12) of £68,393 (2000 : £30,359) representing the excess of the accumulated pensions cost over the contributions made.

Pension costs charged in the year are stated in note 3.

In complying with FRS 17 "Retirement Benefits" the BUPA Pension Scheme will show a deficit between its underlying assets and liabilities but is unable to identify the Company's share on a consistent and reasonable basis. The Company is therefore accounting for its contributions to the scheme as if it were a defined contribution scheme.



## **Goldsborough East Surrey Limited**

### **Notes to the Financial Statements for the year ended 31 December 2001**

#### **16 Commitments**

##### **Operating leases**

At 31 December 2001 the Company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings		Other	
	2001	2000	2001	2000
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	20,434	-
Over five years	300,000	300,000	-	81,736
	<u>300,000</u>	<u>300,000</u>	<u>20,434</u>	<u>81,736</u>

#### **17 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.