

Community Health Facilities (Oxford) Limited

Directors' Report and Financial Statements

31 December 2001

Registered Number 3408569



Directors' Report and Financial Statements

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Directors' Report

The Directors present their report and audited accounts for the year ended 31 December 2001.

Review of the Business

The company was formed to undertake the design, construction, funding and operation of health facilities under the Private Finance Initiative.

Results and Dividend

The results for the year are set out in the attached profit and loss account. The profit for the year of £231,932 has been transferred to reserves.

Directors and Directors' Interests

The Directors who held office during the year were as follows:

A G Bremner	
A Darling	
S W Laird	
M W McEwan	
D J McEvedy	(appointed 17 August 2001)
A Ringrose	
M G Darroch	(resigned 17 August 2001)

None of the Directors who held office at the end of the financial year had any interest in the share capital of the company.

Auditors

Our auditors, KPMG, transferred their business to a limited liability partnership, KPMG LLP, on 3 May 2002. Accordingly KPMG resigned as auditors and the directors appointed KPMG LLP to fill the vacancy.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



Michael W McEwan
Director

17 October 2002

Statement of Directors' Responsibilities

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 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;
- 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 Auditor's Report to the Members of Community Health Facilities (Oxford) Limited

We have audited the financial statements on pages 4 to 10.

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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

**Chartered Accountants
Registered Auditor**

Edinburgh

17 October 2002

Profit and Loss Account
 for the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover		1,444,321	1,426,726
Cost of Sales		(659,993)	(650,882)
Gross profit		784,328	775,844
Administrative expenses		(79,386)	(51,524)
Operating profit	3	704,942	724,320
Bank interest receivable		37,979	24,636
Interest payable	4	(510,989)	(540,431)
Profit on ordinary activities before taxation		231,932	208,525
Tax on profit on ordinary activities	5	-	-
Retained profit for the financial year		231,932	208,525
Retained loss brought forward		(900,267)	(1,108,792)
Retained loss carried forward		(668,335)	(900,267)

There are no recognised gains or losses other than the profit for the year.

Balance sheet
 at 31 December 2001

	Note	2001 £	2000 £
Fixed assets			
Buildings and Equipment	6	7,033,374	7,318,867
Current assets			
Cash at bank and in hand		1,019,851	728,578
Debtors	7	608,876	119,095
		<u>1,628,727</u>	<u>847,673</u>
Creditors: amounts falling due within one year	8	<u>(790,516)</u>	<u>(466,172)</u>
Net current assets		838,211	381,501
Total assets less current liabilities		7,871,585	7,700,368
Creditors: amounts falling due after more than one year	9	<u>(8,208,630)</u>	<u>(8,450,635)</u>
Provisions for liabilities and charges	10	<u>(181,290)</u>	<u>-</u>
Net liabilities		<u><u>(518,335)</u></u>	<u><u>(750,267)</u></u>
Capital and reserves			
Called up share capital	11	150,000	150,000
Profit and loss account		<u>(668,335)</u>	<u>(900,267)</u>
Equity shareholders' deficit	12	<u><u>(518,335)</u></u>	<u><u>(750,267)</u></u>

These accounts were approved by the board of Directors on 17 October 2002 and were signed on its behalf by:

Michael W McEwan

Michael W McEwan
 Director

Notes

(forming part of the financial statements)

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the company's financial statements.

Basis of preparation

The accounts have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards. The accounts have been prepared on the going concern basis as the financial projections indicate that sufficient funds will be generated to allow ongoing obligations to be met as they fall due.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard number 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Fixed assets and depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their useful economic lives as follows:

Buildings	40 years
Machinery and Equipment	20 years
Long life assets	15 years
Other fixed assets	10 years

Deferred income

Capital based receipts are included within accruals and deferred income in the balance sheet and credited to operating profit over the contract period to which they relate.

Turnover

Turnover represents the amount (excluding VAT) derived from the provision of goods and services to customers.

2. Directors' Remuneration

The Directors did not receive any remuneration from the company during the year. The company has no directly employed personnel.

3. Operating Profit

	2001 £	2000 £
<i>Operating profit is stated after charging</i>		
Auditors' remuneration - audit fees	2,000	2,000
- non-audit fees	37,101	16,500
Depreciation	285,493	285,499

Notes (continued)

4. Interest payable

	2001 £	2000 £
On bank loans	503,604	533,046
Amortisation of term debt issue costs	7,385	7,385
	<u>510,989</u>	<u>540,431</u>

5. Taxation

	2001 £	2000 £
Consortium Relief recoverable	181,190	-
Deferred tax charge	(181,290)	-
	<u>-</u>	<u>-</u>

6. Fixed assets

	Buildings £	Machinery & Equipment £	Long Life Assets £	Other Fixed Assets £	Total £
Cost					
At beginning and end of year	5,096,894	1,887,788	233,918	480,933	7,699,533
Depreciation					
At beginning of year	169,896	125,853	20,793	64,124	380,666
Charge for year	127,415	94,390	15,595	48,093	285,493
At end of year	297,311	220,243	36,388	112,217	666,159
Net Book Value					
At end of year	4,799,583	1,677,545	197,530	368,716	7,033,374
At beginning of year	4,926,998	1,761,935	213,125	416,809	7,318,867

Notes (continued)

7. Debtors

	2001 £	2000 £
Trade Debtors	405,896	102,160
Prepayments	21,690	2,535
Amounts receivable from shareholders	181,290	-
Other taxes	-	14,400
	<u>608,876</u>	<u>119,095</u>

8. Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loan (note 9)	165,391	160,283
Trade creditors	92,274	40,044
Accruals	124,003	181,845
Other taxes	27,096	-
Payment in advance	297,752	-
Deferred income	84,000	84,000
	<u>790,516</u>	<u>466,172</u>

9. Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loan	6,388,630	6,546,635
Deferred Income	1,820,000	1,904,000
	<u>8,208,630</u>	<u>8,450,635</u>

The maturity of debt is as follows:

	2001 £	2000 £
In one year or less or on demand	165,391	160,283
Between one and two years	175,564	165,391
Between two and five years	623,411	575,800
In five years or more	5,737,364	5,960,539
	<u>6,701,730</u>	<u>6,862,013</u>
Issue costs	(147,709)	(155,095)
	<u>6,554,021</u>	<u>6,706,918</u>

Notes (continued)

9. Creditors: amounts falling due after more than one year (continued)

The lenders hold security over the assets of the company in the form of a floating charge over all the chargeable assets of the company, assignment of cash flows and relevant insurance policies and a first floating charge over the shares of the company.

10. Provisions for liabilities and charges

Deferred taxation:

	2001 £	2000 £
Accelerated capital allowances	358,984	-
Other timing differences	(177,694)	-
	<u>181,290</u>	<u>-</u>

11. Share Capital

	2001 £	2000 £
Authorised, allotted, called up and fully paid 150,000 ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

12. Reconciliation of Movements in Shareholders' Funds

	2001 £	2000 £
Retained profit for the financial period	231,932	208,525
Opening shareholders' funds	(750,267)	(958,792)
Closing shareholders' deficit	<u>(518,335)</u>	<u>(750,267)</u>

13. Ultimate Parent Company

The company's ultimate parent company is Community Health Facilities (Holdings) Limited which is registered in England and incorporated in Great Britain. The accounts of Community Health Facilities (Holdings) Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3YA.

14. Transactions with Related Parties

During the year, The Miller Group Limited, an investor in Community Health Facilities (Holdings) Limited received £10,000 (2000: £10,000) in respect of project management fees. At the year end £5,833 (2000: £2,500) was owed to The Miller Group Limited. Tax losses of £544,755 were sold to The Miller Group Limited for £90,645. At the year end £90,645 was owed by The Miller Group Limited.

Bank of Scotland, part of a group containing British Linen Investments, an investor in Community Health Facilities (Holdings) Limited, received net interest of £503,604 (2000: £533,046) and fees of £10,000 (2000: £Nil). Loan repayments of £153,423 (2000: £134,032) were also made. At the year end £6,796,655 (2000: £7,084,702) was owed to Bank of Scotland. Tax losses of £544,755 were sold to Bank of Scotland for £90,645. At the year end £90,645 was owed by Bank of Scotland. On 10 September 2001, Bank of Scotland and Halifax Group merged to create the HBOS Group.

Building and Property Group Limited, an investor in Community Health Facilities (Holdings) Limited, and its subsidiaries received services and project management fees of £369,089 (2000: £395,971). On 1 April 2001, Building and Property Group Limited changed its name to InterserveFM Limited. At the year end £47,688 (2000: £51,711) was owed to InterserveFM and its subsidiaries.