

AFFINITY HOSPITALS GROUP LIMITED

Report and Financial Statements

30 June 2008

THURSDAY



SQF2Y5KM

SCT

11/12/2008

1758

COMPANIES HOUSE

AFFINITY HOSPITALS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

AFFINITY HOSPITALS GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T MacDonald Milner (appointed 31 March 2008)
P Batchelor (resigned 31 March 2008)
J Shaw
A Evans

SECRETARY

J Shaw

REGISTERED OFFICE

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB

SOLICITORS

Wragge & Co LLP
55 Colmore Row
Birmingham

BANKERS

Royal Bank of Scotland Plc
1 Spinningfields Square
Manchester

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester, United Kingdom

AFFINITY HOSPITALS GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited company financial statements for the year ended 30 June 2008

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the companies Act 1985

PRINCIPAL ACTIVITY

The company is the holding company for a group of companies engaged in the provision of private healthcare

RESULTS, DIVIDENDS AND TRANSFER TO RESERVES

The company made a profit after taxation of £195,215 (2007 £196,375) which has been transferred to reserves No dividends have been paid or proposed in the year (2007 £nil)

DIRECTORS

The present membership of the board is set out on page 1

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

The company has elected to dispense with the holding of annual general meetings, the laying of accounts before the company in general meetings and the annual appointment of auditors Accordingly Deloitte & Touche LLP will continue to act as auditors to the company

Approved by the Board of Directors
and signed on its behalf



Director

17 October 2008

AFFINITY HOSPITALS GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- state whether applicable UK Accounting Standards have been followed, 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 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 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFFINITY HOSPITALS GROUP LIMITED

We have audited the financial statements of Affinity Hospitals Group Limited for the year ended 30 June 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Manchester, United Kingdom

17 OCTOBER 2008

AFFINITY HOSPITALS GROUP LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2008

	Note	2008 £	2007 £
PROFIT ON ORDINARY ACTIVITIES			
BEFORE TAXATION	3		
Tax on profit on ordinary activities	4	<u>195,215</u>	<u>196,375</u>
PROFIT FOR THE FINANCIAL YEAR	9,10	<u><u>195,215</u></u>	<u><u>196,375</u></u>

There are no recognised gains or losses for the current or preceding financial year other than as included above
Accordingly, no separate statement of total recognised gains and losses is presented

All activity arose from continuing operations

AFFINITY HOSPITALS GROUP LIMITED

BALANCE SHEET


At 30 June 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Investments	5	<u>12,171,333</u>	<u>12,171,333</u>
CURRENT ASSETS			
Debtors			
amounts due within one year	6	699,716	504,501
amounts due after one year	6	<u>1,544,054</u>	<u>1,544,054</u>
NET CURRENT ASSETS		<u>2,243,770</u>	<u>2,048,555</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,415,103</u>	<u>14,219,888</u>
CREDITORS · Amounts falling due after one year	7	(10,671,599)	(10,671,599)
NET ASSETS		<u>3,743,504</u>	<u>3,548,289</u>
CAPITAL AND RESERVES			
Called up share capital	8	350,123	350,123
Share premium account	9	45,881	45,881
Profit and loss account	9	<u>3,347,500</u>	<u>3,152,285</u>
EQUITY SHAREHOLDER'S FUNDS	10	<u>3,743,504</u>	<u>3,548,289</u>

These financial statements were approved by the Board of Directors on

17 October 2008

Signed on behalf of the Board of Directors



Director

AFFINITY HOSPITALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The accounting policies adopted have been consistently applied throughout the current and preceding years and are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Exemption from consolidation

The company is exempt under S228 of the Companies Act 1985 from preparing group financial statements as the results of the company and its subsidiaries are included in the financial statements of the ultimate parent company, Affinity Healthcare Holdings Limited. These financial statements therefore represent the results of the company only.

Cash flow statement

The company has taken advantage of exemptions within FRS1 and has not prepared a cash flow statement on the grounds that the company is a wholly owned subsidiary of a parent undertaking which produces consolidated financial statements including a consolidated cash flow statement dealing with the cash flows of the group.

Investments

Investments in subsidiary undertakings held as fixed assets are stated at cost less provision for any impairment.

Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no employees during the current or prior year. Directors' remuneration is borne by another group company as it is not practical to allocate the total remuneration between each of the group companies.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £	2007 £
Operating profit is after charging:		
Auditors' remuneration		

The audit fee of £3,825 (2007: £3,825) has been borne by another Group company.

AFFINITY HOSPITALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2008

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
Current taxation		
Group relief	(195,215)	(198,524)
Adjustments in respect of prior years group relief		2,149
	<u>(195,215)</u>	<u>(196,375)</u>
Total current tax	<u>(195,215)</u>	<u>(196,375)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 29.5% (2007 – 30%). The actual tax credit for the current year differs from the standard rate for the reasons set out in the reconciliation below

	2008 £	2007 £
Profit on ordinary activities before tax	<u> </u>	<u> </u>
Tax on profit on ordinary activities at standard rate of 29.5% (2007 – 30%)		
Factors affecting charge for the year:		
Prior year adjustments		2,149
Transfer pricing adjustment	(195,215)	(198,524)
	<u>(195,215)</u>	<u>(196,375)</u>
Total actual amount of current tax	<u>(195,215)</u>	<u>(196,375)</u>

5. INVESTMENTS

	Shares in subsidiary undertakings £
Cost and net book value at 1 July 2007 and 30 June 2008	<u>12,171,333</u>

Subsidiary undertakings	Country of incorporation	Shares owned	%
Affinity Hospitals Limited	England and Wales	Ordinary	100%
Affinity Hospitals Limited in turn owns 100% of the issued share capital of Cheadle Royal Healthcare Limited and Middleton St George Healthcare Limited			
Cheadle Royal Healthcare Limited in turn owns 100% of the issued share capital of both Cheadle Royal Hospital Limited (Dormant) and Cheadle Royal Residential Services Limited			
Subsidiaries' activities are the provision of private healthcare services and incorporated in England and Wales			

AFFINITY HOSPITALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2008

6. DEBTORS

	2008 £	2007 £
Amounts falling due within one year		
Group relief receivable	699,716	504,501
Amounts falling due after one year		
Amounts owed by immediate parent company	1,544,054	1,544,054
	<u>2,243,770</u>	<u>2,048,555</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2008 £	2007 £
Amounts owed to group companies	10,671,599	10,671,599

8. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
350,123 ordinary shares of £1 each	350,123	350,123
Called up and allotted		
350,123 ordinary shares of £1 each	350,123	350,123

9. RESERVES

	Share premium account £	Profit and loss account £
At 1 July 2007	45,881	3,152,285
Profit for the year		195,215
At 30 June 2008	<u>45,881</u>	<u>3,347,500</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2008

10 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2008 £	2007 £
Profit for the financial year	195,215	196,375
Opening shareholder's funds	<u>3,548,289</u>	<u>3,351,914</u>
Closing shareholder's funds	<u>3,743,504</u>	<u>3,548,289</u>

11 ULTIMATE PARENT COMPANY

The immediate holding company is Affinity Hospitals Holding Limited, a company incorporated and registered in Scotland and is itself a wholly owned subsidiary of Affinity Healthcare Limited. In the opinion of the directors, Affinity Healthcare Holdings Limited, a company registered in England and Wales, is the ultimate parent company. Copies of the consolidated financial statements of Affinity Healthcare Holdings Limited can be obtained from their Registered Office, 100 Wilmslow Road, Heald Green, Cheadle, Cheshire, SK8 3DG.

The directors regard Duke Street V Limited as the ultimate controlling party of Affinity Healthcare Holdings Limited.

12 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption included in Financial Reporting Standards No 8 "Related Party Disclosures" for the wholly owned subsidiaries not to disclose transactions with entities that are part of the group.