

**HEALTHCARE ENGLAND LIMITED**

**Report and Financial Statements**

**30 June 2003**

**Deloitte & Touche LLP**  
**Aberdeen**



# **HEALTHCARE ENGLAND LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

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# **HEALTHCARE ENGLAND LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R Russell  
D G Chappell

#### **SECRETARY**

R Russell

#### **REGISTERED OFFICE**

35 Albert Street  
Aberdeen

#### **SOLICITORS**

Paull & Williamsons  
Investment House  
6 Union Row  
Aberdeen

#### **BANKERS**

Bank of Scotland  
*Queen's Cross Branch*  
39 Albyn Place  
Aberdeen

#### **AUDITORS**

Deloitte & Touche LLP  
Aberdeen

# HEALTHCARE ENGLAND LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited company financial statements for the year ending 30 June 2003.

### PRINCIPAL ACTIVITY

Healthcare England Limited 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 £2,326,383 (2002: £65,000) which has been transferred to reserves. No dividend is proposed in respect of the current year (2002: £nil).

### DIRECTORS

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

None of the directors have any interest in the shares of the company. The interests of R Russell and D G Chappell in the ultimate parent company, Healthcare Scotland Limited, are disclosed in the financial statements of that company.

### AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to reappoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors on: 23 January 2004

and signed on behalf of the board



Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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; 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEALTHCARE ENGLAND LIMITED**

We have audited the financial statements of Healthcare England Limited for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 11. 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**

As described in the statement of directors' responsibilities, the company's directors' are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Aberdeen

Date: *23 January 2004*

# HEALTHCARE ENGLAND LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 June 2003

	Note	Year ended 30 June 2003 £	Period ended 30 June 2002 £
Administrative expenses		(40,195)	-
<b>OPERATING LOSS</b>	3	(40,195)	-
Income from group companies	4	2,366,578	65,000
<b>PROFIT FOR THE FINANCIAL YEAR</b>			
<b>TRANSFERRED TO RESERVES</b>	9	2,326,383	65,000

There are no recognised gains or losses for the current or preceding financial year other than as stated above. Accordingly, a statement of total recognised gains and losses has not been prepared.

# HEALTHCARE ENGLAND LIMITED

## BALANCE SHEET

At 30 June 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Investments	5	1,799,487	396,003
<b>CURRENT ASSETS</b>			
Debtors	6	987,900	65,001
<b>NET ASSETS</b>		<u>2,787,387</u>	<u>461,004</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	350,123	350,123
Share premium account	8	45,881	45,881
Profit and loss account	9	<u>2,391,383</u>	<u>65,000</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	<u>2,787,387</u>	<u>461,004</u>

These financial statements were approved by the board of directors on: 23 January 2004

Signed on behalf of the board



Director



# NOTES TO THE ACCOUNTS

Year ended 30 June 2003

## 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted 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 accounts as the results of the company and its subsidiaries are included in the accounts of the ultimate parent company, Healthcare Scotland 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

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

### Deferred taxation

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

	Year ended 30 June 2003 £	Period ended 30 June 2002 £
Directors' remuneration	-	-

R Russell and DG Chappell are directors of the ultimate holding company, Healthcare Scotland Limited and are also both directors of UK Private Healthcare Limited, Affinity Healthcare Limited and Cheadle Royal Healthcare Limited. R Russell is also a director of Cheadle Royal Hospital Limited. It is not practical to allocate their total remuneration for the period between their services as directors of the above companies.

NOTES TO THE ACCOUNTS

Year ended 30 June 2003

3. OPERATING LOSS

	Year ended 30 June 2003 £	Period ended 30 June 2002 £
Operating loss is after charging:		
Auditors remuneration	4,818	-

4. INCOME FROM GROUP COMPANIES

	Year ended 30 June 2003 £	Period ended 30 June 2002 £
Dividends from subsidiary companies	2,366,578	65,000

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge for this year or the prior period

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year exceeds the standard rate for the reasons set out in the reconciliation below:

	2003 £	2002 £
Profit on ordinary activities before tax	2,326,383	65,000
Tax on profit on ordinary activities at standard rate	(697,915)	(19,500)
<b>Factors affecting charge for the period:</b>		
Expenses not deductible for tax purposes	(12,058)	-
UK dividend income	709,973	19,500
Total actual amount of current tax	-	-

NOTES TO THE ACCOUNTS

Year ended 30 June 2003

5. INVESTMENTS

	Shares in subsidiary undertakings £
<b>Cost and NBV</b>	
At 1 July 2002	396,003
Additions	1,403,484
At 30 June 2003	<u>1,799,487</u>

Subsidiary undertakings	Country of operation	Shares owned	%
UK Private Healthcare Limited	Scotland	Ordinary	100.00
Affinity Healthcare Limited	England	Ordinary	73.28

The investment during the year represents additional shares purchased in Affinity Healthcare Limited.

Affinity Healthcare Limited in turn owns 100% of the issued share capital of Cheadle Royal Healthcare Limited, Middleton St George Healthcare Limited (formerly Trees Park Healthcare Limited) and Affinity Healthcare Clinical Research Limited.

Subsidiaries' activities are the provision of private healthcare services.

NOTES TO THE ACCOUNTS

Year ended 30 June 2003

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 30 June 2003 £	Period ended 30 June 2002 £
Amounts owed by parent company	987,899	65,000
Unpaid share capital	1	1
	<u>987,900</u>	<u>65,001</u>

7. CALLED UP SHARE CAPITAL

	Year ended 30 June 2003 £	Period ended 30 June 2002 £
<b>Authorised</b>		
350,123 ordinary shares of £1 each	<u>350,123</u>	<u>350,123</u>
<b>Called up and allotted</b>		
350,123 ordinary shares of £1 each	<u>350,123</u>	<u>350,123</u>

Included in called up and allotted share capital is 1 ordinary share which is unpaid.

8. RESERVES

	Share Premium Account £	Profit and Loss Account £
At 1 July 2002	45,881	65,000
Profit for the year	-	2,326,383
At 30 June 2003	<u>45,881</u>	<u>2,391,383</u>

# HEALTHCARE ENGLAND LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 June 2003

### 9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2003 £
Profit for the financial period	2,326,383
Opening shareholders' funds	461,004
	<hr/>
Closing shareholders' funds	2,787,387
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### 10. ULTIMATE PARENT COMPANY

The ultimate parent company is Healthcare Scotland Limited. Copies of the financial statements of the parent company may be obtained from Healthcare Scotland Limited, 35 Albert Street, Aberdeen, AB25 1XU.

The company has taken advantage of paragraph 3(c) of FRS8 (Related Party Disclosures) which allows exemption from disclosure of related party transactions with group companies.