

**EAST KENT MEDICAL SERVICES LIMITED**

**Financial Statements**

**For the year ended 31 March 2013**

THURSDAY



\*A2M2KXWA\*

A05

28/11/2013

#300

COMPANIES HOUSE

**Company Registration Number: 03130118**

**EAST KENT MEDICAL SERVICES LIMITED**  
**Financial statements for the year ended 31 March 2013**

---

<b>Contents</b>	<b>Pages</b>
Directors, officers and advisers	1
Directors' report	2-4
Independent Auditors' report	5-6
Profit and loss account	7
Note of historical cost profits and losses	8
Balance sheet	9
Notes to the financial statements	10-16
Detailed profit and loss account	17-19

**EAST KENT MEDICAL SERVICES LIMITED**

**Directors, officers and advisers**

---

**Directors**

N D T Martin  
E A Shutler  
D Daw  
I Stephen  
L Barker  
S A J Bain  
J Buggle  
P J Murphy

**Secretary and registered office**

S J Pompeus  
The Spencer Wing  
Ramsgate Road  
Margate  
Kent CT9 4BG

**Registered number**

03130118

**Principal place of business**

The Spencer Wing  
The Queen Elizabeth The Queen Mother Hospital  
Ramsgate Road  
Margate  
Kent CT9 4BG

**Auditors**

Day, Smith & Hunter  
Globe House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

**EAST KENT MEDICAL SERVICES LIMITED**  
**Directors' report for the year ended 31 March 2013**

---

The directors present their report and the financial statements of the company for the year ended 31 March 2013

**Principal activity**

The principal activity of the company is the operation and management of a private hospital located in the grounds of an NHS hospital in Margate, Kent

**Review of the business**

This business review forms part of the directors' report. Its function is to provide a balanced and comprehensive review of the company's performance and development during the year and its position at the year end. The review also covers the principal risks and uncertainties faced by the company.

*Development and performance of the company*

Turnover has reduced this year by 4 per cent to £9,444,341. The directors consider the loss on ordinary activities before taxation to be acceptable in the light of difficult trading conditions.

*Principal risks and uncertainties*

The company maintains close links with its major customers and provides added value services to manage risk from potential competition.

*Key performance indicators*

The KPIs used to determine the progress and performance of the company are set out below.

Operating profit

The company's operating loss of £710,417 (2012: profit £7,008) reflects a difficult trading period for the company.

Patient admissions

Patient admissions at 4,946 (2012: 3,698) showed an encouraging position.

Outpatient attendances

Outpatient attendances at 20,708 (2012: 19,086) were also encouraging.

*Employees*

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 11.

*Financial Instruments*

The company's principal financial instruments comprise trade debtor balances, bank balances, loans and trade creditors. The main purpose of these instruments is to raise funds for and to finance the company's operations.

Trade debtor and trade creditor liquidity risks are managed by ensuring credit terms are adhered to and liquid funds are available when needed.

Loans are managed to ensure liquid funds are available to meet cash flow needs.

## **EAST KENT MEDICAL SERVICES LIMITED**

### **Directors' report for the year ended 31 March 2013 (continued)**

---

#### **Results and dividends**

The results for the year are shown on the profit and loss account on page 7 The loss for the year after taxation was £1,082 (2011 £117,802 profit)

No dividends were paid during the year

#### **Directors**

The directors who served during the year were

N D T Martin (appointed 3 December 2012)  
E A Shutler (appointed 3 December 2012)  
D Daw  
I Stephen  
L Barker  
S A J Bain (appointed 3 December 2012)  
C Holme (resigned 3 December 2012)  
J Buggle (appointed 3 December 2012)  
D A Osborne (resigned 1 April 2012)  
P J Murphy (appointed 3 December 2012)

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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

#### **Fixed assets**

The movements in fixed assets are disclosed in note 9 to the financial statements

**EAST KENT MEDICAL SERVICES LIMITED**

**Directors' report for the year ended 31 March 2013 (continued)**

---

**Disclosure of information to auditors**

To the knowledge and belief of the directors, there is no relevant information that the company's auditors are not aware of, and the directors have taken all the steps necessary to ensure the directors are aware of any relevant information, and to establish that the company's auditors are aware of the information

**Auditors**

A resolution to reappoint Day, Smith & Hunter as auditors of the company will be proposed at the forthcoming annual general meeting

**Signed on behalf of the board**



**D DAW**  
**Director**

Approved by the Board on 17.10.13

## **EAST KENT MEDICAL SERVICES LIMITED**

### **Independent auditors' report to the members of East Kent Medical Services Limited**

---

We have audited the financial statements of East Kent Medical Services Limited for the year ended 31 March 2013 which are set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and applicable accounting standards (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 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 and express an opinion on 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on 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 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

**EAST KENT MEDICAL SERVICES LIMITED**

**Independent auditors' report to the members of East Kent Medical Services Limited (continued)**

---

**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

**Roy Coates (Senior Statutory Auditor)  
for and on behalf of Day, Smith & Hunter,  
Chartered Accountants  
Statutory Auditor**

Globe House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

7/10/2013



**EAST KENT MEDICAL SERVICES LIMITED**  
**Profit and loss account for the year ended 31 March 2013**

	Notes	2013	2012
		£	£
<b>Turnover</b>	2	9,444,341	9,888,688
Cost of sales		8,671,486	9,072,658
<b>Gross profit</b>		772,855	816,030
Administrative expenses		1,488,101	814,492
Other operating income		4,829	5,470
		1,483,272	809,022
<b>Operating (loss)/profit</b>	3	(710,417)	7,008
Other interest receivable and similar income		1,093	1,378
Interest payable and similar charges	6	(84,499)	(5,398)
<b>(Loss)/profit on ordinary activities before taxation</b>		(793,823)	2,988
Taxation on loss on ordinary activities	7	(110,703)	4,070
<b>Loss for the financial year</b>	15	(683,120)	(1,082)

None of the company's activities was acquired or discontinued during the above two periods

The notes on pages 10 to 16 form part of these financial statements

**EAST KENT MEDICAL SERVICES LIMITED**

**Note of historical costs profit and losses  
for the year ended 31 March 2013**

	<u>Note</u>	<u>2013</u>	<u>2012</u>
		<u>£</u>	<u>£</u>
<b>Reported (loss)/profit on ordinary activities before taxation</b>		<b>(793,823)</b>	<b>2,988</b>
Difference between a historical cost depreciation charge and the actual depreciation charge on the revalued amount		<u>32,208</u>	<u>37,896</u>
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>		<u><b>(761,615)</b></u>	<u><b>40,884</b></u>
<b>Historical cost (loss)/profit for the year retained after taxation and dividends</b>		<u><b>(650,912)</b></u>	<u><b>36,814</b></u>

# EAST KENT MEDICAL SERVICES LIMITED

## Balance sheet at 31 March 2013

	Notes	2013		2012	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		2,871,763		2,968,731
<b>Current assets</b>					
Debtors	10	1,056,494		2,954,469	
Cash at bank and in hand		192,465		126,854	
		1,248,959		3,081,323	
<b>Creditors</b> amounts falling due within one year	11	(3,067,360)		(3,534,068)	
<b>Net current liabilities</b>			(1,818,401)		(452,745)
<b>Total assets less current liabilities</b>			1,053,362		2,515,986
<b>Creditors</b> amounts falling due after more than one year	12		(144,607)		(888,459)
<b>Provision for liabilities</b>	13		-		(110,703)
<b>Net assets</b>			908,755		1,516,824
<b>Capital and reserves</b>					
Called up share capital	14		560,000		560,000
Revaluation reserve	15		534,764		491,921
Profit and loss account	15		(186,009)		464,903
<b>Shareholders' funds</b>	16		908,755		1,516,824

Approved by the board of directors on 17 10 13 and signed on its behalf

D Daw D Daw - Director

Company Registration Number: 03130118

The notes on pages 10 to 16 form part of these financial statements

# EAST KENT MEDICAL SERVICES LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 1 Accounting policies

#### a) Basis of accounting

The financial statements are prepared under the historical cost basis of accounting, modified to include the revaluation of leasehold property, and have been prepared in accordance with applicable accounting standards

The company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it is a wholly owned subsidiary

#### b) Turnover

Turnover represents net invoiced sales of goods and services

#### c) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Leasehold property	over 32 years
Plant, machinery and equipment	6.67% to 20% on cost

Leasehold property is revalued periodically and was last subject to an independent professional valuation on 1 December 2012

#### d) Goodwill

Goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal instalments over its estimated useful economic life

#### e) Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as they fall due

#### f) Pension scheme

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions payable by the company in the period.

### 2 Turnover

The turnover and loss before taxation are attributable to the one principal activity of the company

	2013	2012
	£	£
<b>Class of business</b>		
Clinical and prosthesis income	<u>9,444,341</u>	<u>9,888,688</u>

### 3 Operating profit

This is stated after charging

	2013	2012
	£	£
Depreciation	171,198	163,387
Loss on disposal of tangible fixed assets	140,474	-
Auditors' remuneration	13,090	21,665
Auditors' remuneration - fees for non audit services	8,705	16,103
Operating lease rentals - land and buildings	<u>9,001</u>	<u>4,829</u>

**EAST KENT MEDICAL SERVICES LIMITED**

**Notes to the financial statements for the year ended 31 March 2013 (continued)**

**4 Employee information**

	2013	2012
	£	£
<b>Staff costs (excluding recharges).</b>		
Wages and salaries	2,581,029	2,538,664
Social security costs	220,209	217,387
Other pension costs	21,351	20,214
	<u>2,822,589</u>	<u>2,776,265</u>

Wages and salaries include the cost of agency staff of £174,706 (2012 £156,627)

The average number of persons employed during the year, including executive directors, was made up as follows

	2013	2012
	£	£
Management	5	6
Administration and clerical	28	28
Nursing and clinical	157	156
Hotel services	13	12
	<u>203</u>	<u>202</u>

Of the total employees, 90 (2012 91) were permanent contracted staff (48 Nursing and clinical plus 5 Management, 27 Administration and clerical and 10 Hotel services) and 113 (2012 111) were flexi-bank staff. Figures relate to the number of employees and not to full time equivalents.

**5 Directors' emoluments**

	2013	2012
	£	£
Emoluments	184,120	191,378
Company contributions to money purchase pension schemes	6,128	1,517
	<u>190,248</u>	<u>192,895</u>

The number of directors who were accruing benefits under company pension schemes were as follows

Money purchase schemes	<u>1</u>	<u>2</u>
------------------------	----------	----------

**6 Interest payable and similar charges**

	2013	2012
	£	£
<b>In respect of loans repayable within five years.</b>		
On loan to immediate parent undertaking	78,483	-
On obligations under finance lease and hire purchase	2,022	340
	<u>80,505</u>	<u>340</u>
<b>In respect of loans repayable after five years</b>		
On loan to ultimate parent undertaking	3,994	5,058
	<u>84,499</u>	<u>5,398</u>

# EAST KENT MEDICAL SERVICES LIMITED

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 7 Taxation on profit on ordinary activities

	2013	2012
	£	£
United Kingdom corporation tax at 20%	-	-
Deferred taxation (note 13)	(110,703)	4,070
	<u>(110,703)</u>	<u>4,070</u>
Profit on ordinary activities before taxation	<u>(793,823)</u>	<u>2,988</u>
<b>Factors affecting tax charge for the period</b>		
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2012 21%)	(158,765)	598
Effects of		
Expenses not deductible for tax purposes	-	(324)
Depreciation in excess of capital allowances	40,532	10,679
Corporation tax losses carried forward	118,233	-
Group relief	-	(10,953)
Current tax charge for the year	<u>-</u>	<u>-</u>

### 8 Intangible fixed assets

	Goodwill
	£
<b>Cost:</b>	
At 1 April 2012 and 31 March 2013	37,642
<b>Amortisation</b>	
At 1 April 2012 and 31 March 2013	37,642
<b>Net book value.</b>	
At 31 March 2013	<u>-</u>

### 9 Tangible fixed assets

	Plant, machinery and equipment	Leasehold property	Total
	£	£	£
<b>Cost or valuation:</b>			
At 1 April 2012	915,741	3,102,609	4,018,350
Additions	135,333	4,320	139,653
Disposals	(433,789)	-	(433,789)
Revaluation	-	75,051	75,051
At 31 March 2013	<u>617,285</u>	<u>3,181,980</u>	<u>3,799,265</u>
<b>Depreciation</b>			
At 1 April 2012	656,340	393,279	1,049,619
Provision for the year	70,244	100,954	171,198
Adjustments for disposals	(293,315)	-	(293,315)
At 31 March 2013	<u>433,269</u>	<u>494,233</u>	<u>927,502</u>
<b>Net book value</b>			
At 31 March 2013	<u>184,016</u>	<u>2,687,747</u>	<u>2,871,763</u>
At 31 March 2012	<u>259,401</u>	<u>2,709,330</u>	<u>2,968,731</u>

# **EAST KENT MEDICAL SERVICES LIMITED**

## **Notes to the financial statements for the year ended 31 March 2013 (continued)**

### **9 Tangible fixed assets (continued)**

Included within plant, machinery and equipment are assets held under finance leases or hire purchase contracts with a net book value of £96,354 (2012 £41,380)

The depreciation charge for the year includes £11,348 (2012 £34,822) in respect of assets held under finance leases or under hire purchase contracts

The leasehold property was revalued on an existing use basis as at 1 December 2012 by Boshier & Company Chartered Surveyors. If shown on a historical cost basis the leasehold property would be stated as follows

	2013	2012
	£	£
Cost	3,014,924	3,010,604
Depreciation	861,941	793,195
	<u>2,152,983</u>	<u>2,217,409</u>

The total amount of finance costs included in the cost of tangible fixed assets is £108,522 (2012 £108,522)

### **10 Debtors**

	2013	2012
	£	£
Trade debtors	958,236	2,691,183
Other debtors	-	133,511
Amount owed by group companies	-	32,518
Prepaid expenses and accrued income	98,258	97,257
	<u>1,056,494</u>	<u>2,954,469</u>

### **11 Creditors: amounts falling due within one year**

	2013	2012
	£	£
Trade creditors	1,998,589	3,177,909
Amount owed to parent undertaking	895,196	-
Loan	3,685	3,416
Other creditors	2,640	116,846
Other tax and social security	68,568	84,266
Obligations under finance leases and hire purchase contracts	30,439	530
Accruals and deferred income	68,243	151,101
	<u>3,067,360</u>	<u>3,534,068</u>

**EAST KENT MEDICAL SERVICES LIMITED**

**Notes to the financial statements for the year ended 31 March 2013 (continued)**

**12 Creditors: amounts falling due after more than one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<b>65,715</b>	-
Amount owed to parent undertaking	-	805,774
Loan	<b>78,892</b>	82,685
	<b>144,607</b>	<b>888,459</b>
<b>Analysis of loan repayments</b>		
Loan		
Within one year or on demand	<b>3,685</b>	3,416
Between one and two years	<b>3,945</b>	3,678
Between two and five years	<b>13,395</b>	12,607
In five years or more	<b>61,552</b>	66,400
Commitments under finance leases and hire purchase agreements		
Within one year or on demand	<b>30,439</b>	530
Between two and five years	<b>65,715</b>	-
	<b>178,731</b>	86,631
<i>Less</i> amounts included in current liabilities (note 11)	<b>(34,124)</b>	(3,946)
	<b>144,607</b>	<b>82,685</b>

Obligations under finance leases and hire purchase contracts are secured on the underlying assets

The loan is from East Kent Hospitals University NHS Foundation Trust and is repayable in equal instalments over 20 years until March 2028 and bears interest at 4% above bank base rate. The loan is secured by a debenture over the assets of the company.

The amount due to Healthex Limited is secured by a debenture over the assets of the company.

**13 Provisions for liabilities**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	-	110,703
Provision at start of year	110,703	
Deferred tax charge in profit and loss account for year (note 7)	(110,703)	
Provision at end of year	-	

**14 Called up share capital**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<b>560,000</b>	560,000



# EAST KENT MEDICAL SERVICES LIMITED

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 15 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 April 2012	491,921	464,903
Loss for the year	-	683,120
Difference between an historical depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(32,208)	32,208
Arising on revaluations in year	75,051	-
At 31 March 2013	<u>534,764</u>	<u>(186,009)</u>

### 16 Reconciliation of movement in shareholders' funds

	2013	2012
	£	£
Loss for the year	(683,120)	(1,082)
Other recognised gains and losses	75,051	-
Net reduction in shareholders' funds	(608,069)	(1,082)
Shareholders' funds at 1 April 2012	1,516,824	1,517,906
Shareholders' funds at 31 March 2013	<u>908,755</u>	<u>1,516,824</u>

### 17 Leasing commitments

#### Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 March 2013 were as set out below

	31 March 2012		31 March 2011	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
Within two to five years	-	18,271	-	19,991
Over five years	14,829	-	4,829	-
	<u>14,829</u>	<u>18,271</u>	<u>4,829</u>	<u>19,991</u>

The company entered into a 99 year lease, dated March 1998, for the occupation of the leasehold premises. The rent payable is £4,829. The company has also entered into an under-lease for the same premises and under that lease, rentals receivable will be equal to the committed rental payments.

### 18 Related parties

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

## **EAST KENT MEDICAL SERVICES LIMITED**

### **Notes to the financial statements for the year ended 31 March 2013 (continued)**

---

#### **19 Pension commitments and other post-retirement benefits**

##### **Defined contribution scheme**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to £21,351 (2012 £20,214).

#### **20 Ultimate parent undertaking**

The company is a 100% subsidiary of Healthex Limited (incorporated in the UK) and was ultimately controlled by Invicta Hospitals Project Limited until the sale of the shares in Healthex Limited on 3 December 2012. After this date the ultimate controlling party is East Kent Hospitals University NHS Foundation Trust, the parent company of Healthex Limited.

Group accounts are prepared by East Kent Hospitals University NHS Foundation Trust.