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HARLEY STREET CANCER CLINIC LIMITED

Report and Accounts

31 December 2007

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19/09/2008
COMPANIES HOUSE

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Harley Street Cancer Clinic Limited

Registered No 3153595

DIRECTORS

J Loyal

M Neeb

J M Petkas (appointed 16 March 2007)

SECRETARY

J Loyal

AUDITORS

Ernst & Young LLP

1 More London Place

London SE1 2AF

BANKERS

Barclays Bank PLC

St John's Wood & Swiss Cottage Branch

P O Box 2764

London NW3 6JD

Bank of America

5 Canada Square

London E14 5AQ

REGISTERED OFFICE

242 Marylebone Road

London NW1 6JL

Harley Street Cancer Clinic Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2007

RESULTS AND DIVIDENDS

The company made a profit after taxation during the year ended 31 December 2007 of £889,000 (2006 £5,199,000)

The directors do not recommend a dividend for the year (2006 £8,500,000)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity continues to be the operation of a cancer clinic and related activities

The company's key financial and other performance indicators during the year were as follows

	2007 £000	2006 £000	Change
Turnover	12,352	10,836	+14%
Operating profit	6,938	5,697	+22%
Outpatient visits	20,538	19,273	+7%
Average number of employees	47	46	+2%

Turnover increased by 14% during the year, as a result of an increase in outpatient visits. Staff and drug costs and other supplies have also increased with the higher level of activity, resulting in an overall increase in operating profit of 22%.

The directors do not expect any significant changes in performance over the coming year.

Principal risks and uncertainties

The principal risk arising from the company's business is the uncertainty of medical indemnities. However, the company's exposure in this area has been reviewed independently by external professional actuaries and the company has provided in the accounts in line with their assessment.

Future developments

The company does not plan any changes in activities in the foreseeable future.

DIRECTORS' REPORT

DIRECTORS

The directors of the company who served during the year ended 31 December 2007 were as follows

J Loyal
M Neeb
J M Petkas (appointed 16 March 2007)

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

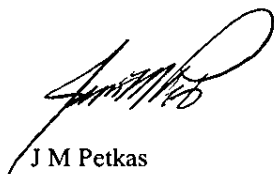
The directors who were members of the board at the time of approving the Directors' Report are listed on page 1

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

The company has passed an elective resolution dispensing with the need to reappoint auditors annually

On behalf of the board



J M Petkas
Director

19 September 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual 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). 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 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 United Kingdom 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.

Harley Street Cancer Clinic Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARLEY STREET CANCER CLINIC LIMITED

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. 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 United Kingdom law and 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 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 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 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.

Harley Street Cancer Clinic Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARLEY STREET CANCER CLINIC LIMITED

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 31 December 2007 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



Ernst & Young LLP
Registered Auditor
London

19 September 2008

Harley Street Cancer Clinic Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
TURNOVER	2	12,352	10,836
Operating charges		<u>(5,414)</u>	<u>(5,139)</u>
OPERATING PROFIT		6,938	5,697
Interest receivable and similar income	3	135	237
Interest payable and other financial expenditure	4	<u>(2,087)</u>	<u>(389)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,986	5,545
Tax on profit on ordinary activities	8	<u>(4,097)</u>	<u>(346)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>889</u>	<u>5,199</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit of £889,000 for the year ended 31 December 2007 (2006 £5,199,000) included above

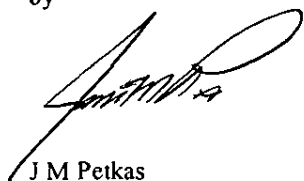
Harley Street Cancer Clinic Limited

BALANCE SHEET

at 31 December 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
CURRENT ASSETS			
Debtors	9	43,862	25,848
Cash at bank and in hand		-	24,049
		<u>43,862</u>	<u>49,897</u>
Creditors amounts falling due within one year	10	<u>(41,652)</u>	<u>(48,574)</u>
NET CURRENT ASSETS		<u>2,210</u>	<u>1,323</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,210</u>	<u>1,323</u>
PROVISION FOR LIABILITIES AND CHARGES	11	<u>(21)</u>	<u>(23)</u>
		<u>2,189</u>	<u>1,300</u>
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Capital reserve	14	300	300
Profit and loss account	14	<u>1,888</u>	<u>999</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u>2,189</u>	<u>1,300</u>

These accounts were approved by the board of directors on 19 September 2008 and signed on its behalf by



J M Petkas
Director

NOTES TO THE ACCOUNTS

at 31 December 2007

1 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice

The accounting policies adopted by the company are set out below and are consistent with the previous year

Deferred 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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying time difference can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Turnover

Turnover consists primarily of net health care service revenues that are recorded based upon established billing rates less allowances for contractual adjustments. Estimates of contractual allowances under managed health care plans are based upon terms specified in the related contractual agreement

Turnover is recorded during the period the health care services are provided

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains and losses are included in operating profit

Pension costs

The contributions to the HCA International Limited Final Salary Pension Scheme are charged to the profit and loss account as they become payable with the rules of the scheme, as the company is only required to make contributions for the regular cost and therefore accounts for its contributions on a defined contribution basis

Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable. The company provides no other post retirement benefits to its employees

Cash flow statement

In accordance with FRS 1 (Revised) these accounts do not include a cash flow statement, as the company is a wholly owned subsidiary of a parent undertaking whose accounts include a consolidated cash flow statement and are publicly available

Harley Street Cancer Clinic Limited

NOTES TO THE ACCOUNTS

at 31 December 2007

2 TURNOVER

Turnover, which is stated net of value added tax and discounts, represents the invoiced value of services provided

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Bank interest receivable	125	151
Interest receivable on overpaid tax	10	86
	<u>135</u>	<u>237</u>

4. INTEREST PAYABLE AND OTHER FINANCIAL EXPENDITURE

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Interest payable on intercompany loans	2,087	322
Other finance costs	-	67
	<u>2,087</u>	<u>389</u>

5. AUDITORS' REMUNERATION

The auditors of the company are also the auditors of HCA International Limited and are remunerated in respect of their services to the company by HCA International Limited. The audit fee for the company was £23,000 (2006 £20,500)

6 DIRECTORS' REMUNERATION

The directors of the company are also directors of other undertakings within the HCA group of companies. The directors' remuneration was paid by HCA International Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the other undertakings.

Harley Street Cancer Clinic Limited

NOTES TO THE ACCOUNTS

at 31 December 2007

7. STAFF COSTS

The average number of persons employed by the company during the year was 47 (2006 46)

Employment costs of all employees comprised

	2007	2006
	£000	£000
Wages and salaries	2,225	2,194
Social security costs	235	220
Other pension costs	44	44
	<u>2,504</u>	<u>2,458</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge/ (credit) in the year

	2007	2006
	£000	£000
UK current tax		
UK corporation tax	2,021	-
Tax underprovided in prior years	2,059	349
Total current tax	<u>4,080</u>	<u>349</u>
UK deferred tax		
Origination and reversal of timing differences	22	(3)
Deferred tax underprovided in prior years	(5)	
Total deferred tax	<u>17</u>	<u>(3)</u>
Tax charge on profit on ordinary activities	<u>4,097</u>	<u>346</u>

Harley Street Cancer Clinic Limited

NOTES TO THE ACCOUNTS

at 31 December 2007

8 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	2007 £000	2006 £000
Profit on ordinary activities before tax	4,986	5,545
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	1,496	1,663
Effect of		
Disallowed expenses and non taxable income	547	1
Other timing differences	(22)	3
Adjustments in respect of prior periods	2,059	349
Group relief received for no consideration	-	(1,667)
Total current tax for the year	4,080	349

(c) Factors that may affect future tax charges:

From financial year 1 April 2008, the UK corporation tax rate will reduce from 30% to 28%

9 DEBTORS

	2007 £000	2006 £000
Amounts receivable within one year		
Trade debtors	1,643	1,455
Amounts due from group undertakings	17,887	-
Amounts due from parent undertakings	23,975	23,975
Corporation tax recoverable	-	76
Deferred taxation	-	17
Prepayments and accrued income	357	325
	43,862	25,848

Harley Street Cancer Clinic Limited

NOTES TO THE ACCOUNTS

at 31 December 2007

10 CREDITORS: amounts falling due within one year

	2007	2006
	£000	£000
Amounts due to other group undertakings	36,876	48,270
Corporation tax payable	4,122	-
Accruals and deferred income	654	304
	<u>41,652</u>	<u>48,574</u>

11 PROVISION FOR LIABILITIES AND CHARGES

	2007
	£000
Provision at the start of the year	23
Released during the year	(2)
Provision at the end of the year	<u>21</u>

The provision is held to cover any retained medical indemnity provisions. External professional actuaries have performed an independent review of the exposure of Harley Street Cancer Clinic to such liabilities and the provision held is in line with their assessment. The timing of cash outflows associated with medical indemnity liabilities cannot be reasonably determined.

12. PENSION COMMITMENTS

Defined contribution scheme

The company participates in a group defined contribution scheme in the UK, the HCA International Limited Staff Retirement Benefits Scheme. The pension cost for the year was £25,000 (2006 £24,000). There were no outstanding contributions as at 31 December 2007 (2006 £nil).

Defined benefit scheme

The company participates in a group funded defined benefit scheme in the UK, the HCA International Limited Final Salary Pension Scheme. The scheme is set up under a separate trust fund and the assets of the scheme are held separately from those of the group. The company's fellow group undertaking HCA International Limited is the sole participating employer in the scheme. The company is only required to make contributions for the regular cost and therefore accounts for its contributions on a defined contribution basis. The pension cost charged to the profit and loss account is calculated by an independent qualified actuary. The pension cost for the year was £19,000 (2006 £20,000).

Harley Street Cancer Clinic Limited

NOTES TO THE ACCOUNTS

at 31 December 2007

13. SHARE CAPITAL

	2007 £	2006 £
Authorised		
160 "A" shares at £1	160	160
270 "B" shares at £1	270	270
270 "C" shares at £1	270	270
	<u>700</u>	<u>700</u>
Allotted, called up and fully paid		
75 "A" shares at £1	75	75
270 "B" shares at £1	270	270
270 "C" shares at £1	270	270
	<u>615</u>	<u>615</u>

The "A", "B" and "C" shares rank in all respects as a single class of shares "B" and "C" shareholders are corporate shareholders and may not transfer shares except to a member of the same group

14 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2006	1	300	4,300	4,601
Profit for the year	-	-	5,199	5,199
Dividends	-	-	(8,500)	(8,500)
At 1 January 2007	<u>1</u>	<u>300</u>	<u>999</u>	<u>1,300</u>
Profit for the year	-	-	889	889
At 31 December 2007	<u>1</u>	<u>300</u>	<u>1,888</u>	<u>2,189</u>

15 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with entities that are part of the group, where 90% or more of the voting rights of those entities are controlled within the group

16. PARENT UNDERTAKING

The company's immediate parent undertaking is HCA International Holdings Limited, a company registered in England and Wales. Copies of the immediate parent undertaking's accounts are available from 242, Marylebone Road, London NW1 6JL.

The company's ultimate parent undertaking is HCA Inc, which is incorporated in the United States of America. Copies of the parent's consolidated accounts can be obtained from Investor Relations, P O Box 550, Nashville TN37202-0550, USA.