

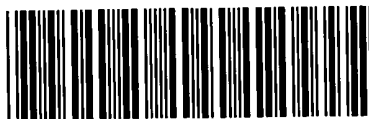
Registered No. 06360276

**GALEN HEALTH PARTNERS LIMITED**

Report and Financial Statements

31 December 2016

MONDAY



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COMPANIES HOUSE

# Galen Health Partners Limited

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Registered No. 06360276

## COMPANY INFORMATION

### DIRECTORS

D L Burr  
M T Neeb  
T F Pritchard  
S M Rainey  
J R Midkiff

### SECRETARY

J Loyal

### AUDITORS

Ernst & Young LLP  
Apex Plaza  
Forbury Road  
Reading  
RG1 1YE

### BANKERS

Barclays Bank PLC  
St John's Wood & Swiss Cottage Branch  
P O Box 2764  
London  
NW3 6JD

### REGISTERED OFFICE

242 Marylebone Road  
London  
NW1 6JL

# Galen Health Partners Limited

Registered No. 06360276

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2016.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is the provision of administration services to medical practitioners and their partnerships. The key financial performance indicators were as follows:

	2016 £000	2015 £000	Change %
Turnover	989	563	75.7%
Operating loss	(616)	(483)	(27.5%)

Turnover increased by £426,000 during the year to £989,000 (2015: £563,000) due to increased levels of administration services demanded. However, the company has continued to be loss making with reported operating losses of £616,000 (2015: loss £483,000) which is driven by higher operating charges.


The company has no key performance indicators other than those above.

The company will continue to provide its current services into the foreseeable future and has the support of its immediate parent.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the company is the inability to repay intercompany balances. This risk is minimised following a commitment from the HCA UK group to provide support where required.

On behalf of the board



J R Midkiff  
Director

13 September 2017

# Galen Health Partners Limited

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Registered No. 06360276

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2016.

### REVIEW OF THE BUSINESS

A review of the business has been provided in the Strategic Report.

### DIVIDENDS

The directors do not propose any dividend for the year (2015: £nil).

### DIRECTORS

The directors of the company who served during the year ended 31 December 2016 were as follows:

D L Burr  
M T Neeb  
S M Rainey (appointed 5 August 2016)  
J R Bugos (resigned 12 August 2016)  
T F Pritchard (appointed 22 August 2016)  
M R Pierson (resigned 5 August 2016)  
J R Midkiff (appointed 1 September 2016)

### DIRECTORS INDEMNITY

The company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the directors' report.

### FUTURE DEVELOPMENTS

There are no plans to change the activities of the company.

### EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events affecting the company have occurred since the end of the reporting period.

### GOING CONCERN

The company has received a commitment of financial support from its parent undertaking, HCA UK Holdings Limited, and therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### 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.

# Galen Health Partners Limited

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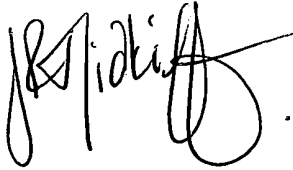
Registered No. 06360276

## DIRECTORS' REPORT (CONTINUED)

### AUDITORS

In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP will continue as auditor of the company.

On behalf of the board

A handwritten signature in black ink, appearing to read 'J R Midkiff', with a large, stylized flourish at the end.

J R Midkiff  
Director

13 September 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 to 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.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALEN HEALTH PARTNERS LIMITED

We have audited the financial statements of Galen Health Partners Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

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 auditor's 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 5, 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 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALEN HEALTH PARTNERS LIMITED (CONTINUED)

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.

Ernst & Young LLP

Ian Oliver (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading

14 September 2017



# Galen Health Partners Limited

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
<b>TURNOVER</b>	<b>2</b>	<b>989</b>	<b>563</b>
Administrative expenses		(1,605)	(1,046)
<b>OPERATING LOSS</b>	<b>3</b>	<b>(616)</b>	<b>(483)</b>
<b>INTEREST PAYABLE</b>	<b>5</b>	<b>(100)</b>	<b>(66)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(716)</b>	<b>(549)</b>
Tax on loss on ordinary activities	<b>6</b>	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(716)</b>	<b>(549)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(716)</b>	<b>(549)</b>

All activities relate to continuing operations.

# Galen Health Partners Limited

## STATEMENT OF FINANCIAL POSITION at 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
<b>CURRENT ASSETS</b>			
Inventory	7	-	150
Debtors	8	243	263
Cash at bank and in hand		24	1,093
		<u>267</u>	<u>1,506</u>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(2,391)</u>	<u>(2,914)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,124)</u>	<u>(1,408)</u>
<b>NET LIABILITIES</b>		<u>(2,124)</u>	<u>(1,408)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	-	-
Profit and loss account		(2,124)	(1,408)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		<u>(2,124)</u>	<u>(1,408)</u>

These accounts were approved by the board of directors on <sup>12</sup> September 2017 and signed on its behalf by:



J R Midkiff  
Director  
Registered No.06360276

## Galen Health Partners Limited

### STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2016

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 2015	-	(859)	(859)
Loss for the year	-	(549)	(549)
At 1 January 2016	-	(1,408)	(1,408)
Loss for the year	-	(716)	(716)
At 31 December 2016	-	(2,124)	(2,124)

# Galen Health Partners Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

### 1. ACCOUNTING POLICIES

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

#### *Statement of compliance*

Galen Health Partners Limited is a company incorporated in England.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2016.

The results of Galen Health Partners Limited are included in the consolidated financial statements of HCA Healthcare Inc, a company incorporated in the United States of America.

#### *Basis of preparation*

The financial statements were authorised for issue by the Board of Directors on 13 September 2017.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company, and rounded to the nearest £'000.

The company has taken advantage of the following exemptions under FRS 102:

- (a) the requirements of section 4 *Statement of Financial Position* paragraph 4.12 (a)(iv)
- (b) the requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17
- (c) the requirements of Section 11 *Basic Financial Instruments* paragraphs 11.39 to 11.48A and Section 12 *Other Financial Instrument Issues* paragraphs 12.26 to 12.29
- (d) the requirement of Section 33 *Related Party Disclosures* paragraph 33.7

#### *Going concern*

The company has received a commitment of financial support from its parent undertaking, HCA UK Holdings Limited, and therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Significant accounting judgements, estimates and assumptions*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the statement of financial position date:

#### *Impairment*

Where there are indicators of impairment of trade and other receivables, the company performs an impairment review based on the aging of the individual balances outstanding and taking into account the probability of non-payment by the debtors

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
at 31 December 2016

**1. ACCOUNTING POLICIES (CONTINUED)**

*Significant accounting judgements, estimates and assumptions (continued)*

*Revenue recognition*

The company provides a wide range of treatments and services to patients with private medical insurance. Management assesses the contractual agreements and makes estimates regarding expected discounts and rebates, which are revisited on a regular basis for reasonableness. Revenue is reported net of the provisions made for such discounts and rebates.

*Significant accounting policies*

*Revenue*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

*Rendering of services*

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

Turnover is recorded during the period the services are provided.

*Financial Assets*

*Initial recognition and measurement*

The company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the statement of comprehensive income. The losses arising from impairment are recognised in the income statement in administrative expenses.

*Derecognition of financial assets*

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Impairment of financial assets*

The company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2016

**1. ACCOUNTING POLICIES (CONTINUED)**

*Financial Assets (continued)*

*Impairment of financial assets (continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*Financial liabilities*

*Initial recognition and measurement*

The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

*Interest bearing loans and borrowings*

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

*Derecognition of financial liabilities*

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

*Inventory*

Inventory, which consists mainly of software licenses, are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less costs to sell.

*Taxation*

Current 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 reporting date.

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

**2. TURNOVER**

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

**3. OPERATING LOSS**

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 £3,940 (2015: £6,120). There were no non-audit services provided during the year (2015: £nil).

# Galen Health Partners Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2016

### 4. DIRECTORS' REMUNERATION

The directors of the company are also directors of the holding company and fellow subsidiaries. The directors not employed directly by the company received total remuneration for the year of £2,371,000 (2015: £1,870,000), all of which was paid by the holding company. 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 holding and fellow subsidiary companies.

### 5. INTEREST PAYABLE

	2016 £000	2015 £000
Interest payable on intercompany trading balances	100	66
	<u>100</u>	<u>66</u>

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

#### (a) Analysis of tax in the year

	2016 £000	2015 £000
<b>UK current tax:</b>		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
<b>UK deferred tax:</b>		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

#### (b) Factors affecting current tax charge:

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK. The differences are reconciled below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(716)	(549)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK, 20% (2015: 20.25%)	143	111
<b>Effect of:</b>		
Expenses not deductible for tax purposes	-	(1)
Group relief surrendered for nil consideration	(143)	(110)
Total tax for the year	<u>-</u>	<u>-</u>

# Galen Health Partners Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2016

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

#### (c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19%, with effect from 1 April 2017, was substantively enacted on 26 October 2015. A further reduction from 19% to 17% was substantively enacted on 15 September 2016 and will take effect from 1 April 2020.

### 7. INVENTORY

	2016 £000	2015 £000
Software licences for resale	-	150
	<u>-</u>	<u>150</u>

### 8. DEBTORS

	2016 £000	2015 £000
Trade debtors	243	263
	<u>243</u>	<u>263</u>

### 9. CREDITORS: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to other group undertakings – trading	2,168	2,840
Accruals and deferred income	223	74
	<u>2,391</u>	<u>2,914</u>

Although the amounts due to group undertakings are due within one year, the group undertakings have indicated that they would not enforce repayment.

### 10. SHARE CAPITAL

	2016 No.	2015 No.	2016 £	2015 £
<i>Allotted, called up and fully paid:</i>				
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is HCA International Limited, a company incorporated in the UK.

The company's ultimate parent undertaking and controlling party is HCA Healthcare Inc., which is incorporated in the United States of America. HCA Healthcare Inc. is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the parent's consolidated accounts can be obtained from HCA, Investor Relations, One Park Plaza, I-4W, Nashville, TN 37203, USA.