

**HEALTHCARE ENGLAND LIMITED**

**Report and Financial Statements**

**30 June 2004**



# **HEALTHCARE ENGLAND LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

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# **HEALTHCARE ENGLAND LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTOR**

R Russell

#### **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

## DIRECTOR'S REPORT

The director presents his annual report and the audited company financial statements for the year ending 30 June 2004.

### 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 £259,546 (2003: £2,326,383) which has been transferred to reserves. No dividend is proposed in respect of the year (2003: £nil), and the profit will be transferred to reserves.

### DIRECTORS

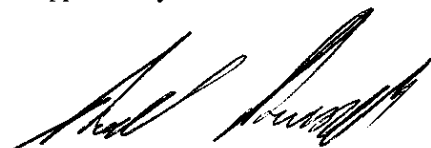
The present membership of the board is set out on page 1. D G Chappell resigned as a director on 18 March 2004.

The director does not have any direct beneficial interest in the shares of the company. His interests in the ultimate parent company, Healthcare Scotland Limited, are disclosed in the financial statements of that company.

### AUDITORS

A resolution to reappoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the director on 16 December 2004



Director

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

United Kingdom company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 13. 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 director's responsibilities, the company's director is 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 director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

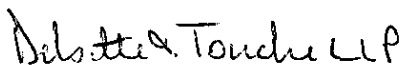
### **Basis of audit opinion**

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 director 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Aberdeen

Date: 16 December 2004

# HEALTHCARE ENGLAND LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 June 2004

	Note	2004 £	2003 £
Administrative expenses		(3,585)	(40,195)
<b>OPERATING LOSS</b>	3	<u>(3,585)</u>	<u>(40,195)</u>
Gain on disposal of subsidiary	6	249,997	-
Income from group companies	4	<u>-</u>	<u>2,366,578</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		246,412	2,326,383
Tax on profit on ordinary activities	5	13,134	-
<b>PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	11	<u>259,546</u>	<u>2,326,383</u>

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

# HEALTHCARE ENGLAND LIMITED

## BALANCE SHEET

At 30 June 2004

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Investments	6	1,499,734	1,799,487
<b>CURRENT ASSETS</b>			
Debtors	7	1,550,784	987,900
<b>CREDITORS: Amounts falling due within one year</b>	8	(3,585)	-
<b>NET CURRENT ASSETS</b>		<u>1,547,199</u>	<u>987,900</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,046,933</u>	<u>2,787,387</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	350,123	350,123
Share premium account	10	45,881	45,881
Profit and loss account	10	<u>2,650,929</u>	<u>2,391,383</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>3,046,933</u>	<u>2,787,387</u>

These financial statements were approved by the director on: 16 December 2004



Director



## NOTES TO THE ACCOUNTS

Year ended 30 June 2004

### 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

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

	2004 £	2003 £
Directors' remuneration	-	-

R Russell is a director and D G Chappell was a director of the ultimate holding company, Healthcare Scotland Limited, and both were also directors of subsidiary companies within the group (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 group companies.

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

3. OPERATING LOSS

	2004 £	2003 £
<b>Operating loss is after charging:</b>		
Auditors' remuneration	2,585	4,818

4. INCOME FROM GROUP COMPANIES

	2004 £	2003 £
Dividends from subsidiary companies	-	2,366,578

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
<b>Current taxation</b>		
Group relief	(1,076)	-
Adjustments in respect of prior years: group relief	(12,058)	-
Total current tax	(13,134)	-

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 is lower than the standard rate for the reasons set out in the reconciliation below:

	2004 £	2003 £
Profit on ordinary activities before tax	246,412	2,326,383
Tax on profit on ordinary activities at standard rate	73,923	697,915
<b>Factors affecting charge for the period:</b>		
Chargeable gains exempted by substantial shareholdings relief	(74,999)	-
Prior year adjustments	(12,058)	-
Expenses not deductible for tax purposes	-	12,058
UK dividend income	-	(709,973)
Total actual amount of current tax	(13,134)	-

**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 2004**

**6. INVESTMENTS**

	Shares in subsidiary undertakings £
<b>Cost and net book value</b>	
At 1 July 2003	1,799,487
Additions	50,250
Disposals	(350,003)
	<hr/>
At 30 June 2004	<u>1,499,734</u>

Subsidiary undertakings	Country of operation	Shares owned	%
Affinity Healthcare Limited	England	Ordinary	73.55

The addition during the year represents additional shares purchased in Affinity Healthcare Limited. The disposal was the sale of UK Private Healthcare Limited (note 13).

Affinity Healthcare Limited in turn owns 100% of the issued share capital of Cheadle Royal Healthcare Limited and Middleton St George Healthcare Limited.

Subsidiaries' activities are the provision of private healthcare services.

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £	2003 £
Amounts owed by parent company	1,538,745	987,899
Amounts owed by related parties (note 13)	12,058	-
Unpaid share capital	1	1
	<hr/>	<hr/>
	<u>1,550,784</u>	<u>987,900</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £	2003 £
Accruals	3,585	-
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**

**Year ended 30 June 2004**

**9. CALLED UP SHARE CAPITAL**

	2004 £	2003 £
<b>Authorised</b>		
350,123 ordinary shares of £1 each	350,123	350,123
<b>Called up and allotted</b>		
350,123 ordinary shares of £1 each	350,123	350,123
Included in called up and allotted share capital is 1 ordinary share which is unpaid.		

**10. RESERVES**

	Share premium account £	Profit and loss account £
At 1 July 2003	45,881	2,391,383
Profit for the year	-	259,546
At 30 June 2004	45,881	2,650,929

**11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	2004 £	2003 £
Profit for the financial period	259,546	2,326,383
Opening shareholders' funds	2,787,387	461,004
Closing shareholders' funds	3,046,933	2,787,387

**12. ULTIMATE PARENT COMPANY**

The ultimate parent company is Healthcare Scotland Limited. Copies of the consolidated 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.

**13. RELATED PARTY TRANSACTIONS**

On 30 June 2004, the company sold its investment in UK Private Healthcare Limited to R Russell and D G Chappell for a cash consideration of £600,000.

At 30 June 2004, £12,058 was due from UK Private Healthcare Limited for group relief (note 7).