Company Number 5389607

Classic Hospitals Property Limited

Report and Financial Statements

For the year ended 31 December 2007

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COMPANIES HOUSE

Registered No 5389607

Directors

R Wise (Chief Executive Officer)
R Roger (Chief Finance Officer)
R Jones (Commercial Director)

Secretary

D Toner

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Registered Office

120 Holborn
London
EC1N 2TD

Directors' report

The directors present their report and financial statements of the company for the year ended 31 December 2007

Results and dividends

The profit and loss account for the year is set out on page 7 The profit for the year after taxation amounted to £2,557,000 (2006 profit for the year £2,147,000)

The directors do not recommend the payment of a dividend (2006 £nil)

Principal activity and review of business

The company's principal activity during the year was ownership and leasing of private hospitals

The directors consider the performance of the company to be satisfactory

Post balance sheet events

On 17 March 2008, the entire share capital of Classic Hospitals Group Limited, the ultimate parent company of Classic Hospitals Property Limited, was acquired by Fox Healthcare Acquisitions Limited, a wholly owned subsidiary of Rozier No 1 Partnership Limited, whose major shareholder is Cinven, a UK based Private Equity Group

Future developments

The directors do not foresee any significant changes in the forthcoming year

Directors and their interests

The directors who served during the period were

R J Best	(resigned 17March 2008)
D Gray	(resigned 17 March 2008)
A Stevensen	(resigned 14 March 2007)
R Burdett	(appointed 23 May 2007, resigned 17 March 2008)
R Wise	(appointed 17 March 2008)
R Roger	(appointed 17 March 2008)
R Jones	(appointed 17 March 2008)

There are no directors' interests in the shares of the company requiring disclosure under the Companies Act 1985

The directors are also directors of Classic Hospitals Group Limited, this company's parent undertaking The directors' share holding in Classic Hospitals Group Limited at the year end are as shown below

	At 01 January 07 £0 10 Ordinary shares	At 31 December 07 £0 10 Ordinary shares
A Stevensen	243,750	56,875 *
R Burdett	-	117,000
R J Best	138,125	138,125
D Gray	89,375	89,375

* Shareholding at date of resignation

Directors' report (continued)

Directors' liability

The company has indemnified one or more of the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provisions were in force during the year and are in force as at the date of approving the director's report

Charitable and political donations

During the year, the company made no charitable or political donations (2006 £nil)

Auditors

In line with S385 of Companies Act 1985 a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

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 Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- To the best of each directors' knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

R Roger
Director
Date 15 July 2008

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting practice

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 UK 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report

to the members of Classic Hospitals Property 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 18 These financial statements have been prepared on the basis of 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 information given in 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

Independent auditors' report

to the members of Classic Hospitals Property Limited (continued)

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

Ernst & Young LLP
Registered Auditor
London

Date 15 July 2008

Profit and loss account

for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	2	4,203	3,876
Cost of sales		-	-
Gross profit		4,203	3,876
Administrative expenses		473	412
Operating profit on ordinary activities before interest and taxation		3,730	3,464
Interest receivable and other income	4	731	697
Interest payable and similar charges	5	(1,904)	(2,014)
Profit on ordinary activities before taxation	6	2,557	2,147
Tax on profit on ordinary activities	7	-	-
Retained profit for the year	14	2,557	2,147

The company has no other recognised gains and losses therefore no statement of total recognised gains and losses has been presented

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before taxation

The above results for the year from 1 January 2007 to 31 December 2007 are derived entirely from continuing activities

Balance sheet

at 31 December 2007

	Note	2007 £'000	Restated 2006 £'000
Fixed assets			
Tangible assets	8	30,277	30,750
Investments	9	14,007	14,007
		44,284	44,757
Current assets			
Debtors	10	23,440	18,506
Cash at bank and in hand		-	-
		23,440	18,506
Creditors amounts falling due within one year	11	48,427	46,523
Net current (liabilities)		(24,987)	(28,017)
Total assets less current liabilities		19,297	16,740
Capital and Reserves			
Called up share capital	13	13,649	13,649
Profit and loss account	14	5,648	3,091
Shareholders' funds		19,297	16,740

Approved by the Board

R Roger
Director

Date 15 July 2008

Notes to the financial statements

at 31 December 2007

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom A summary of the principal company accounting policies which have been applied consistently is set out below

Basis of preparation

The financial statements have been prepared under the historical cost convention No consolidated financial statements are prepared, as the company is a wholly owned subsidiary of Classic Hospitals Group Limited, a company registered in England and is therefore exempt under Section 228(1) of the Companies Act 1985

Tangible fixed assets

Freehold and leasehold properties, including hospital properties, are stated at cost Other tangible assets are stated at cost

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows

Freehold buildings	-	50 years
Leasehold land and buildings	-	over the length of the lease

There is no depreciation charge made in respect of freehold land The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- 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 timing differences can be deducted

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

Rental income

Rent receivable arising on leased properties is accounted for on a straight line basis over the lease terms

Investments

Fixed assets investments are stated at cost less provision for impairment The carrying value of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Notes to the financial statements

at 31 December 2007

2. Turnover

Turnover is stated net of value added tax and represents amounts due in respect of rent due on properties owned and managed by the company

3. Directors and employees

The company had no employees during the year and consequently incurred no staff costs The directors of the company are also directors and officers of other companies within Classic Hospitals Group Limited These directors' services to the company do not occupy a significant amount of time As such these directors do not consider that they receive any remuneration in respect of services to the company for the year ended 31 December 2007 (2006 £nil)

4. Interest receivable and other income

	2007	*2006*
	£'000	*£'000*
Intercompany interest	731	697

5. Interest payable and similar charges

	2007	*2006*
	£'000	*£'000*
Intercompany interest	1,904	2,014

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is arrived at after charging

		2007	*2006*
		£'000	*£'000*
Depreciation	- owned tangible assets	473	412
Auditors' remuneration	- audit service	-	-

Auditors' costs have been borne by Classic Hospitals Limited, a fellow subsidiary undertaking

Notes to the financial statements

at 31 December 2007

7. Tax on profit on ordinary activities

a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2007 *£'000*	*2006* *£'000*
Current tax		
UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences (note 7d)	-	-
Tax on profit on ordinary activities	-	-

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% The differences are reconciled below

	2007 *£'000*	*2006* *£'000*
Profit on ordinary activities before tax	2,557	2,147
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	767	644
Effects of		
Expenses not deductible for tax purposes	142	124
Group relief	(909)	(768)
Total current tax	-	-

c) Factors that may affect future tax charges

The company does not expect to be able to claim capital allowances in excess of depreciation in future years The company expects to continue to claim group relief on taxable profits generated in future years

d) Deferred tax

There are no amounts recognised or unrecognised in respect of deferred taxation for the year ended 31 December 2007 (2006 £nil)

Notes to the financial statements

at 31 December 2007

8. Tangible fixed assets

	Freehold Land and buildings £'000	*Long leasehold Land and buildings £'000*	*Total £'000*
Cost			
As at 1 January 2007 and 31 December 2007	29,380	1,941	31,321
Depreciation			
As at 1 January 2007	532	39	571
Provided during the year	446	27	473
At 31 December 2007	978	66	1,044
Net book value			
At 31 December 2007	28,402	1,875	30,277
At 1 January 2007	28,848	1,902	30,750

The freehold land and buildings were originally transferred in from group undertakings and are leased back to Classic Hospitals Limited, a fellow subsidiary undertaking under a formal sale and leaseback agreement The original purchase was satisfied through an intercompany loan from Classic Hospitals Limited to Classic Hospitals Property Limited The loan accrues interest at 5% per annum

9. Investments

	2007 £'000	*Restated 2006 £'000*
Cost		
As at 1 January	14,007	13,649
Additions	-	358
As at 31 December	14,007	14,007

Classic Hospitals Property Limited holds 100% of the issued ordinary share capital of Classic Hospitals Limited During 2006, Classic Hospitals Property Limited acquired 100% of the issued preference share capital of Classic Hospitals Limited The 2006 comparatives have been restated to reflect the grossing up of these shares acquired Classic Hospitals Limited's principal activity is the operation of private hospitals and the provision of private healthcare facilities

10. Debtors: amounts falling due within one year

	2007 £'000	*2006 £'000*
Amounts due from group undertakings	23,440	18,506

Notes to the financial statements

at 31 December 2007

11. Creditors: amounts falling due within one year

	2007 £'000	Restated 2006 £'000
Amounts owed to group undertaking	48,427	46,523

12. Share capital

	Ordinary shares of £1 nominal value 2007 No	2007 £'000
Authorised		
Ordinary shares	15,000,000	15,000
Allotted, called up and fully paid		
Ordinary shares	13,648,943	13,649

	2006 No	2006 £'000
Authorised		
Ordinary shares	15,000,000	15,000
Allotted, called up and fully paid		
Ordinary shares	13,648,943	13,649

13. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Profit and loss account £'000	Total share-holders' Funds £'000
As at 1 January 2007	13,649	3,091	16,740
Retained profit for the year	-	2,557	2,557
At 31 December 2007	13,649	5,648	19,297

14. Commitments

Operating leases

At 31 December 2007, the company had no annual commitments under non-cancellable operating leases (2006 £nil)

Notes to the financial statements

at 31 December 2007

15. Cash flow

The company, as a wholly owned subsidiary of a Group which publishes consolidated financial statements in which the company is included, is exempt under the terms of Financial Reporting Standard (FRS) No 1 (Revised) 'Cash Flow Statements' from publishing a cash flow statement

16. Ultimate parent and controlling party

The immediate and ultimate parent undertaking of Classic Hospitals Property Limited is Classic Hospitals Group Limited, a company registered in England and Wales The results of Classic Hospitals Property Limited are included in the consolidated financial statements of Classic Hospitals Group Limited Copies of these financial statements can be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ

17. Related parties

As the company is a wholly owned subsidiary undertaking of Classic Hospitals Group Limited, a company registered in England and Wales which publishes consolidated financial statements, the company has, pursuant to paragraph 17 of FRS 8 'Related Party Disclosures', not included details of transactions with other group companies which are subsidiary undertakings of the group

There were no other related party transactions

18. Post balance sheet events

On 17 March 2008, the entire share capital of Classic Hospitals Group Limited, the ultimate parent company of Classic Hospitals Property Limited, was acquired by Fox Healthcare Acquisitions Limited, a wholly owned subsidiary of Rozier No 1 Partnership Limited, whose major shareholder is Cinven, a UK based Private Equity Group

The ultimate holding and controlling party throughout the year ended 31 December 2007 has continued to be Classic Hospitals Group Limited