

**UK PRIVATE HEALTHCARE
LIMITED**

Report and Financial Statements

30 June 2002

**Deloitte & Touche
Aberdeen**



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D G Chappell
R Russell

SECRETARY

R Russell

REGISTERED OFFICE

35 Albert Street
Aberdeen

SOLICITORS

Paul & Williamsons
Investment House
6 Union Row
Aberdeen

BANKERS

Bank of Scotland
39 Albyn Place
Aberdeen

AUDITORS

Deloitte & Touche
Aberdeen

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2002.

PRINCIPAL ACTIVITY

UK Private Healthcare Limited is engaged in the provision of nursing agency services to hospitals and nursing homes.

RESULTS, DIVIDENDS AND TRANSFER FROM RESERVES

The company made a profit after taxation of £129,441 (2001: £175,786). A dividend of £65,000 (2001: £nil) was paid during the year. The retained profit after tax and dividends of £64,441 (2001: £175,786) has been transferred to reserves.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company has traded successfully during the year and the directors are optimistic about the long-term prospects for continued growth.

DIRECTORS

The present membership of the board is set out on page 1.

None of the directors have any interest in the shares of the company. The interests of R Russell and D G Chappell in the ultimate parent company, Healthcare Scotland Limited, are disclosed in the financial statements of that company.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the board of directors on: 31.3.03

and signed on behalf of the board



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors 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 directors are 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UK PRIVATE HEALTHCARE LIMITED**

We have audited the financial statements of UK Private Healthcare Limited for the year ended 30 June 2002 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 17. 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 directors' responsibilities, the company's directors' are 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 directors' 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 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.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors

Aberdeen

Date: 11 April 2003

PROFIT AND LOSS ACCOUNT**Year ended 30 June 2002**

	Note	2002 £	2001 £
TURNOVER – continuing activities	2	1,782,045	1,103,855
Cost of sales		(1,537,846)	(836,986)
Gross profit		244,199	266,869
Administrative expenses		(58,701)	(28,288)
OPERATING PROFIT – continuing activities		185,498	238,581
Interest receivable		34,488	41,279
Interest payable	4	(33,718)	(31,560)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	186,268	248,300
Tax on profit on ordinary activities	6	(56,827)	(72,514)
PROFIT FOR THE FINANCIAL YEAR		129,441	175,786
Dividend paid	7	(65,000)	-
RETAINED PROFIT TRANSFERRED TO RESERVES	15	64,441	175,786

There are no recognised gains or losses for the current or preceding financial year other than as stated above.

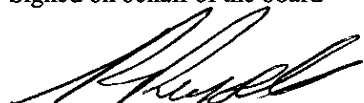
BALANCE SHEET

At 30 June 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	20,267	10,159
CURRENT ASSETS			
Debtors	9	388,213	356,284
Cash at bank and in hand		573,963	425,067
		962,176	781,351
CREDITORS: amounts falling due within one year	10	(624,762)	(498,815)
NET CURRENT ASSETS		337,414	282,536
TOTAL ASSETS LESS CURRENT LIABILITIES		357,681	292,695
PROVISIONS FOR LIABILITIES AND CHARGES	12	(1,339)	(794)
NET ASSETS		356,342	291,901
CAPITAL AND RESERVES			
Called up share capital	14	350,003	350,003
Profit and loss account	15	6,339	(58,102)
EQUITY SHAREHOLDERS' FUNDS	13	356,342	291,901

These financial statements were approved by the board of directors on: 31.3.03

Signed on behalf of the board



Director

NOTES TO THE ACCOUNTS
Year ended 30 June 2002**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.

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.

Tangible fixed assets

Depreciation is provided on asset cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and motor vehicles, over 7 years

Deferred taxation

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.

Deferred tax has not been provided on revaluations of fixed assets. This would only become payable if the assets were sold.

Pension costs

The company contributes to a Group Personal Pension Scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

Turnover and profit on ordinary activities are attributable to one activity, the provision of nursing agency services. Turnover is stated exclusive of value added tax and is fully derived from activities performed in the United Kingdom.

NOTES TO THE ACCOUNTS
Year ended 30 June 2002

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Directors' remuneration	-	-

R Russell and D G Chappell are directors of the ultimate holding company, Healthcare Scotland Limited and are also both directors of Healthcare England 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 year between their services as directors of the above companies.

	2002 £	2001 £
Employee costs during the year:		
Wages and salaries	1,453,087	840,870
Social security costs	83,754	53,075
Pension costs	1,005	2,991
	<u>1,537,846</u>	<u>896,936</u>

	No.	No.
Average number of persons employed:		
Administrative	5	4
Professional	88	51
	<u>93</u>	<u>55</u>

4. INTEREST PAYABLE

	2002 £	2001 £
Bank overdraft	<u>33,718</u>	<u>31,560</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Profit on ordinary activities before taxation is after charging:		
Depreciation	3,452	1,993
Auditors' remuneration	<u>2,600</u>	<u>2,500</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
Current taxation		
UK corporation tax at 30% (2001: 30%)	56,082	5,454
Adjustment in respect of prior year	200	-
	<u>56,282</u>	<u>5,454</u>
Group relief	-	66,155
Group relief adjustment in respect of prior years	-	752
	<u>56,282</u>	<u>72,361</u>
Deferred taxation		
Origination and reversal of timing differences	545	153
	<u>56,827</u>	<u>72,514</u>

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 exceeds the standard rate for the reasons set out in the reconciliation below:

	2002 £	2001 £
Profit on ordinary activities before tax	186,268	248,300
Tax on profit on ordinary activities at standard rate	55,880	74,490
Factors affecting charge for the period:		
Capital allowances for period in excess of depreciation	(545)	(152)
Expenses not deductible for tax purposes	747	-
Rate differences	-	(2,729)
Prior year adjustments	200	752
	<u>56,282</u>	<u>72,361</u>

7. DIVIDENDS

	2002 £	2001 £
Paid		
Ordinary £1 shares, £0.19 (2001: nil) per share	<u>65,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2002

8. TANGIBLE FIXED ASSETS

	Fixtures, fittings and motor vehicles £
Cost	
At 1 July 2001	16,112
Additions	13,560
At 30 June 2002	29,672
Accumulated Depreciation	
At 1 July 2001	5,953
Charge for the year	3,452
At 30 June 2002	9,405
Net book value	
At 30 June 2002	20,267
Net book value	
At 30 June 2001	10,159

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade debtors	239,296	336,491
Amounts owed by ultimate parent	110,000	-
Amounts owed by other group companies	-	19,793
Prepayments and accrued income	38,917	-
	388,213	356,284

NOTES TO THE ACCOUNTS
Year ended 30 June 2002

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft	473,025	367,159
Trade creditors	150	2,468
Amounts due to ultimate parent company	-	66,155
Other creditors including taxation and social security (note 11)	140,853	58,210
Accruals and deferred income	10,734	4,823
	<u>624,762</u>	<u>498,815</u>

The bank overdraft is secured by a bond and floating charge over the assets of the company.

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2002 £	2001 £
This heading includes:		
Taxation and social security	<u>53,454</u>	<u>40,344</u>

12. PROVISION FOR LIABILITIES AND CHARGES

	2002 £
Deferred Tax	
At 1 July 2001	794
Charge for the year	<u>545</u>
At 30 June 2002	<u>1,339</u>

The provision for deferred taxation consists of the following amounts:

	2002 £	2001 £
Capital allowances in excess of depreciation	<u>1,339</u>	<u>794</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2002

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the year	129,441	175,786
Dividends	(65,000)	-
Movement in shareholders' funds	64,441	175,786
Opening shareholders' funds	291,901	116,115
Closing shareholders' funds	356,342	291,901

14. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised 500,000 Ordinary Shares of £1 each	500,000	500,000
Called up, allotted and fully paid 350,003 Ordinary Shares of £1 each	350,003	350,003

15. PROFIT AND LOSS ACCOUNT

	£
Balance at 1 July 2001	(58,102)
Retained profit	64,441
Balance as at 30 June 2002	6,339

16. PENSION SCHEME

The company contributes to a Group Personal Pension Scheme. The pension costs charged to the profit and loss account in the year amounted to £1,005 (2001: £2,991). There were no contributions (2001: £nil) to the fund outstanding at the year end.

17. ULTIMATE PARENT COMPANY

The ultimate parent company is Healthcare Scotland Limited. Copies of the financial statements of the parent company may be obtained from Healthcare Scotland, 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.