

HEALTHCARE ENGLAND LIMITED

Report and Financial Statements

Period from date of incorporation to

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

R Russell
D G Chappell

SECRETARY

R Russell

REGISTERED OFFICE

35 Albert Street
Aberdeen

SOLICITORS

Paul & Williamsons
Investment House
6 Union Row
Aberdeen

BANKERS

Bank of Scotland
Queen's Cross Branch
39 Albyn Place
Aberdeen

AUDITORS

Deloitte & Touche
Aberdeen

DIRECTORS' REPORT

The directors present their annual report and the audited company financial statements for the period from incorporation, 2 November 2001, to 30 June 2002.

On 7 November 2001, one ordinary share was issued at par. On 30 November 2001, the number of authorised ordinary shares of £1 each was increased from 10,000 to 350,123. The remaining unissued shares of 350,122 were issued in exchange for the holdings in UK Private Healthcare Limited and Affinity Healthcare Limited.

PRINCIPAL ACTIVITY

Healthcare England Limited 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 £65,000 which has been transferred to reserves.

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.

D G Chappell and R Russell were appointed as directors on 30 November 2001. R Russell was also appointed as company secretary on that date. The previous director and secretary, P & W Directors Limited, resigned on the same date.

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
HEALTHCARE ENGLAND LIMITED**

We have audited the financial statements of Healthcare England Limited for the period ended 30 June 2002 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 9. 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 period 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**Period from date of incorporation to 30 June 2002**

	Note	2002 £
Income from group companies	3	65,000
PROFIT FOR THE FINANCIAL YEAR		
TRANSFERRED TO RESERVES	7	65,000

There are no recognised gains or losses for the period other than as stated above.

BALANCE SHEET
At 30 June 2002

	Note	2002 £
FIXED ASSETS		
Investments	4	396,003
CURRENT ASSETS		
Debtors	5	65,001
NET ASSETS		<u>461,004</u>
CAPITAL AND RESERVES		
Called up share capital	6	350,123
Share premium account	7	45,881
Profit and loss account	7	65,000
EQUITY SHAREHOLDERS' FUNDS	8	<u>461,004</u>

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**Period from date of incorporation to 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.

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

Other investments and investments in subsidiary undertakings held as fixed assets are stated at cost less provision for any impairment.

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.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

2002
£

Directors' remuneration

—

R Russell and DG Chappell are directors of the ultimate holding company, Healthcare Scotland Limited and are also both directors of 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 companies.

NOTES TO THE ACCOUNTS

Period from date of incorporation to 30 June 2002

3. INCOME FROM GROUP COMPANIES

	2002 £
Dividend from subsidiary	65,000

4. INVESTMENTS

	Shares in subsidiary undertakings £
Cost and NBV	
At incorporation	-
Additions	396,003
At 30 June 2002	396,003

Subsidiary undertakings	Country of operation	Shares owned	%
UK Private Healthcare Limited	Scotland	Ordinary	100.00
Affinity Healthcare Limited	England	Ordinary	61.86

The company acquired the share capital of the above companies on 18 December 2001. Affinity Healthcare Limited in turn owns 100% of the issued share capital of Cheadle Royal Healthcare Limited, Middleton St George Healthcare Limited (formerly Trees Park Healthcare Limited) and Affinity Healthcare Clinical Research Limited.

Subsidiaries' activities are the provision of private healthcare services.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £
Amounts owed by parent company	65,000
Unpaid share capital	1
	65,001

NOTES TO THE ACCOUNTS

Period from date of incorporation to 30 June 2002

6. CALLED UP SHARE CAPITAL

	2002 £
Authorised	
350,123 ordinary shares of £1 each	350,123
Called up and allotted	
350,123 ordinary shares of £1 each	350,123

On 2 November 2001, one £1 ordinary share was issued at par.

On 30 November 2001, the number of authorised ordinary shares of £1 each was increased from 10,000 to 350,123.

On 18 December 2001, 350,122 ordinary shares of £1 each were issued at par in exchange for the holdings in UK Private Healthcare Limited and Affinity Healthcare Limited.

Included in called up and allotted share capital is 1 ordinary share which is unpaid.

7. RESERVES

	Share Premium Account £	Profit and Loss Account £
At incorporation	-	-
Premium on shares issued	45,881	-
Profit for the year	-	65,000
At 30 June 2002	45,881	65,000

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £
Profit for the financial period	65,000
New share capital subscribed	396,004
Opening shareholders' funds	-
Closing shareholders' funds	461,004

NOTES TO THE ACCOUNTS

Period from date of incorporation to 30 June 2002

9. 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 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.

The company audit fee has been charged to Healthcare Scotland Limited. There is no intention to recharge this amount to Healthcare England Limited.