

**AFFINITY HOSPITALS HOLDING  
LIMITED**

**Report and Financial Statements**

**30 June 2007**



# **AFFINITY HOSPITALS HOLDING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

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# **AFFINITY HOSPITALS HOLDING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

P Batchelor  
J Shaw  
A Evans

#### **SECRETARY**

J Shaw

#### **REGISTERED OFFICE**

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2DB

#### **SOLICITORS**

Wragge & Co LLP  
55 Colmore Row  
Birmingham

#### **BANKERS**

Royal Bank of Scotland Plc  
1 Spinningfields Square  
Manchester

#### **AUDITORS**

Deloitte & Touche LLP  
Manchester, England

# AFFINITY HOSPITALS HOLDING LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2007

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the companies Act 1985

### ACTIVITIES

Affinity Hospitals Holding Limited is a holding company for a group of companies engaged in the provision of private healthcare

### RESULTS AND TRANSFER FROM RESERVES

The company made loss before taxation of £2,973 (2006 loss of £4,419) The retained loss after tax of £226,249 (2006 loss £319,838) has been transferred from reserves

The directors have not proposed or paid any dividends (2006 £nil)

### DIRECTORS

The membership of the board is set out on page 1

### AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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

Approved by the directors on *22 October 2007*

Director



# **AFFINITY HOSPITALS HOLDING LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

United Kingdom 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 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,
- state whether applicable UK accounting standards have been followed, 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 that 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 AFFINITY HOSPITALS HOLDING LIMITED**

We have audited the financial statements of Affinity Hospitals Holding Limited for the year ended 30 June 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, 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**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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 United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its loss 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.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors  
Manchester, England

*23 October 2007*

# AFFINITY HOSPITALS HOLDING LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 June 2007

	Note	2007 £	2006 £
Interest payable and similar charges	4	<u>(2,973)</u>	<u>(4,419)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	(2,973)	(4,419)
Tax on loss on ordinary activities	6	<u>(223,276)</u>	<u>(315,419)</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	11,13	<u><u>(226,249)</u></u>	<u><u>(319,838)</u></u>

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

All activity arose from continuing operations

# AFFINITY HOSPITALS HOLDING LIMITED

## BALANCE SHEET

At 30 June 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Investments	7	396,003	396,003
		<u>396,003</u>	<u>396,003</u>
<b>CURRENT ASSETS</b>			
Debtors			
amounts falling due after one year	8	12,138,408	12,149,735
		<u>12,138,408</u>	<u>12,149,735</u>
<b>CREDITORS: amounts falling due within one year</b>	9	(624,183)	(409,261)
		<u>(624,183)</u>	<u>(409,261)</u>
<b>NET CURRENT ASSETS</b>		<u>11,514,225</u>	<u>11,740,474</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,910,228	12,136,477
<b>CREDITORS: amounts falling due after one year</b>	10	(1,544,054)	(1,544,054)
		<u>(1,544,054)</u>	<u>(1,544,054)</u>
<b>NET ASSETS</b>		<u>10,366,174</u>	<u>10,592,423</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	150	150
Profit and loss account	13	10,366,024	10,592,273
		<u>10,366,024</u>	<u>10,592,273</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>	11	<u>10,366,174</u>	<u>10,592,423</u>

These financial statements were approved by the Board of Directors and signed on its behalf



Director

22 October 2007



# AFFINITY HOSPITALS HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom 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, Affinity Healthcare Holdings Limited. These financial statements therefore represent the results of the company only.

#### Cash flow statement

The company has taken advantage of exemptions within FRS 1 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. Other investments held as fixed assets are stated at market value.

#### 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 an 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 has not been provided on timing differences arising from the revaluation of fixed assets, where there is no commitment to sell the asset.

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. TURNOVER

The company does not have any turnover.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no employees during the current or prior year. Directors' remuneration is borne by another group company as it is not practical to allocate the total remuneration between each of the group companies.

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank interest and charges		16
Other interest	2,973	4,403
	<u>2,973</u>	<u>4,419</u>

# AFFINITY HOSPITALS HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

### 5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007	2006
	£	£
Operating profit is after charging/(crediting):		
Auditors' remuneration		
audit fees		
Profit on sale of fixed assets		
	<u>          </u>	<u>          </u>

The audit fee of £3,825 (2006 £3,643) has been borne by another Group company

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2007	2006
	£	£
<b>Current taxation</b>		
UK corporation tax at standard rate	(5,659)	
Group relief	229,535	229,349
Adjustments in respect of prior periods	(600)	86,070
	<u>223,276</u>	<u>315,419</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 – 30%)  
The actual tax charge for the year and the previous year differs from the standard rate for the reasons set out in the following reconciliation

	2007	2006
	£	£
Loss on ordinary activities before tax	<u>(2,973)</u>	<u>(4,419)</u>
Tax on loss on ordinary activities at standard rate of 30% (2006 – 30%)	(892)	(1,325)
<b>Factors affecting charge for the year.</b>		
Transfer pricing adjustment	224,768	230,674
Prior period adjustments	(600)	86,070
Total actual amount of current tax	<u>223,276</u>	<u>315,419</u>

# AFFINITY HOSPITALS HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 7. INVESTMENTS

	Shares in subsidiary undertakings £
<b>Cost and net book value</b>	
At 1 July 2006 and 30 June 2007	396,003

The principal activities of the subsidiary undertakings are the provision of private healthcare services

Subsidiary undertakings	Country of incorporation	Shares owned	%
Affinity Hospitals Group	Scotland	Ordinary	100
<b>Affinity Hospitals Group Limited has the following subsidiaries:</b>			
Affinity Hospitals Limited	England	Ordinary	100
<b>Affinity Hospitals Limited has the following subsidiaries:</b>			
Cheadle Royal Healthcare Limited	England	Ordinary	100
Middleton St George Healthcare Limited	England	Ordinary	100
<b>Cheadle Royal Healthcare Limited has the following subsidiary:</b>			
Cheadle Royal Hospital Limited (Dormant)	England	Ordinary	100

### 8. DEBTORS

	2007 £	2006 £
Amounts falling due after one year		
Amounts owed by subsidiary companies	9,328,241	
Amounts owed by other group companies	2,810,167	12,149,735
	<u>12,138,408</u>	<u>12,149,735</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Group relief	624,183	395,248
Corporation tax		14,013
	<u>624,183</u>	<u>409,261</u>

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2007 £	2006 £
Amounts owed to subsidiary companies	<u>1,544,054</u>	<u>1,544,054</u>

# AFFINITY HOSPITALS HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

### 11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2007 £	2006 £
Loss for the financial year	(226,249)	(319,838)
Opening equity shareholder's funds	10,592,423	10,912,261
Closing equity shareholder's funds	<u>10,366,174</u>	<u>10,592,423</u>

### 12. CALLED UP SHARE CAPITAL

	2007 £	2006 £
<b>Authorised</b> 150,002 ordinary shares of £0 001 each	<u>150</u>	<u>150</u>
<b>Called up, allotted and fully paid</b> 150,002 ordinary shares of £0 001 each	<u>150</u>	<u>150</u>

### 13. RESERVES

	Profit and loss account £
Balance at 1 July 2006	10,592,273
Loss for the year	<u>(226,249)</u>
Balance at 30 June 2007	<u>10,366,024</u>

### 14. OPERATING LEASE COMMITMENTS

At the year end, there were no operating lease commitments (2006 £nil)

### 15. CAPITAL COMMITMENTS

At the year end, there were no capital commitments

### 16. RELATED PARTY TRANSACTIONS

The company has taken advantage of paragraph 3(c) of FRS 8 'Related Party Disclosures' which allows exemption from disclosure of related party transactions with group companies

### 17. ULTIMATE PARENT COMPANY

The directors regard Duke Street Capital V Limited as the ultimate controlling party of the company. The ultimate parent company is Affinity Healthcare Holdings Limited. Copies of the financial statements of the ultimate parent company may be obtained from Affinity Healthcare Holdings Limited, 100 Wilmslow Road, Heald Green, Cheadle, Cheshire, SK8 3DG

The intermediate parent company is Affinity Healthcare Limited, a company registered in England and Wales