Company registered number: 4210585

GHG Intermediate Holdings Limited

Annual report and financial statements
for the year ended 30 September 2011

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GHG Intermediate Holdings Limited

Annual report and financial statements
Contents

GHG Intermediate Holdings Limited

Directors' report
for the year ended 30 September 2011

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 30 September 2010

Principal activity and review of business

The company is a holding company which provides healthcare services through its subsidiary undertakings

The directors expect that the present level of activity will be sustained for the foreseeable future

The directors do not consider it necessary to include any further key performance indicators, other than the current year results shown below, in order to understand the business

Results and dividends

The company's loss after taxation for the year ended 30 September 2011 was £2,558,000 (2010 £nil) The directors do not propose the payment of a dividend (2010 £nil)

Directors

The directors who served throughout the year and subsequently are as shown below

S Collier	
P Wieland	(resigned 30 November 2011)
C Lovelace	(appointed 25 April 2012)

Charitable and political contributions

No charitable or political contributions were made during the year (2010 £nil)

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements

Financial risk management

The company's activities expose it to a number of financial risks, including credit risk, cash flow risk and liquidity risk The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks The company does not use derivative financial instruments for speculative purposes

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit risk and liquidity risk These risks are mitigated through monitoring of assets and liabilities and the nature of balances held

Dırectors' report
for the year ended 30 September 2011 (continued)

Dısclosure of informatıon to the auditor

Each of the persons who ıs a dırector at the date of approval of thıs report confirms that

- so far as the dırector ıs aware, there ıs no relevant audıt ınformatıon of whıch the company's audıtor ıs unaware, and
- the dırector has taken all the steps that he ought to have taken as a dırector ın order to make hımself aware of any relevant audıt ınformatıon and to establısh that the company audıtor ıs of that ınformatıon

Thıs confirmatıon ıs gıven and should be ınterpreted ın accordance wıth the provısıons of s418 of the Companıes Act 2006

Auditor

Deloıtte LLP have expressed theır wıllıngness to contınue ın office as audıtor of the company and a resolutıon to reappoınt them wıll be proposed at the forthcomıng Annual General Meetıng

Statement of dırectors' responsıbılıtıes

The dırectors are responsıble for preparıng the report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law, the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company, and of the profit and loss for that year In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgements and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and, hence, for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Approved by the Board of Dırectors and sıgned on behalf of the Board

Stephen Collıer
24 May 2012

Independent auditor's report
to the shareholders of GHG Intermediate Holdings Limited

We have audited the financial statements of GHG Intermediate Holdings Limited for the year ended 30 September 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 7 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 the auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Emma Cox (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date 24 May 2012

GHG Intermediate Holdings Limited

Profit and loss account
for the year ended 30 September 2011

	Notes	2011 £'000	2010 £'000
Impairment of investments	1	(2,558)	-
Loss for the year	5	(2,558)	-

There were no recognised gains or losses other than the profit for the year in either year, accordingly no statement of recognised gains and losses is presented

All profits are generated from continuing operations

GHG Intermediate Holdings Limited

Balance sheet
at 30 September 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	1	**913,523**	916,081
Current assets			
Debtors - amounts falling due within one year	2	**199,429**	199,429
Creditors - amounts falling due within one year	3	**(12,421)**	(12,421)
Net current assets		**187,008**	187,008
Net assets		**1,100,531**	1,103,089
Capital and reserves			
Called-up share capital	4	**1**	1
Share premium		**677,798**	677,798
Merger reserve		**360,051**	360,051
Profit and loss account	5	**62,681**	65,239
Shareholders' funds		**1,100,531**	1,103,089
Total capital employed		**1,100,531**	1,103,089

The financial statements were approved by the board of directors and authorised for issue on 24 May 2012
They were signed on its behalf by

Stephen Collier

The accompanying notes form an integral part of this balance sheet
The company's registered number is 4210585

Statement of accounting policies
for the year ended 30 September 2011

The principal accounting policies are summarised below, which have all been applied consistently throughout the year and prior year

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards They have been presented in pounds sterling, which is the currency of the economic environment in which the company operates

Going concern

The company is an obligor of the senior bank facilities of fellow group undertakings Under these senior bank facilities, the group is required to comply with various financial covenants which are tested quarterly. Similar to many companies in the sector, the group has been impacted by the economic downturn in the UK, with EBITDA adversely affected in 2011 Despite the challenging economic environment, strong operating cash-flow was nonetheless generated, which is forecast to continue All bank covenants were met during the year and have continued to be met subsequent to the year-end

The group's directors have reviewed forecasts prepared for the purpose of their going concern assessment for the 12 month period to 31 January 2013 These forecasts show that the group will comply with its financial covenants throughout the forecast period, as well as operating within its available credit facilities The lowest headroom over the forecast period is in excess of 15% of group EBITDA

The group's directors have considered the risks and uncertainties facing the group The principal risks impacting the forecasts relate to tariff and volume, primarily resulting from the ongoing macro-economic headwinds impacting the UK economy in general and government funding for healthcare The recent conclusion of contract renewal negotiations with a major medical insurer has reduced the previous uncertainty in this regard however commercial negotiations and renewals with other insurers and the NHS present an inherent risk, along with volume-related risks associated with both the general economic environment and government policy

The group's directors have prepared sensitivities, based on their consideration of reasonably possible scenarios which also show covenant headroom throughout the 12 month going concern review period However, management's forecasts, both before and after sensitivities, show that significant challenges will be faced to comply with the covenants in the second half of FY13, outside of the 12 month going concern review period Management have a number of proactive efficiency, operational change and revenue growth initiatives currently underway in the business, which, when coupled with incrementally identified cost-savings measures, could allow the group to remain compliant with its financial covenants

After making enquiries, including reviewing the forecasts, sensitivities and mitigating actions described above, the group's directors have concluded that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements

Investments

Fixed asset investments are stated at cost less provision for impairment

In accordance with Section 400 of the Companies Act 2006, financial information is only presented in these financial statements about the company as an individual undertaking because the company and its subsidiary undertakings are included in the consolidated financial statements of a larger group

Statement of accounting policies
for the year ended 30 September 2011 (continued)

Taxation

The tax expense represents the sum of the tax currently payable and the deferred tax

Current tax (comprising UK corporation tax) is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Cash flow statement

The company has taken advantage of the exemption under the rules of Financial Reporting Standard No 1 (revised) not to produce a cash flow statement The cash flow information is contained in the consolidated financial statements of the intermediate parent company, General Healthcare Mixer Partnership LLP, which is incorporated in Great Britain

Notes to the financial statements
for the year ended 30 September 2011

1. **Loss for the year**

The audit fees for the audit of the company's annual accounts of £5,500 (2010 £5,000) were borne by another group undertaking in both years

There were no employees of the company and the directors received no emoluments in either year

2 **Investments**

	2011 £'000	2010 £'000
Subsidiary undertakings		
Cost	**916,081**	916,081
Provision for impairment	**(2,558)**	-
Net book value	**913,523**	916,081

The company has 100% interests in the following subsidiary companies To avoid a statement of excessive length, details of investments which are not significant have been omitted

During the year, the cost of the investments in Bishopswood SPV Limited, South Cheshire SPV Limited and Runnymede SPV Limited were impaired to the net asset value of each respective company

General Healthcare Holdings (4) Limited
BMI Healthcare Limited
GHG Leasing Limited
Bishopswood SPV Limited
South Cheshire SPV Limited
Runnymede SPV Limited
GHG Finance Limited
Former Amicus Healthcare Limited
Pastoral Homes Limited

GHG Leasing Limited, Runnymede SPV Limited, Bishopswood SPV Limited and South Cheshire SPV Limited own and lease certain hospitals and equipment The principal activity of all other subsidiary undertakings is the provision of private health care services and supplies All these companies are incorporated and operate in Great Britain

3. **Debtors - amounts falling due within one year**

	2011 £'000	2010 £'000
Loans to group undertakings	**199,429**	199,429

There are no fixed repayment terms and no interest is charged

Notes to the financial statements
for the year ended 30 September 2011 (continued)

4. Creditors - amounts falling due within one year

	2011 £'000	2010 £'000
Loans from group undertakings	**12,421**	12,421

There are no fixed repayment terms and no interest is charged

5. Called-up share capital

	2011 £'000	2010 £'000
Authorised, allotted, called-up and fully paid 1,000 ordinary shares of £1 each	**1**	1

6. Profit and loss account

The movement in the profit and loss is as follows

	Profit and loss account £'000	Share premium account £'000	Merger reserve £'000	Total £'000
At beginning of the year	65,239	677,798	360,051	743,037
Profit for the year	(2,558)	-	-	(2,558)
At end of the year	62,681	677,798	360,051	740,479

7 Ultimate parent company

The company is a subsidiary undertaking of General Healthcare Holdings (2) Limited The ultimate parent company is Netcare Limited

The smallest group into which the results of the company are consolidated is GHG 1 (Hospital Operations) Limited The consolidated accounts of GHG 1 (Hospital Operations) Limited can be obtained from its principal place of business at 4 Thameside Centre, Kew Bridge Road, Brentford, Middlesex TW8 0HF The largest group in which the results of the company are consolidated is Netcare Limited, whose accounts can be obtained from 76 Maude Street, Sandton 2196, South Africa

As a subsidiary undertaking of General Healthcare Mixer Partnership LLP, the company has taken advantage of the exemption in FRS8 *Related Party Disclosure* from disclosing transactions with other members of the group headed by General Healthcare Mixer Partnership LLP