

Company Registration No. 3558087 (England and Wales)

INHEALTH (ACAD) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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INHEALTH (ACAD) LIMITED

COMPANY INFORMATION

Directors	L Ballinger Finch S Bricknell A Gibson P Whitecross
Secretary	B R Ally
Company number	3558087
Registered office	Beechwood Hall Kingsmead Road High Wycombe Buckinghamshire HP11 1JL
Auditors	KPMG LLP 8 Salisbury Square London EC4Y 8BB United Kingdom
Bankers	Bank of Scotland Corporate Banking 110 Queen Street Glasgow G1 3BY

INHEALTH (ACAD) LIMITED

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INHEALTH (ACAD) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007

The directors present their directors' report and the financial statements for the year ended 30 September 2007

Principal activities and review of the business

The principal activity of the company is the provision, servicing and maintenance of medical equipment

Results and dividends

The results of the company's activities can be found on page 5 the financial statements

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the year were as follows

L Ballinger Finch (appointed 6 September 2007)

S Bricknell (appointed 6 September 2007)

A Gibson

S Joyce (appointed 3 January 2007, resigned 7 September 2007)

P Whitecross

Disclosure of information to auditors

The directors who held office at the date of the approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

On behalf of the board



P Whitecross
Director

Beechwood Hall
Kingsmead Road
High Wycombe
Buckinghamshire
HP11 1JL

28 April 2008

INHEALTH (ACAD) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2007

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 and loss for that period.

In preparing these 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INHEALTH (ACAD) LIMITED

We have audited the financial statements of InHealth (ACAD) Limited for the year ended 30 September 2007 which comprise of the Profit and Loss Account, Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under 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 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors Responsibilities on page 2.

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 INHEALTH (ACAD) LIMITED (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of the 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

KPMG LLP

KPMG LLP

*Chartered Accountants
Registered Auditor*

28 April, 2008

INHEALTH (ACAD) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	139,725	1,115,519
Cost of sales		(113,911)	(656,698)
Gross profit		25,814	458,821
Administrative expenses		(99,377)	(415,958)
Operating (loss)/profit	3	(73,563)	42,863
Interest receivable and similar income	4	89,591	27,091
Interest payable and similar charges	5	-	(56)
Profit on ordinary activities before taxation		16,028	69,898
Tax on profit on ordinary activities	7	85,137	16,867
Profit for the financial period	13	101,165	86,765

The company has made no recognised gains or losses in the year other than those stated in the profit and loss account above and accordingly a separate statement of total recognised gains and losses has not been prepared

A note on historical cost gains and losses has not been included as part of these financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The turnover and operating result for the current and preceding period derive from continuing operations

INHEALTH (ACAD) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	8		297,107		410,468
Current assets					
Debtors	9	-		336,745	
Cash at bank and in hand		688,082		1,035,774	
		<u>688,082</u>		<u>1,372,519</u>	
Creditors: amounts falling due within one year	10	<u>(157,710)</u>		<u>(1,056,673)</u>	
Net current assets			<u>530,372</u>		<u>315,846</u>
Total assets less current liabilities			<u><u>827,479</u></u>		<u><u>726,314</u></u>
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account	13		<u>827,477</u>		<u>726,312</u>
Shareholders' funds			<u><u>827,479</u></u>		<u><u>726,314</u></u>

These financial statements were approved by the board of directors on 28 April 2008 and were signed on its behalf



P Whitecross
Director

INHEALTH (ACAD) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS YEAR ENDED 30 SEPTEMBER 2007

	2007	2006
	£	£
Profit for the financial year	101,165	86,765
	<hr/>	<hr/>
Net addition to shareholders funds	101,165	86,765
Opening shareholder's funds	726,314	639,549
	<hr/>	<hr/>
Closing shareholders' funds	827,479	726,314
	<hr/>	<hr/>

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2007

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

1.1 Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

1.2 Related party transactions

As the company is a wholly owned subsidiary of the group headed by InHealth Group Holdings PLC, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related Party Transactions' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of InHealth Group Holdings PLC, within which this company is included, can be obtained from the address given in note 15

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	-	7 years
Computer equipment	-	3 years

During the year the director's reviewed the residual value of the leasehold improvements in accordance with FRS 15 Tangible Fixed Assets. As a result of this review, the residual value of leasehold improvements has increased, and has resulted in a decrease in the current year depreciation charge of £9,980

1.4 Turnover

Turnover represents the amounts charged for the supply of servicing and maintenance of medical equipment (excluding value added tax). Turnover is recognised on the supply of services

1.5 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2 Turnover

The whole turnover is attributable to the principle activity of the company. All turnover arose within the United Kingdom

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2007

3 Notes to the profit and loss account

	2007	2006
Profit on ordinary activities before taxation is stated after charging:		
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	113,361	294,345
	<u> </u>	<u> </u>
<i>Auditors' remuneration</i>		

	2007	2006
	£	£
Audit of these financial statements	-	-
	<u> </u>	<u> </u>

In both the current and preceding period the audit fee is borne by another group company

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, InHealth Group Limited

4 Interest receivable and similar income

	2007	2006
	£	£
Bank interest	89,591	27,091
	<u> </u>	<u> </u>

5 Interest payable and similar charges

	2007	2006
	£	£
Bank overdrafts	-	56
	<u> </u>	<u> </u>

6 Staff numbers and costs

The average number of persons employed by the group (excluding directors) during the year, analysed by category, was as follows

	2007	2006
	Number of employees	
Administrative	-	1
	<u> </u>	<u> </u>

Staff costs, excluding directors' remuneration, were as follows

	2007	2006
	£	£
Wages and salaries	-	33,892
Social security costs	-	3,702
Other pension costs (see note 11)	-	1,402
	<u> </u>	<u> </u>
	-	38,996
	<u> </u>	<u> </u>

The directors received no remuneration for their services to the company during the year (2006 £nil)

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2007

7 Taxation

<i>Analysis of charge in year</i>	2007 £	2006 £
<i>U K corporation tax</i>		
Current tax on income for the year	-	-
Adjustment in respect of previous period	(85,137)	(16,867)
Total current tax	(85,137)	-
Deferred tax (see below)	-	-
Tax on profit on ordinary activities	(85,137)	(16,867)

Factors affecting the tax charge for the year

The current tax charge for the year is lower (2006 lower) than the standard rate of corporation tax in the U K , 30% (2006 30%) The differences are explained below

	2007 £	2006 £
Current tax reconciliation		
Profit on ordinary activities before taxation	16,028	69,898
Current tax at 30% (2006 30%)	4,808	20,970
<i>Effects of</i>		
Income not taxable	-	(8,763)
Expenses not deductible for tax purposes	13	-
Depreciation in excess of capital allowances	34,011	35,875
Losses claimed as group relief	(38,758)	(47,781)
Other short term timing differences	(74)	(301)
Adjustment in respect for previous periods	(85,137)	(16,867)
Total current tax charge (see above)	(85,137)	(16,867)

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2007

7 Taxation (continued)

The company has an unrecognised deferred tax asset of £91,487 (2006 £64,011). The deferred tax asset has not been recognised as a result of uncertainty over the timing of future profitability and has arisen as follows

	2007 £	2006 £
Differences between accumulated depreciation and capital allowances	(84,966)	(57,025)
Other timing differences	(6,520)	(6,986)
	<u>(91,487)</u>	<u>(64,011)</u>

Deferred tax assets are only recognised to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. The company did not recognise a deferred tax asset in the period due to uncertainty as to the timing of the realisation of the amount. There are no unprovided deferred tax liabilities.

8 Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
Cost			
At beginning and end of year	2,543,838	3,733	2,547,571
Depreciation			
At beginning of year	2,133,378	3,725	2,137,103
Charge for the year	113,353	8	113,361
At end of year	2,246,731	3,733	2,250,464
Net book value			
At 30 September 2007	297,107	-	297,107
At 30 September 2006	410,460	8	410,468

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2007

9 Debtors

	2007	2006
	£	£
Trade debtors	-	336,745
	<u>-</u>	<u>336,745</u>

10 Creditors amounts falling due within one year

	2007	2006
	£	£
Trade creditors	-	12,694
Amounts due to group undertakings	105,894	730,400
Corporation tax	15,567	225,131
Other taxes and social security costs	6,113	50,257
Other creditors	2,849	288
Accruals and deferred income	27,287	37,903
	<u>157,710</u>	<u>1,056,673</u>

11 Pension costs

The company operates a defined contribution pension scheme. The pension costs charges for the year represents contributions payable by the company to the scheme and amounted to £nil (2006 £1,402)

Contributions amounting to £nil (2006 £245) were payable to the scheme and are included in creditors

12 Called up share capital

	2007	2006
	£	£
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2007

13 Reserves

	Profit and loss account
	£
At beginning of year	726,312
Profit for the period	101,165
At end of year	<u>827,477</u>

14 Contingent liabilities

The company has entered together with its group undertakings into a cross guarantee agreement in connection with the borrowings of the group undertakings in favour of its bankers. The total borrowings of group undertakings who are part of this guarantee as at 30 September 2007 amounted to £nil (30 September 2006 £ 5,014,168)

15 Ultimate Parent Undertaking and Controlling Party

The company is controlled by the immediate parent company, InHealth Diagnostics and Imaging Limited, a company registered in England and Wales. The largest group in which the results of the company are consolidated and which are publicly available is that headed by InHealth Group Holdings PLC, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Pegasus Management (Holdings) SCA, ("Pegasus") a societe en commandite par actions, incorporated in Luxembourg. The consolidated financial statements of InHealth Group Holdings PLC are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, HP11 1JL.