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Company Registration No. 3209169 (England and Wales)

H1137

HCP HOLDINGS LIMITED
DIRECTORS' REPORT AND GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2005



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COMPANIES HOUSE 23/06/2006

HCP HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Sir Derek Boorman (Chairman) *
G N V Green (Chief Executive)
J M K Hubbard
R A Pett
L G Blade
T R Pearson *
M A Fernandes *
M Lennon *
I C S Barby *
A Finegan *

* Non-executive directors

Secretary

R S West

Company number

3209169

Registered office

3 White Oak Square
London Road
Swanley
Kent
BR8 7AG

Auditors

H W Fisher & Company
Acre House
11-15 William Road
London
NW1 3ER

Bankers

National Westminster Bank Plc
City of London
1 Prince's Street
London
EC2R 8PA

Solicitors

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

HCP HOLDINGS LIMITED

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HCP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and group accounts for the year ended 31 December 2005.

Principal activities

The principal activities of the Group are the provision of management services to Private Finance Initiative ("PFI") projects in the health care and education sectors. The Group also provides project management and clinical planning services to consortia bidding for new PFI projects.

Review of business

The company continues to hold its investments in Health Care Projects Limited, HCP (Clinical Planning) Limited and HCP Bidding Limited.

On 8 February 2006 the Company incorporated a new wholly owned subsidiary, HCP Operations Limited.

At the commencement of the year under review the Group had management contracts at PFI hospitals at High Wycombe and Amersham, Greenwich, Reading, Coventry, Hairmyres, Derby and Huntingdon, together with a management contract for a grouped schools PFI project Birmingham.

During the year under review the Group acquired a further management contract for a PFI hospital in Mansfield. A further four PFI hospital contracts are anticipated to come on stream in 2006.

The group continues to assist consortia in bidding for future PFI contracts. In addition it provides both clinical planning services and assistance in bidding contracts under the government's Procure 21 scheme to contractors in the health sector.

Results and dividends

The group profit for the year after taxation amounted to £451,642.

During the year an interim ordinary dividend was paid amounting to £150,000. The directors do not recommend payment of a final dividend.

Directors and their interests

The directors at 31 December 2005 and their beneficial interests in the shares of the company and other group companies were:

	Ordinary of 20p each	
	31 December 2005	1 January 2005
Sir Derek Boorman	27,823	27,823
G N V Green	278,239	278,239
T R Pearson	-	-
M A Fernandes	-	-
J M K Hubbard	69,559	69,559
R A Pett	69,559	69,559
L G Blade	69,559	69,559
M Lennon	-	-
I C S Barby	-	-

During the year M Lennon and I C S Barby were appointed as directors on 26 January and 5 April 2005 respectively.

A Finegan was appointed as a director on 24 April 2006.

Charitable contributions

During the year the group made charitable donations of £500 (2004: £-).

HCP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with Section 386(1) of the Companies Act 1985. Therefore, the auditors, H.W. Fisher & Company, will be deemed to be reappointed for each succeeding financial year.

On behalf of the Board



R S West

Secretary

Dated:22/6/2006

HCP HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HCP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the group accounts of HCP Holdings Limited for the year ended 31 December 2005 set out on pages 5 to 15. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts 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 accounts give a true and fair view 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 accounts, 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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's and the group'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 accounts 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 accounts.

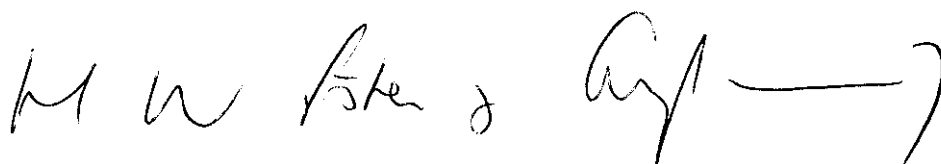
Opinion

In our opinion the accounts

- * give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's and the group's affairs as at 31 December 2005 and of the group's profit for the year then ended; and
- * have been properly prepared in accordance with the Companies Act 1985.

H.W. Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom



Dated: 23/6/06

HCP HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover		6,264,345	4,509,531
Administrative expenses		(5,647,083)	(4,331,385)
Operating profit	3	617,262	178,146
Other income		20,746	11,015
Profit on ordinary activities before taxation		638,008	189,161
Tax on profit on ordinary activities	6	(186,366)	9,558
Profit on ordinary activities after taxation		451,642	198,719
Dividends	8	(150,000)	-
Retained profit for the year		301,642	198,719
Retained profit brought forward		286,231	87,512
Retained profit carried forward		587,873	286,231

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

HCP HOLDINGS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2005

		Group		Company	
	Notes	2005	2004	2005	2004
		£	£	£	£
Fixed assets					
Tangible assets	9	73,096	58,868	-	-
Investments	10	-	-	1,314,222	1,314,222
		<u>73,096</u>	<u>58,868</u>	<u>1,314,222</u>	<u>1,314,222</u>
Current assets					
Debtors	11	1,523,352	901,752	81	-
Cash at bank and in hand		652,620	534,850	208	203
		<u>2,175,972</u>	<u>1,436,602</u>	<u>289</u>	<u>203</u>
Creditors: amounts falling due within one year	12	(1,104,718)	(652,762)	(467,987)	(319,687)
Net current assets		<u>1,071,254</u>	<u>783,840</u>	<u>(467,698)</u>	<u>(319,484)</u>
Total assets less current liabilities		<u>1,144,350</u>	<u>842,708</u>	<u>846,524</u>	<u>994,738</u>
Capital and reserves					
Called up share capital	14	556,477	556,477	556,477	556,477
Profit and loss account		587,873	286,231	290,047	438,261
Shareholders' funds - equity interests	15	<u>1,144,350</u>	<u>842,708</u>	<u>846,524</u>	<u>994,738</u>

The accounts were approved by the board on 22/6/06


 G N V Green
 Director

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company and the group as a whole is a small group.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 December 2005. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents the invoiced value of services provided net of VAT.

1.4 Goodwill

Acquired goodwill amounting to £109,052 has been capitalised and amortised over its useful economic life in previous accounting periods.

1.5 Tangible fixed assets and depreciation

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

Office equipment	20% straight line
Computers and telephones	33% straight line
Fixtures and fittings	25% straight line
Motor vehicles	33% straight line

1.6 Leasing

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.7 Investments

Fixed asset investments are stated at cost less any provision for permanent diminution in value.
Current asset investments are stated at the lower of cost and market value.

1.8 Deferred taxation

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 the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. 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.

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

2 Turnover

The total turnover of the group for the year has been derived from its principal activities wholly undertaken in the United Kingdom.

3 Operating profit	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of owned tangible assets	34,017	37,360
Operating lease rentals	49,400	49,400
Auditors' remuneration (Company £Nil; 2003 : Nil)	8,000	8,000

4 Directors' emoluments	2005 £	2004 £
Aggregate emoluments	584,541	430,481
Company contributions to defined contribution pension schemes	75,789	61,504
	<u>660,330</u>	<u>491,985</u>

Retirement benefits are accruing to 4 (2004 - 4) directors under defined contribution schemes.

Emoluments disclosed above include the following amounts paid to the highest paid director:

Aggregate emoluments	178,132	168,895
Company contributions to defined contribution pension schemes	29,261	27,008

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

5 Employees

Number of employees

The average weekly number of employees during the year was:

	2005 Number	2004 Number
Directors	9	7
Project and administration	63	46
	<u>72</u>	<u>53</u>

Employment costs

	£	£
Wages and salaries	3,933,376	2,913,033
Social security costs	445,839	354,603
Other pension costs	510,047	384,020
	<u>4,889,262</u>	<u>3,651,656</u>

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

6 Tax on profit on ordinary activities

	£	£	£	£
Current tax				
<u>UK corporation tax</u>				
Current tax on income for the period	179,461		2,093	
		179,461		2,093
Deferred tax				
Origination and reversal of timing differences	6,905		(11,651)	
		6,905		(11,651)
		186,366		(9,558)
Factors affecting the tax charge for the year				
Profit on ordinary activities before taxation		638,008		189,161
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 19.00%)		191,402		35,941
Effects of:				
Expenses not deductible for tax purposes		1,709		4,403
Capital allowances for period in excess of depreciation		(1,450)		664
Movement in tax losses		(12,200)		(38,915)
Current tax charge		179,461		2,093

7 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these accounts. The profit for the financial year is made up as follows:

	2005	2004
	£	£
Holding company's profit for the financial year	1,786	456,947

8 Dividends

	2005	2004
	£	£
Ordinary interim paid 5 August 2005	150,000	-

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

9 Tangible fixed assets Group

	Office Equipment	Computers and telephones	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2005	8,601	147,579	29,579	23,323	209,082
Additions	-	22,113	-	32,000	54,113
Disposals	-	-	-	(23,323)	(23,323)
At 31 December 2005	8,601	169,692	29,579	32,000	239,872
Depreciation					
At 1 January 2005	5,193	106,305	27,421	11,295	150,214
On disposals	-	-	-	(17,455)	(17,455)
Charge for the year	1,584	25,337	936	6,160	34,017
At 31 December 2005	6,777	131,642	28,357	-	166,776
Net book value					
At 31 December 2005	1,824	38,050	1,222	32,000	73,096
At 31 December 2004	3,408	41,274	2,158	12,028	58,868

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

10 Fixed asset investments

Company

Unlisted investments

£

Cost

At 1 January 2005 and at 31 December 2005

1,314,222

Provisions for diminution in value

At 1 January 2005 and at 31 December 2005

-

Net book value

At 31 December 2005

1,314,222

At 31 December 2004

1,314,222

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Health Care Projects Ltd	England and Wales	Ordinary	100
HCP (Clinical Planning) Ltd	England and Wales	Ordinary	100
HCP (Bidding) Ltd	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
Health Care Projects Ltd	1,612,046	451,642
HCP (Clinical Planning) Ltd	1	-
HCP (Bidding) Ltd	1	-
	<u>1,612,048</u>	<u>451,642</u>

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

11 Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	985,104	485,573	-	-
Amounts owed by group undertakings	-	-	81	-
Amounts owed by companies under common control	351,305	289,859	-	-
Other debtors	6,428	16,419	-	-
Prepayments and accrued income	175,769	98,250	-	-
Deferred tax asset (see note 13)	4,746	11,651	-	-
	<u>1,523,352</u>	<u>901,752</u>	<u>81</u>	<u>-</u>

12 Creditors : amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank overdrafts	20,665	-	-	-
Trade creditors	133,042	96,175	-	-
Amounts owed to group undertakings	-	-	467,987	319,687
Corporation tax	179,461	2,093	-	-
Taxes and social security costs	363,494	243,654	-	-
Accruals and deferred income	408,056	310,840	-	-
	<u>1,104,718</u>	<u>652,762</u>	<u>467,987</u>	<u>319,687</u>

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

13 Provisions for liabilities and charges Group

	£
Opening deferred tax asset included in debtors	11,651
Profit and loss account	(6,905)
	<hr/>
	4,746
Deferred tax asset included in debtors (note 11)	(4,746)
	<hr/>
Balance at 31 December 2005	-
	<hr/> <hr/>

Group

	2005 £	2004 £
Accelerated capital allowances	16,397	-
Other timing differences	(9,492)	(3,924)
Tax losses available	-	(7,727)
	<hr/>	<hr/>
	6,905	(11,651)
	<hr/> <hr/>	<hr/> <hr/>

14 Share capital

	2005 £	2004 £
Authorised		
2,800,000 Ordinary of 20p each	560,000	560,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
2,782,387 Ordinary shares of 20p each	556,477	556,477
	<hr/> <hr/>	<hr/> <hr/>

HCP HOLDINGS LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

15 Reconciliation of movements in shareholders' funds	2005	2004
Group	£	£
Profit for the financial year	451,642	198,719
Dividends	(150,000)	-
	<u>301,642</u>	<u>198,719</u>
Additional shares allotted at par	-	96,036
	<u>301,642</u>	<u>294,755</u>
Opening shareholders' funds	842,708	547,953
	<u>1,144,350</u>	<u>842,708</u>
Closing shareholders' funds		

16 Commitments under operating leases

At 31 December 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Between two and five years	<u>49,400</u>	<u>49,400</u>

17 Related party transactions

T Pearson, M Fernandes and A Finegan, directors of HCP Holdings Limited, are directors of Innisfree Limited and Innisfree Partners Limited, and other Innisfree group companies (collectively "Innisfree"). Innisfree owns, through intermediate holding companies, a majority stake in the share capital of United Healthcare (South Buckinghamshire) Limited, Birmingham Schools Partnership Limited, Derby Healthcare Plc, Coventry and Rugby Hospitals Company Plc, and 50% of the share capital of Meridian Hospital Company Plc, Central Nottinghamshire Hospitals Plc, Prospect Healthcare (Hairmyres) Limited, Prospect Healthcare (Reading) Limited and Prospect Healthcare (Hinchingsbrooke) Limited.

In aggregate the group made sales of £2,003,817 (2004:£2,541,618) to the companies referred to above. The amount due in aggregate from these companies to the group at 31 December 2005 was £45,905 (2004:£139,208).

During the year the group also made sales of £832,788 (2004: £1,162,057) to Innisfree Resources Limited. As at the year end £234,954 (2004:£212,097) was due to the group from Innisfree Resources Limited.

18 Controlling parties

At the commencement of the year Innisfree PFI Fund LP owned 80% of the share capital of HCP Holdings Limited. On 26 January 2005 the Innisfree PFI Fund LP sold its share in the company to the Innisfree M&G PPP LP. Both organisations are Limited Partnerships registered in England and Wales.