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Company Registration No. 3209169 (England and Wales)

HCP HOLDINGS LIMITED

(FORMERLY HEALTH CARE PROJECTS
HOLDINGS LIMITED)

DIRECTORS' REPORT AND GROUP ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2001



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COMPANIES HOUSE 17/05/02

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
COMPANY INFORMATION

PLEASE COPY : Please return to H. W. FISHER & CO

Directors

Sir Derek Boorman
G N V Green
T Pearson
M A Fernandes
J M K Hubbard
R A Pett
L G Blade
D J M Hartshorne

Secretary

R S West

Company number

3209169

Registered office

3 White Oak Square
London Road
Swanley
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
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
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HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and group accounts for the year ended 31 December 2001.

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 and project management services to consortia bidding for new PFI projects.

Review of business

The Group currently manages three healthcare projects at South Buckinghamshire, Greenwich and Hairmyres. During the year the Group commenced a new contract to provide management services to a grouped schools project in Birmingham. A further healthcare project, in Coventry, has been won and the contract is projected to commence in the summer of 2002.

After the year end the holding company changed its name to HCP Holdings Limited.

Results and dividends

The group loss for the year after taxation amounted to £207,429.

The turnover and results in the previous year were favourably affected by the waiver of interest on shareholder loans and the sale of a Private Patients Unit in South Buckinghamshire.

The directors are unable to recommend the payment of a dividend.

Directors and their interests

The directors at 31 December 2001 and their beneficial interests in the shares of the company and other group companies were:

	Ordinary shares of £ 1 each	
	31 December 2001	1 January 2001
Sir Derek Boorman	10	10
G N V Green	76,284	76,284
T Pearson	-	-
M A Fernandes	-	-
J M K Hubbard	-	-
R A Pett	-	-
L G Blade	-	-
D J M Hartshorne	-	-

L. G. Blade, J. M. K. Hubbard, R. A. Pett and D. J. M. Hartshorne were all appointed directors on 4 October 2001.

David Hartshorne resigned as a director on 1 May 2002.

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: 13/5/02

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 of the profit or loss of the group for that period.

In preparing those 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 which 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
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS

We have audited the accounts of HCP Holdings Limited for the year ended 31 December 2001 set out on pages 4 to 14. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

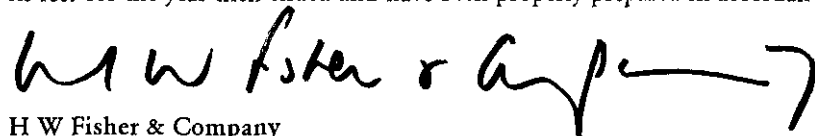
Basis of audit opinion

We conducted our audit in accordance with 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 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 of the state of the company's affairs as at 31 December 2001 and of its loss 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

Dated: 15.7.02

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
Turnover	2	1,335,108	2,328,731
Cost of sales		-	(604,806)
Gross profit		1,335,108	1,723,925
Administrative expenses		(1,567,965)	(1,087,676)
Operating (loss)/profit	3	(232,857)	636,249
Interest on loan notes written back		-	875,558
(Loss)/profit on ordinary activities before interest		(232,857)	1,511,807
Other income		22,375	161,131
Interest payable and similar charges		(509)	(1,040)
(Loss)/profit on ordinary activities before taxation		(210,991)	1,671,898
Tax on (loss)/profit on ordinary activities	6	3,562	(122,990)
(Loss)/profit on ordinary activities after taxation		(207,429)	1,548,908
Retained profit/(accumulated loss) brought forward		(1,750,036)	(3,298,944)
Retained profit carried forward		(1,957,465)	(1,750,036)

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
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
BALANCE SHEETS
AS AT 31 DECEMBER 2001

		Group		Company	
	Notes	2001 £	2000 £	2001 £	2000 £
Fixed assets					
Intangible assets	8	-	86,695	-	-
Tangible assets	9	47,510	50,311	-	-
Investments	10	-	-	857,274	1,314,221
		<u>47,510</u>	<u>137,006</u>	<u>857,274</u>	<u>1,314,221</u>
Current assets					
Debtors	11	326,346	155,798	-	15,025
Cash at bank and in hand		401,316	640,397	49,225	48,380
		<u>727,662</u>	<u>796,195</u>	<u>49,225</u>	<u>63,405</u>
Creditors: amounts falling due within one year	12	(331,630)	(278,992)	(464,744)	(478,924)
Net current assets		<u>396,032</u>	<u>517,203</u>	<u>(415,519)</u>	<u>(415,519)</u>
Total assets less current liabilities		<u>443,542</u>	<u>654,209</u>	<u>441,755</u>	<u>898,702</u>
Creditors: amounts falling due after more than one year	13	-	(3,238)	-	-
		<u>443,542</u>	<u>650,971</u>	<u>441,755</u>	<u>898,702</u>
Capital and reserves					
Called up share capital	14	2,302,207	2,302,207	2,302,207	2,302,207
Share premium account	15	98,800	98,800	98,800	98,800
Profit and loss account		(1,957,465)	(1,750,036)	(1,959,252)	(1,502,305)
Shareholders' funds - equity interests	16	<u>443,542</u>	<u>650,971</u>	<u>441,755</u>	<u>898,702</u>

The accounts were approved by the board on 13/5/02


G N V Green
Director

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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 2001. 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 is capitalised and amortised over its useful economic life. The directors have reviewed the current value of the goodwill relating to the acquisition of Health Care Projects Limited and have decided to amortise it in full.

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	25% straight line
Computers and telephones	20% straight line
Fixtures and fittings	25% straight line
Motor vehicles	20% - 25% 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 taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

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

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

3	Operating (loss)/profit	2001	2000
		£	£
	Operating (loss)/profit is stated after charging:		
	Amortisation of intangible assets	86,695	5,475
	Depreciation of owned tangible assets	18,636	26,186
	Operating lease rentals	21,000	21,000
	Auditors' remuneration (Company £Nil; 2000 : £1,000)	5,500	8,000
		<u> </u>	<u> </u>

4	Directors' emoluments	2001	2000
		£	£
	Aggregate emoluments	357,332	380,742
	Company contributions to defined contribution pension schemes	43,981	56,908
	Compensation for loss of office	-	30,000
		<u> </u>	<u> </u>
		<u>401,313</u>	<u>467,650</u>

Retirement benefits are accruing to 5 (2000 - 4) directors under defined contribution schemes.

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

Aggregate emoluments	123,905	116,100
Company contributions to defined contribution pension schemes	20,983	17,700
	<u> </u>	<u> </u>

5 Employees

Number of employees

The average weekly number of employees during the year was:

	2001	2000
	Number	Number
Directors	8	5
Project and administration	15	8
	<u> </u>	<u> </u>
	<u>23</u>	<u>13</u>

Employment costs

	£	£
Wages and salaries	1,000,357	736,502
Social security costs	112,059	74,650
Other pension costs	115,889	93,709
	<u> </u>	<u> </u>
	<u>1,228,305</u>	<u>904,861</u>

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

6 Taxation

	£	£
U.K. current year taxation		
U.K. corporation tax (2000 at 30%)	-	122,990
Prior years		
U.K. Corporation tax	(3,562)	-
	<u>(3,562)</u>	<u>122,990</u>

7 (Loss)/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 (loss)/profit for the financial year is made up as follows:

	2001 £	2000 £
Holding company's (loss)/profit for the financial year	<u>(456,947)</u>	<u>618,253</u>

8 Intangible fixed assets
Group

	Goodwill £
Cost	
At 1 January 2001 and at 31 December 2001	<u>109,052</u>
Amortisation	
At 1 January 2001	22,357
Charge for year	<u>86,695</u>
At 31 December 2001	<u>109,052</u>
Net book value	
At 31 December 2001	-
At 31 December 2000	<u>86,695</u>

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

9 Tangible fixed assets
Group

	Office Equipment	Computers and telephones	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2001	3,427	43,774	25,869	40,650	113,720
Additions	4,999	17,076	-	-	22,075
Disposals	(2,650)	-	-	(22,150)	(24,800)
At 31 December 2001	5,776	60,850	25,869	18,500	110,995
Depreciation					
At 1 January 2001	3,427	17,924	23,778	18,280	63,409
On disposals	(2,650)	-	-	(15,910)	(18,560)
Charge for the year	336	10,850	1,140	6,310	18,636
At 31 December 2001	1,113	28,774	24,918	8,680	63,485
Net book value					
At 31 December 2001	4,663	32,076	951	9,820	47,510
At 31 December 2000	-	25,850	2,091	22,370	50,311

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

10 Fixed asset investments
Company

	Unlisted investments £
Cost	
At 1 January 2001 and at 31 December 2001	1,314,221
Provisions for diminution in value	
At 1 January 2001	-
Charge for the year	456,947
At 31 December 2001	456,947
Net book value	
At 31 December 2001	857,274
At 31 December 2000	1,314,221

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	Class	Shares held
Subsidiary undertakings			
Health Care Projects Ltd	England and Wales	Ordinary	100
Health Care Projects (South Buckinghamshire) 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	853,140	(124,296)
Health Care Projects (South Buckinghamshire) Ltd	1,787	(572)

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

11 Debtors

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Trade debtors	50,029	12,044	-	-
Amounts owed by companies under common control	247,819	137,391	-	-
Other debtors	4,968	1,113	-	15,025
Prepayments and accrued income	23,530	5,250	-	-
	<u>326,346</u>	<u>155,798</u>	<u>-</u>	<u>15,025</u>

12 Creditors : amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans	3,744	4,482	-	-
Bank overdrafts	51	3,304	-	-
Trade creditors	27,523	25,087	-	6,943
Amounts owed to group undertakings	-	-	464,744	332,962
Amounts owed to companies under common control	100,168	-	-	-
Corporation tax	-	122,990	-	118,519
Taxes and social security costs	100,608	38,639	-	-
Other creditors	120	-	-	-
Accruals and deferred income	99,416	84,490	-	20,500
	<u>331,630</u>	<u>278,992</u>	<u>464,744</u>	<u>478,924</u>

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans	-	3,238	-	-
	-	3,238	-	-
Analysis of loans				
Wholly repayable within five years	3,744	7,720	-	-
Included in current liabilities	(3,744)	(4,482)	-	-
	-	3,238	-	-
Between one and two years	-	3,238	-	-
	-	3,238	-	-

During the year a capital restructuring took place resulting in the loan notes being converted to share capital. Further details are outlined in note 17.

14 Share capital

	2001	2000
	£	£
Authorised		
2,500,000 Ordinary shares of £ 1 each	2,500,000	2,500,000
Allotted, called up and fully paid		
2,302,207 Ordinary shares of £ 1 each	2,302,207	2,302,207

15 Statement of movements on reserves

Group

	Share premium account
	£
Balance at 1 January 2000 and 31 December 2000	98,800

HCP HOLDINGS LIMITED

(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)

NOTES TO THE GROUP ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2001

16 Reconciliation of movements in shareholders' funds	2001	2000
Group	£	£
(Loss)/profit for the financial year	(207,429)	1,548,908
New share capital subscribed	-	2,301,207
Net (depletion in)/addition to shareholders' funds	(207,429)	3,850,115
Opening shareholders' funds	650,971	(3,199,144)
Closing shareholders' funds	443,542	650,971

17 Contingent liabilities

The company has contingent liabilities amounting to £35,000 entered into in the normal course of business.

18 Commitments under operating leases

At 31 December 2001 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001	2000
	£	£
Expiry date:		
Within one year	5,250	-
Between two and five years	-	21,000
	5,250	21,000

19 Transactions with directors

Both T Pearson and M Fernandes, directors of HCP Holdings Limited, are directors of Innisfree Limited and Innisfree Partners Limited respectively Manager and General Partner of Innisfree PFI Fund, and other Innisfree group companies (collectively "Innisfree"). Innisfree owns a majority stake in the share capital of United Healthcare (South Buckinghamshire) Limited and 50% of the share capital of both Meridian Hospital Company PLC and H DGH Limited.

In aggregate, the Group made sales of £938,319 (2000: £725,803) to United Healthcare (South Buckinghamshire) Limited, Meridian Hospital Company PLC and H DGH Limited. The amount due in aggregate from United Healthcare (South Buckinghamshire) Limited, Meridian Hospital Company PLC and H DGH Limited to the Group at 31 December 2001 was £24,656 (2000: £43,639).

During the year the Group also made sales of £346,011 (2000: £196,116) to Innisfree Resources Limited. As at the year-end £223,163 (2000: £93,752) was due to the Group from Innisfree Resources Limited.

HCP HOLDINGS LIMITED
(FORMERLY HEALTH CARE PROJECTS HOLDINGS LIMITED)
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

20 Controlling parties

The directors consider the ultimate controlling party to be the board of directors of HCP Holdings Limited.

Innisfree PFI Fund LP, a Limited Partnership incorporated in Great Britain and registered in England and Wales owns 96.7% of the share capital of HCP Holdings Limited.