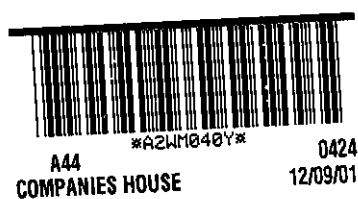


CRITERION HEALTHCARE PLC
(Registered number 3302909)
ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2001



CRITERION HEALTHCARE PLC
(Registered number 3302909)
ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2001

PKF

**CRITERION HEALTHCARE PLC
ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2001**

CONTENTS	<u>Page</u>
DIRECTORS' REPORT	1-2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	3
AUDITORS' REPORT	4
BALANCE SHEET	5
CASH FLOW STATEMENT	6
NOTES TO THE FINANCIAL STATEMENTS	7-14

CRITERION HEALTHCARE PLC

DIRECTORS' REPORT

The directors have pleasure in submitting their Report and Statement of Accounts for the year ended 30 April 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is that of private finance initiative concessionaire for the Bishop Auckland Hospital project, under the terms of a concession agreement dated 28 May 1999 between the company and South Durham Healthcare NHS Trust.

The company's concession agreement requires it to design, finance, and construct certain new buildings and undertake refurbishment to the hospital and then maintain and provide certain non-clinical services for the hospital for a primary concession period of up to sixty years from the completion of the first phase of the works. The company was required to agree a detailed specification for the hospital with South Durham Healthcare NHS Trust which meets the output specification established in the concession agreement with any modifications subsequently agreed. The payment under the contract will depend upon both the building meeting the agreed performance needs of the Trust and the services in the hospital being to the agreed standard. The company has been involved in substantive discussions on variations to the contract to ensure that the hospital will better meet the Trust's needs.

Work commenced on the redevelopment of the Hospital in June 1999. The company has exercised its right under the concession agreement to bring forward Phase 1 completion two months from July 2002 to May 2002 with final completion of all activities in March 2003. In the opinion of the directors, satisfactory progress has been made on the redevelopment work in the period under review.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the accounts.

PROFIT AND LOSS ACCOUNT

The company made neither profit or loss and has no other recognised gains or losses for the year accordingly no profit and loss account or statement of total recognised gains or losses has been prepared.

SHARE CAPITAL

The company has in issue 50,000 ordinary £1 shares which are fully subscribed.

DIVIDENDS

The directors do not propose to pay any dividend on the issued ordinary share capital of the company in respect of the year ended 30 April 2001.

DIRECTORS

The following persons were directors of the company during the year:-

G Craig	
A J Hazell	
G Ray	Appointed 12 May 2000
D Warlow	Resigned 25 January 2001
P Williams	Appointed 25 January 2001
I J Till	Resigned 12 May 2000

**CRITERION HEALTHCARE PLC
DIRECTORS' REPORT**

DIRECTORS' SHARE INTEREST

The directors had no interests that are required to be recorded in the register under Section 325 of the Companies Act.

FINANCIAL INSTRUMENTS

The company does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities. The company's funding has been arranged using the principles of project finance, with the terms of the financial instruments, and the resulting profile of debt service costs, tailored to match expected revenues arising from the Concession Agreement.

Board approval is required for the use of any new financial instrument, and the company's ability to do so is restricted by covenants in its existing funding agreements.

In order to fund the redevelopment of Bishop Auckland Hospital, the company issued index-linked bonds, the details of which are shown in note 10 to the financial statements. The company also obtained a mezzanine loan facility and issued subordinated loan stock as described in note 10 to the financial statements.

The proceeds of the bond issue and other borrowing not yet applied towards redevelopment costs is held on deposit as shown in note 8 to the financial statements.

The bonds and mezzanine loans are indexed to changes in the Retail Price Index (RPI) for the payment of principal (bonds) and interest (both). The risk inherent in this arrangement is offset by the fact that the payments to the company on contracts for services to be provided following completion are also linked to changes in RPI.

To cover the RPI risk to the company on interest payments on both the bonds and mezzanine loan (except the mezzanine variation debt) for the period prior to completion the company has entered into interest rate swaps to fix its interest payments in that period as more fully described in note 10.

Other numerical disclosures in respect to financial instruments are given in notes 7,8,10 and 11 to the financial statements.

POLICY ON PAYMENT OF SUPPLIERS

The company's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction or series of transactions and to abide by these terms of payment where it is satisfied the supplier has provided the goods or services in accordance with the agreed terms.

The average time taken to pay suppliers in the year was 5 days.

AUDITORS

PKF have indicated their willingness to continue as auditors and a resolution will be placed before the Annual General Meeting proposing their appointment for the ensuing year.

Pannell Kerr Forster changed its name to PKF on 1 November 2000 and will sign their audit report in that name.

BY ORDER OF THE BOARD



K F Abel
Secretary

21 August 2001

CRITERION HEALTHCARE PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company 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 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 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.

Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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.

The directors are also responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CRITERION HEALTHCARE PLC**

We have audited the financial statements of Criterion Healthcare plc for the year ended 30 April 2001 which comprise the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

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 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 transactions with the company is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company as at 30 April 2001 and have been properly prepared in accordance with the Companies Act 1985.



PKF
Registered Auditors

London

Date 21 August 2001

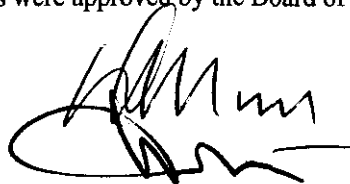
CRITERION HEALTHCARE PLC
BALANCE SHEET
30 APRIL 2001

	<u>Notes</u>	<u>2001</u> £'000's	<u>2000</u> £'000's
FIXED ASSETS			
Tangible assets	6	41,545	17,785
CURRENT ASSETS			
Debtors	7	4,998	8,009
Cash at bank and in hand	8	22,371	40,087
		<hr/> 27,369	<hr/> 48,096
CREDITORS			
Amounts falling due within one year	9	(2,771)	(2,150)
NET CURRENT ASSETS		<hr/> 24,598	<hr/> 45,946
TOTAL ASSETS LESS CURRENT LIABILITIES		66,143	63,731
CREDITORS			
Amounts falling due after more than one year			
Borrowings	10	(66,093)	(63,681)
TOTAL NET ASSETS		<hr/> 50 <hr/>	<hr/> 50 <hr/>
CAPITAL AND RESERVES			
Called up share capital	12	50	50
SHAREHOLDERS' FUNDS		<hr/> 50 <hr/>	<hr/> 50 <hr/>

These financial statements were approved by the Board of Directors on 21 August 2001 and signed on its behalf by:-

A J Hazell Director

G Craig Director



CRITERION HEALTHCARE PLC
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2001

	<u>Notes</u>	<u>2001</u> £'000's	<u>2000</u> £'000's
Returns on investments and servicing of finance			
Interest received		1,661	2,044
Interest paid		(2,978)	(9,811)
Net cash outflow on returns on investments and servicing of finance		<u>(1,317)</u>	<u>(7,767)</u>
Taxation			
UK taxation paid		-	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(16,399)	(14,985)
Net cash outflow from capital expenditure and financial investment		<u>(16,399)</u>	<u>(14,985)</u>
Management of liquid resources	16	<u>18,402</u>	<u>(37,264)</u>
Financing			
Issue of ordinary share capital		-	50
Issue of index linked bonds		-	62,894
Issue of Mezzanine Loan		-	5,871
Issue of unsecured subordinated loan stock		-	1,174
Less debt issue costs		-	(7,150)
Net cash inflow from financing		<u>-</u>	<u>62,839</u>
Increase in cash	16	<u><u>686</u></u>	<u><u>2,823</u></u>

CRITERION HEALTHCARE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2001

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.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

(b) Asset in course of construction

The company's policy is to match in due course the construction costs of the building and refurbishment work at Bishop Auckland Hospital with related revenues. Such costs have been capitalised. Amortisation of these costs will be over the period of the concession and will commence when the hospital comes into use and availability payments are received from the South Durham Healthcare NHS Trust.

The carrying value of this tangible fixed asset is reviewed annually by the directors to determine whether there has been any impairment to its value.

(c) Capitalised interest

The interest cost of financing the company's obligations under its Concession Agreement has been capitalised and is included in the value of asset in course of construction.

(d) Debt issue costs and discount on issue

Issue costs and discount on issue in respect of the company's debt are recognised over the life of the debt at a constant rate related to the carrying value of the debt.

(e) Leases

Operating lease rentals are capitalised in the asset in course of construction as the cost accrues.

(f) Deferred tax

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

(g) Liquid resources

In accordance with Financial Reporting Standard 1 (revised 1996) 'Cash Flow Statements', for cash flow purposes, cash includes cash in hand and bank deposits payable on demand within one working day and liquid resources includes all of the group's other bank deposits.

2 ANALYSIS BY CLASS OF BUSINESS AND GEOGRAPHICAL AREA

The company's sole business activity is that described in the directors' report. Accordingly all the company's net assets are UK based.

CRITERION HEALTHCARE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2001

3 PROFIT AND LOSS ACCOUNT

The company made neither profit nor loss and has no other recognised gains or losses for the period, accordingly no profit and loss account or statement of total recognised gains or losses has been prepared.

The following costs were incurred during the period and have been capitalised in asset in course of construction:-

	<u>2001</u> £'000's	<u>2000</u> £'000's
Auditors' remuneration		
Audit fees	27	24
Directors' emoluments		
Directors fees	31	30
Operating lease rentals	12	-

The directors' fees were paid to the shareholders of Criterion Healthcare Holdings Limited for provision of the directors' services.

The company does not operate a pension scheme for its directors.

4 NET INTEREST AND SIMILAR CHARGES PAYABLE

	<u>2001</u> £000's	<u>2000</u> £'000's
Secured 3.37% Index Linked Bonds 2031	2,015	1,876
Mezzanine Loan Stock	920	804
Unsecured subordinated loan stock	104	91
Amortisation of bond and mezzanine loan issue costs and discount on issue of bonds	400	373
Bond indexation	1,906	427
Total interest payable and similar charges	5,345	3,571
Interest receivable	(1,661)	(2,044)
Net interest payable and similar charges	3,684	1,527

Interest payable on the secured 3.37% index linked bonds 2031 and mezzanine loan includes bond and loan interest, bond and loan indexation and amortisation of bond issue costs and discount on issue of the bonds.

Net interest payable has been capitalised.

5 STAFF COSTS

	<u>2001</u> £000's	<u>2000</u> £000's
Staff costs, excluding directors for the year amounted to:		
Wages and salaries	111	28
Social security costs	12	3
	123	31

The average number of staff employed during the period was 4.

CRITERION HEALTHCARE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2001

6 TANGIBLE FIXED ASSETS

	<u>Asset in course of construction</u> £000's	<u>Total</u> £000's
Cost		
As at 1 May 2000	17,785	17,785
Additions at cost	23,760	23,760
	<hr/>	<hr/>
As at 30 April 2001	41,545	41,545
	<hr/>	<hr/>
Accumulated depreciation		
As at 1 May 2000	-	-
Provided in the period	-	-
	<hr/>	<hr/>
As at 30 April 2001	-	-
	<hr/>	<hr/>
Book value		
As at 30 April 2001	41,545	41,545
	<hr/>	<hr/>
As at 1 May 2000	17,785	17,785
	<hr/>	<hr/>

Asset in course of construction comprises the cost of construction of the Bishop Auckland Hospital, and includes net capitalised interest and similar charges of £5,211,000 (2000: £1,527,000). Interest capitalised during the year amounted to £3,684,000 (2000: £1,527,000).

7 DEBTORS

	<u>2001</u> £000's	<u>2000</u> £'000's
Prepaid interest costs on interest rate swaps (note 10)	4,624	7,597
Sundry debtors	58	10
H M Customs & Excise	316	402
	<hr/>	<hr/>
	4,998	8,009
	<hr/>	<hr/>

8 CASH AT BANK AND IN HAND

Bank deposit	18,862	37,264
Cash at bank and in hand	3,509	2,823
	<hr/>	<hr/>
	22,371	40,087
	<hr/>	<hr/>

The bank deposit is held in a trust account at the bank and is subject to the fixed charge and debenture referred to in note 10. Withdrawals are made of fixed amounts on specific dates with the final repayment being made on 28 March 2003. Interest is paid on the deposit at a fixed rate of 5.27345576%.

As a consequence of the above, £18,862,000 is an asset which can be realised in the normal course of events in over one year from the balance sheet date.

Other cash at bank and in hand earns interest at floating rates based principally on short term inter-bank rates.

CRITERION HEALTHCARE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2001

9 CREDITORS	2001 £000's	2000 £'000's
Amounts falling due within one year		
Trade creditors	2,131	192
Accruals and deferred income	640	1,876
Other Taxes and Social Security	-	81
Other creditors	-	1
	<hr/> 2,771 <hr/>	<hr/> 2,150 <hr/>
10 BORROWINGS		
Secured 3.37% index linked bonds 2031	62,894	62,894
Add: Cumulative indexation	2,333	427
Discount on issue	87	42
	<hr/> 65,314 <hr/>	<hr/> 63,363 <hr/>
Mezzanine loan (secured)	5,871	5,871
Loan stock including accrued interest	1,369	1,264
	<hr/> 72,554 <hr/>	<hr/> 70,498 <hr/>
Less: Unamortised net issue costs	(6,461)	(6,817)
	<hr/> 66,093 <hr/>	<hr/> 63,681 <hr/>
Borrowings are repayable as follows:		
Between one and two years	735	-
Between two and five years	4,827	3,869
After five years	66,992	66,629
	<hr/> 72,554 <hr/>	<hr/> 70,498 <hr/>

Interest rates on borrowings are regarded as fixed for the period of the interest rate swaps referred to below. Following expiry of the swaps the interest rate on the bonds and mezzanine debt will be regarded as variable unless a further swap is entered into and at all times indexation of principal amounts on these instruments is variable.

The loan stock is at fixed interest rates as described below.

Secured 3.37% index linked bonds 2031

£64,640,000 secured indexed-linked bonds 2031 were created on 28 May 1999. Of this £59,640,000 were issued and sold at 98.79%. The bonds bear interest at 3.37% per annum which, together with the principal outstanding, is subject to indexation to retail price inflation in accordance with the terms of the Bond Trust Deed. Interest is payable semi-annually in arrears on 30 April and 31 October.

The company retained £5,000,000 indexed-linked bonds 2031 "variation bonds" which it could sell, subject to certain restrictions in the Bond Trust Deed, to finance contingencies. Any variation bonds unsold at construction completion will be cancelled. On 27 April 2000 the company sold £4,150,000 nominal bonds at 95.79% for cash to fund variations to the construction contract.

The bonds are repayable in instalments commencing on 30 April 2003 and ending on 30 April 2031.

The bonds are secured by first fixed and floating charges over all of the company's and the holding company's assets. They are guaranteed by a financial guarantee insurance policy issued by Financial Security Assurance (UK) Limited.

CRITERION HEALTHCARE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2001

10 BORROWINGS (Continued)

Mezzanine loan

The company was advanced £5,500,000 under a Mezzanine loan facility agreement on 28 May 1999. The Mezzanine loan bears interest at 14.5% and payments of interest are indexed to changes in the Retail Price Index.

On 27 April 2000 a further amount of £371,000 was advanced under the same facility to part finance contract variations.

The amount outstanding under the facility is repayable in instalments over 22 years commencing on 31 October 2009. It is secured by the same fixed and floating charge as the bonds but ranks subordinate in priority to the bonds.

Unsecured Subordinated Loan Stock

The following parties have subscribed and paid for Unsecured A Loan Stock:

	£'000
Shepherd Securities (Healthcare) Limited	450
Health Care Development Advisory Limited	124
Charterhouse Project Equity Investments Limited	600
	<hr/>
	1,174
	<hr/>

The loan stock bears interest at 8.901% and is repayable by 31 July 2032 (increasing to 18.569% following Phase 1 Completion).

Interest has been accrued on the loan stock but there is a moratorium on payment until 2003.

ISS Finance and Investment (Bishop Auckland) Limited is to subscribe for further (B) Loan stock at Phase 1 Completion date.

Interest rate swaps

Following the acquisition of the National Westminster Bank plc by The Royal Bank of Scotland Group plc, the interest rate swap agreements were novated to the Royal Bank of Scotland (RBS) on 24 November 2000. The interest rate swap agreements with RBS fix the company's exposure to RPI indexation on the interest on the bonds and the original advance of £5,500,000 of mezzanine debt. £10,225,000 has been paid as a fixed sum to RBS in return for which RBS is obligated to pay to the company approximately the variable RPI linked interest due over the following periods and for indexation of an additional sum as set out below:

	Period	Additional Sum £000's
Bonds	to 30 April 2002	1,656
Original mezzanine debt	to 30 April 2002	-

The swaps have effectively fixed the company's interest rate payments for the periods covered and the fixed sum payments to RBS are treated as prepaid interest costs in these financial statements and are being amortised to interest costs over the period of the swaps.

CRITERION HEALTHCARE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2001

11 FINANCIAL INSTRUMENTS

A discussion of the company's objectives, policies and strategies with regard to derivatives and other financial instruments be found in the directors' report on page 2. The disclosures below exclude short term debtors and creditors.

Fair value of financial instruments

The comparison of book and fair values of the company's financial instruments at 30 April 2001 is set out below. In respect of the index linked bonds market values have been used to determine fair values. Market values are not available for other instruments and consequently it is not practicable to estimate the fair value with sufficient reliability. Relevant information regarding these financial instruments is given in note 10.

	<u>Book value</u> £000's	<u>Fair value</u> £000's
Cash at bank and in hand (see note 8)	22,371	22,371
Prepaid interest rate swaps (see note 7)	4,624	4,624
Index-linked bond (see note 10)	(65,227)	(62,572)
Mezzanine Loan (see note 10)	(5,871)	(5,871)
Unsecured loan stock (see note 10)	(1,369)	(1,174)
	<hr/>	<hr/>
	(45,472)	(42,622)
	<hr/>	<hr/>

12 SHARE CAPITAL

	<u>2001</u> Number	<u>2000</u> Number
Authorised		
Ordinary shares of £1	50,000	50,000
	<hr/>	<hr/>
	£'s	£'s
Allotted, called up and fully paid		
Ordinary shares of £1	50,000	50,000
	<hr/>	<hr/>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>Share capital</u> £
As at 30 April 2000 and 30 April 2001	50,000
	<hr/>

CRITERION HEALTHCARE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2001

14 LEASE AND HIRE PURCHASE COMMITMENTS

2001
£000's

2000
£000's

Operating leases

Annual commitments under non-cancellable operating leases are:

Other	- expiring in less than one year	Nil	Nil
	- expiring between two and five years	14	16

15 CAPITAL COMMITMENTS

2001
£000's

2000
£000's

Contracted but not provided for	20,352	39,123
---------------------------------	--------	--------

16 CASHFLOW STATEMENT

a) Analysis of net debt

	At 30 April <u>2000</u> £000's	<u>Cashflow</u> £000's	Other non cash changes £000's	At 30 April <u>2001</u> £000's
Cash at bank and in hand	40,087	(17,716)	-	22,371
Secured 3.37% index-linked bonds 2031	(63,363)	-	(1,951)	(65,314)
Subordinate mezzanine loan	(5,871)	-	-	(5,871)
Loan Stock	(1,264)	-	(105)	(1,369)
	<u>(30,411)</u>	<u>(17,716)</u>	<u>(2,056)</u>	<u>(50,183)</u>

b) Reconciliation of net cashflow to movement in net debt

£000's

Increase in cash in the period:

- management of liquid resources – term deposit	(18,402)
- other cash at bank	686

Change in net debt resulting from cashflows

(17,716)

Changes in net debt resulting from non cash transactions

(2,056)

Movement in net debt in the period

(19,772)

Other non cash changes comprise provision for bond indexation £1,906,000 and discount on issue of bonds of £45,000, and an accrual for loan stock interest £105,000.

**CRITERION HEALTHCARE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2001**

17 RELATED PARTY TRANSACTIONS

The company's parent company is Criterion Healthcare Holdings Limited the shareholders of which, at the end to the period under review, were Shepherd Securities (Healthcare) Limited (SSHL), Health Care Development Advisory Limited (HCDA), Charterhouse Project Equity Investments Limited (Charterhouse) and ISS Finance & Investment (Bishop Auckland) Ltd (ISS).

Those parties have had transactions with the company during the period as follows:

Charterhouse

Charterhouse has provided £5,871,000 of mezzanine debt funding and £1,007,341 is payable in interest thereon (2000:689,800).

Charterhouse has provided £600,000 of loan stock funding and interest thereon of £99,659 is accrued in the financial statements.

Directors' fees of £15,833 were payable to Charterhouse in respect of the year.

SSHL

SSHL has provided £450,000 of loan stock funding and interest thereon of £74,744 is accrued in the financial statements.

Directors' fees of £5,278 were payable to SSHL in respect of the year.

Shepherd Construction Ltd, a company in the same group as SSHL, is the main contractor for the works and £19,432,000 payable to them is charged in the year (2000: £10,567,000). Of the amount charged this year £2,125,390 was unpaid at 30 April 2001.

HCDA

HCDA has provided £124,000 of loan stock funding and interest thereon of £20,597 is accrued in the financial statements.

Directors' fees of £5,278 were payable to HCDA in respect of the year.

ISS

Directors' fees of £5,278 were payable to ISS in respect of the year.

18 ULTIMATE HOLDING COMPANY

The ultimate and immediate holding company is Criterion Healthcare Holdings Limited, a company registered in England and Wales. Copies of the accounts of this company are available from the Secretary, Criterion Healthcare Holdings Limited, 1 Cockton Hill Road, Bishop Auckland, County Durham, DL14 6EN.