Kintra Limited

Directors' Report and Financial Statements
For the Year Ended 31 December 2006

Registered number 3403304

Kintra Limited

Directors' Report and Financial Statements

Contents

Kintra Limited

Directors:	M J King	(resigned 7 February 2006)
	C M Ireland	(resigned 7 February 2006)
	G J Yardley	(resigned 7 February 2006)
	M J Ryan	(appointed 7 February 2006)
	J McDonagh	(appointed 7 February 2006)
Company secretary:	S A F Bailey	(resigned 7 February 2006)

Infrastructure Managers Limited (appointed 7 February 2006)
3rd Floor, Hanover House
Hanover Street
Edinburgh EH2 2PJ

Registered office:

20 St James's Street
London
SW1A 1ES

Bankers:

Royal Bank of Scotland plc
PO Box 412
62/63 Threadneedle Street
London
EC2R 8LA

Auditors:

PricewaterhouseCoopers LLP
PO Box 90
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Kintra Limited

Directors' Report

The Dırectors present theır report and the audıted financıal statements of the company for the year ended 31 December 2006

Principal activity

The company was formed as a specıal purpose vehıcle to provıde Gwent Healthcare NHS Trust wıth servıced hospıtal facılıtıes under an operatıng agreement sıgned 13 February 1998

Business review and future developments

The results for the year are ın lıne wıth budget The Dırectors antıcıpate that the Company wıll perform ın lıne wıth budget ın the comıng financıal year

The profit for the financıal year was £2,598 (2005 loss £63,138) The Dırectors have recommended that no dıvıdend be paıd (2005 £nıl) The retaıned profit for the year wıll be transferred to reserves

Directors and their interests

The Dırectors ın office durıng the year, shown on page 2, had no beneficıal ınterest ın the Company The Dırectors' ınterests ın the ultımate controllıng company are dısclosed ın that Company's financıal statements The Dırectors had no materıal ınterest ın any contract of sıgnıficance to whıch the Company was a party durıng the financıal year

Key performance indicators

The dırectors belıeve that analysıs usıng key performance ındıcators for the Company ıs not necessary or approprıate for an understandıng of the performance or posıtıon of the Company

Disclosure of information to the auditors

So far as each of the Dırectors ıs aware, there ıs no relevant ınformatıon that has not been dısclosed to the Company's audıtors and each of the dırectors belıeves that all steps have been taken that ought to have been taken to make them aware of any relevant audıt ınformatıon and to establısh that the Company's audıtors have been made aware of that ınformatıon

Auditors

The audıtors, PrıcewaterhouseCoopers LLP, have ındıcated theır wıllıngness to contınue ın office and a resolutıon concernıng theır reappoıntment wıll be proposed at the Annual General meetıng

The Dırectors' report was approved by the board on 25 October 2007 and sıgned on ıts behalf by

Sımon Peck
For and on behalf of
Infrastructure Managers Lımıted
Company Secretary
Edınburgh

Kintra Limited

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for the year The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

The Directors confirm that suitable accounting policies have been used and applied consistently They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006, that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis

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 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 Statement of Directors' Responsibilities was approved by the Board of Directors on 25 October 2007 and was signed on its behalf by

Michael Joseph Ryan
Director

Kintra Limited

Independent Auditors' Report to the Members of Kintra Limited

We have audited the financial statements of Kintra Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh
31 October 2007

Kintra Limited

Profit and Loss Account
for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	2	1,790,906	1,827,573
Cost of sales		(1,367,428)	(1,479,734)
Gross profit		423,478	347,839
Administrative expenses		(107,193)	(109,748)
Operating profit		316,285	238,091
Interest receivable	3	47,247	45,565
Interest payable	3	(263,488)	(272,700)
Profit on ordinary activities before taxation	4	100,044	10,956
Taxation	5	(97,446)	(74,094)
Profit/(Loss) for the year	13	2,598	(63,138)

The Company has no recognised gains and losses other than those included in the profit/(losses) above, which all relate to continuing activities, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profits/(losses) for the years stated above and their historical cost equivalents

Kintra Limited

Balance Sheet
as at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	6	6,823,115	7,199,722
Current assets			
Debtors	8	86,137	179,566
Cash at bank	7	1,697,141	1,556,636
		1,783,278	1,736,202
Creditors: amounts falling due within one year	9	(858,208)	(850,614)
Net current assets		925,070	885,588
Total assets less current liabilities		7,748,185	8,085,310
Creditors: amounts falling due after one year	10	(2,796,134)	(2,932,817)
Provisions for liabilities and charges	5	(572,960)	(536,000)
Deferred Income	11	(4,349,508)	(4,589,508)
Net assets		29,583	26,985
Capital and reserves			
Share capital	12	10,000	10,000
Profit and loss account	13	19,583	16,985
Shareholders' funds	14	29,583	26,985

The financial statements on pages 6 to 14 were approved by the Board of Directors on 25 October 2007 and were signed on its behalf by

Michael Joseph Ryan
Director

Kintra Limited

Notes to the Financial Statements
(formıng part of the financıal statements)

1 **Accounting policies**

A summary of the prıncıpal accountıng polıcıes, all of whıch have been applıed consıstently throughout the year, ıs set out below

Basis of preparation

The financıal statements have been prepared under the hıstorıcal cost conventıon and ın accordance wıth the Companıes Act 1985 and applıcable Accountıng Standards ın the Unıted Kıngdom The financıal statements have been prepared on a goıng concern basıs as the company's financıal projectıons ındıcate that suffıcıent funds wıll be generated to allow on-goıng oblıgatıons to be met as they fall due

Turnover

Turnover whıch excludes value added tax represents the ınvoıced value of the unıtary charge earned ın relatıon to the provısıon of the buıldıng and servıces under the contract between the Company and Gwent Healthcare NHS Trust

Deferred tax

Deferred tax ıs fully provıded on tımıng dıfferences recognısed by the balance sheet date when the Company has an oblıgatıon to pay more or less tax ın the future as a result of these tımıng dıfferences The Company has not adopted a polıcy of dıscountıng deferred tax assets and lıabılıtıes, as permıtted by FRS 19 (Deferred Tax)

Fixed assets

Assets under constructıon are shown at cost In determınıng the relevant accountıng treatment of the transactıons, consıderatıon ıs gıven to the provısıons ıncluded ın FRS 5 and HM Treasury guıdance On the basıs of thıs, fixed asset rather than finance lease accountıng ıs consıdered to be the approprıate accountıng treatment because the transactıon results ın the Company retaınıng substantıally all the rısks and rewards of ownershıp of the asset

Interest and other dırectly attrıbutable finance costs ın respect of loans for the purpose of constructıng assets, are capıtalısed as part of the cost of constructıng the buıldıngs up to the date of practıcal completıon Subsequent ınterest ıs charged to the profit and loss account

Depreciation

On completıon of the project asset, deprecıatıon ıs charged to the profit and loss account to wrıte off the asset over ıts useful economıc lıfe at the followıng rate per annum

Fıxtures, fittıngs and equıpment	25%	reducıng balance
Premıses	4%	straıght lıne

Cash flow statement

The Company ıs exempt from preparıng a cashflow statement under FRS 1 (cash flow statement) as ıt ıs a small company

Kintra Limited

1 **Accounting policies (continued)**

Capital instruments

Shares are included in shareholders' funds Other debt instruments, which contain an obligation to repay, are classified as liabilities In accordance with FRS 4 (Capital Instruments), the costs associated with the issue of capital instruments, other than shares, are charged to the Profit and Loss account over the life of the instrument, at a constant rate based on the carrying amount

2 **Turnover**

Turnover, which arises wholly in the United Kingdom, was derived from the company's principal activity

3 **Interest**

	2006 £	2005 £
Interest receivable		
Bank interest	47,247	45,565
Interest payable		
Bank loan interest	263,488	272,700

4 **Profit on ordinary activities before taxation**

	2006 £	2005 £
The profit before taxation is stated after charging		
Depreciation		
- land and buildings	375,648	375,648
- other fixed assets	959	2,302
Auditors' remuneration	7,000	7,650

The Directors did not receive any remuneration from the Company during the year (2005 £nil) There were no employees in the financial year other than the directors (2005 nil)

Kintra Limited

5 **Taxation**

	2006	2005
	£	£
Current tax		
UK corporation tax on profit for the year	33,438	2,214
Payments for group relief	27,048	5,880
	60,486	8,094
Deferred tax:		
Origination and reversal of timing differences	36,960	66,000
Tax on profit on ordinary activities	97,446	74,094

The tax assessed for the year is higher than the standard rate applying in the UK (30%) The differences are explained below

Profit on ordinary activities before tax	100,044	10,956
Profit on ordinary activities at the UK tax rate (30%)	30,013	3,287
Effects of		
Expenses not deductible for tax purposes	67,447	70,807
Accelerated capital allowances / other timing differences	(36,974)	(66,000)
Total current tax charge	60,486	8,094

Deferred tax liabilities

Liability

Movement in deferred tax:		
At 1 January 2006	536,000	470,000
Movement in year	36,960	66,000
At 31 December 2006	572,960	536,000

Deferred tax comprises:

Accelerated capital allowances	572,960	536,000
	572,960	536,000

Kintra Limited

6 Fixed tangible assets

	Leasehold Premises £	Office Equipment £	Office Furniture £	Total £
Cost				
As At 1 January and 31 December 2006	9,391,193	29,075	9,606	9,429,874
Depreciation				
At 1 January 2006	2,198,377	23,901	7,874	2,230,152
Charge for the year	375,648	718	241	376,607
At 31 December 2006	2,574,025	24,619	8,115	2,606,759
Net book value				
At 31 December 2006	6,817,168	4,456	1,491	6,823,115
Net book value				
At 31 December 2005	7,192,816	5,174	1,732	7,199,722

The leasehold premises net book value includes £98,000 (2005 £100,956) of directly attributable finance costs

7 Cash at bank and in hand

Cash at bank and in hand at the year-end includes £308,262 (2005 £300,628) which is held in a sinking fund account Under the terms of the Operating Agreement and the bank loan agreement this account can only be used for capital expenditure to be incurred in maintaining the premises

8 Debtors

	2006 £	2005 £
Trade debtors	517	31,562
Prepayments and accrued income	83,933	148,004
Corporation tax	1,687	-
	86,137	179,566

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9 **Creditors:** amounts fallıng due wıthın one year

	2006 £	2005 £
Bank loan (see note 10 below)	97,399	95,414
Trade credıtors	203,918	318,142
Corporatıon tax	33,425	2,214
Other credıtors	33,940	5,880
Other taxatıon and socıal securıty	19,495	5,456
Accruals and deferred ıncome	470,031	423,508
	858,208	850,614

10 **Creditors:** amounts fallıng due after one year

	2006 £	2005 £
Bank loan (see below)	2,796,134	2,932,817

Maturity of debt	2006 £	2005 £
The loans are repayable as follows		
Due ın less than one year	97,399	95,414
Due between one and two years	99,421	97,399
Due between two and five years	773,590	579,855
Due ın more than five years	1,923,123	2,255,563
	2,893,533	3,028,231

The amount shown as bank loan ıncludes ınterest accrued of £nıl (2005 £39,826) and ıs stated net of the arrangement fee of £273,167 (2005 £288,067), whıch ıs beıng amortısed over the perıod of the loan ın accordance wıth FRS25/26
The bank loan ıs secured by a bond and floatıng charge over all the assets, rıghts and undertakıngs of the Company
The ınterest rate on the bank loan ıs 8 25% per annum

Kintra Limited

11 **Deferred Income**

	£
Balance as at 1 January 2006	4,589,508
Movement during the year	(240,000)
Balance at 31 December 2006	4,349,508

An advance payment of service fees was received from Glen Harfen NHS Trust with the successful completion of the building contract on 14 February 2000 and the acceptance by the Trust that the Hospital meets their output requirements It is company policy to release this balance to the profit and loss account on a straight line basis over the period of the arrangement

12 **Share capital**

	2006 £	2005 £
Authorised, allotted, issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

13 **Profit and loss account reserve**

	£
Opening balance as at 1 January 2006	16,985
Profit for the year	2,598
Closing balance as at 31 December 2006	19,583

14 **Reconciliation of movements in shareholders' funds**

	2006 £	2005 £
Opening equity shareholders' funds	26,985	90,123
Profit/(Loss) for the financial year	2,598	(63,138)
Closing equity shareholders' funds	29,583	26,985

15 **Parent undertaking and ultimate controlling party**

The immediate parent company is Anavon Limited

The ultimate parent company is Infrastructure Investors LP, with ownership of this company shared between Barclays Private Equity, Societe Generale and 3i Accordingly, there is no overall parent company and no ultimate controlling party

16 **Related party transactions**

			Transaction		**Balance**	
Name of related party	**Relationship**	**Type of transaction**	**For the year ended 31 December 2006**	For the year ended 31 December 2005	**As at 31 December 2006**	As at 31 December 2005
			£	£	**£**	£
Grannag Limited	Fellow subsidiary of parent company	Corporation tax Group relief and Tax fee	27,161	5,880	(33,041)	(5,880)
Anavon Limited	Immediate Parent Company	Corporation tax Group relief	899	-	(899)	-

The Directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required

17 **Events after the balance sheet date – Finance Act 2007 changes to corporation tax rate**

The Finance Act 2007 includes provisions regarding the reduction in the corporation tax rate to 28% from 1 April 2008 Applying a rate of 28% would result in a reduction to the deferred tax liability at 31 December 2006 by £38,197, and a restated deferred tax liability of £534,763