Kintra Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2007

Registered Number 3403304

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Kintra Limited

Financial Statements

For the Year ended 31 December 2007

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Kintra Limited

Company Information

Directors	Michael Joseph Ryan John McDonagh
Company secretary	Infrastructure Managers Limited
Registered office	20 St James's Street London SW1A 1ES
Auditor	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors PO Box 90 Erskine House 68-73 Queen Street Edinburgh EH2 4NH
Bankers	Royal Bank of Scotland Plc PO Box 412 62/63 Threadneedle Street London EC2R 8LA

Kintra Limited

The Directors' Report

For the Year ended 31 December 2007

The Directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2007

Principal Activities and Business Review

The company was formed as a special purpose vehicle to provide Gwent Healthcare NHS Trust with serviced hospital facilities under an operating agreement signed 13 February 1998

Results and Dividends

The profit for the year, after taxation, amounted to £79,208 (2006 profit £2,598) The Directors have not recommended a dividend (2006 £nil)

The profit for the year will be transferred to reserves

The results for the year are in line with budget The Directors anticipate that the Company will perform in line with budget in the coming financial year

Key performance indicators

The Directors believe that the analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance or position of the Company

Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 1 to the accounts The fair values of the financial instruments are included in note 15 to the accounts

Directors

The Directors who served the Company during the year and up to the date of this report are listed on page 1.
The Directors had no beneficial interest in the Company The Directors' interests in the ultimate parent company are disclosed in that Company's financial statements The Directors had no material interest in any contract of significance to which the Company was a party during the financial year

Disclosure of information to the auditors

So far as each of the Directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the Directors believes that all step have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information

Kintra Limited

The Directors' Report *(continued)*

For the Year ended 31 December 2007

Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

The Directors' report was approved by the board on 10 September 2008 and signed on its behalf by:

Simon Peck
For and on behalf of
Infrastructure Managers Limited
Company Secretary
Edinburgh

Kintra Limited

Statement of Directors' Responsibilities

For the Year ended 31 December 2007

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 or loss of the Company for the year ended 31 December 2007 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,
- 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 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

In so far as the Directors are aware

- there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Directors' responsibilities were approved by the board on 10 September 2008 and signed on its behalf by

Michael Joseph Ryan
Director

Kintra Limited

Independent auditor's report to the members of Kintra Limited

For the Year ended 31 December 2007

We have audited the financial statements of Kintra Limited for the year ended 31 December 2007 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 Auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the directors' report is consistent with the financial statements We also 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

Kintra Limited

Independent auditor's report to the members of Kintra Limited *(continued)*

For the Year ended 31 December 2007

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 2007 and of its 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

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh

26 September 2008

Kintra Limited

Profit and Loss Account

For the Year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	**1,662,357**	1,790,906
Cost of sales		**(1,170,470)**	(1,367,428)
Gross Profit		**491,887**	423,478
Administrative expenses		**(153,162)**	(107,193)
Operating Profit	3	**338,725**	316,285
Interest receivable	5	**69,339**	47,247
Interest payable and similar charges	6	**(254,846)**	(263,488)
Profit on Ordinary Activities Before Taxation		**153,218**	100,044
Tax on profit on ordinary activities	7	**(74,010)**	(97,446)
Profit for the Financial Year	17	**79,208**	2,598

The Company has no recognised gains and losses other than those included in the profit 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 profit for the year stated above and their historical cost equivalents

The notes on pages 9 to 16 form part of these financial statements

Kintra Limited

Balance Sheet

as at 31 December 2007

	Note	2007 £	2006 £
Fixed Assets			
Tangible assets	8	**6,446,793**	6,823,115
Current Assets			
Debtors due within one year	9	**504,853**	84,450
Cash at bank		**1,314,142**	1,697,141
		1,818,995	1,781,591
Creditors: Amounts falling due within one year	11	**(1,039,676)**	(856,521)
Net Current Assets		**779,319**	925,070
Total Assets Less Current Liabilities		**7,226,112**	7,748,185
Creditors: Amounts falling due after more than one year	12	**(6,566,221)**	(7,145,642)
		659,891	602,543
Provisions for Liabilities			
Deferred taxation	14	**(551,100)**	(572,960)
Net assets		**108,791**	29,583
Capital and Reserves			
Share capital	16	**10,000**	10,000
Profit and loss account	17	**98,791**	19,583
Equity Shareholder's Funds	18	**108,791**	29,583

These financial statements on pages 7 to 16 were approved by the Directors and authorised for issue on 10 September 2008, and are signed on their behalf by

Michael Joseph Ryan
Director

The notes on pages 9 to 16 form part of these financial statements

Kintra Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

1 **Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due

Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is small

Turnover

Turnover which excludes value added tax represents the invoiced value of the unitary charge earned in relation to the provision of the building and services under the contract between the Company and Gwent Healthcare NHS Trust

Fixed assets

Assets under construction are shown at cost In determining the relevant accounting treatment of the transactions, consideration is given to the provisions included in FRS 5 and HM Treasury guidance On the basis of this, fixed asset rather than finance lease accounting is considered to be the appropriate accounting treatment because the transaction results in the Company retaining substantially all the risks and rewards of ownership of the asset

Interest and other directly attributable finance costs in respect of loans for the purpose of constructing assets, are capitalised as part of the cost of constructing the buildings up to the date of practical completion Subsequent interest is charged to the profit and loss account

Depreciation

On completion of the project asset, depreciation is charged to the profit and loss account to write off the asset over its useful economic life at the following rate per annum

Leasehold Premises	-	4 00% straight line
Office Equipment	-	25 00% reducing balance
Office Furniture	-	25 00% reducing balance

Kintra Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

1 **Accounting policies** ***(continued)***

Deferred taxation

Deferred tax is fully provided on timing differences recognised by the balance sheet date when the Company has an obligation to pay more or less tax in the future as a result of these timing differences Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax)

Financial Instruments

The company uses derivative financial instruments to manage exposures to fluctuations in interest rates Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest expense over the term of the contracts

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**

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover is given below

	2007	2006
	£	£
United Kingdom	**1,662,357**	1,790,906

3 **Operating profit**

Operating profit is stated after charging

	2007	2006
	£	£
Amortisation	**(240,000)**	(240,000)
Depreciation of owned fixed assets	**376,322**	376,607
Auditor's remuneration		
- as auditor	**–**	7,000

Amortisation consists of the amortisation of deferred income as outlined in note number 12

Auditors' remuneration is borne by Lanterndew Limited

Kintra Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

4 Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2006 £nil) There were no employees in the financial year other than the directors (2006 nil).

5 Interest receivable

	2007	2006
	£	£
Bank interest receivable	**69,339**	47,247

6 Interest payable and similar charges

	2007	2006
	£	£
Interest payable on bank borrowing	**254,846**	263,488

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	**95,857**	60,486
Over/under provision in prior year	**13**	-
Total current tax	**95,870**	60,486
Deferred tax		
Origination and reversal of timing differences	**(21,860)**	36,960
Tax on profit on ordinary activities	**74,010**	97,446

Kintra Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

7 **Taxation on ordinary activities** ***(continued)***

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007	2006
	£	£
Profit on ordinary activities before taxation	153,218	100,044
Profit on ordinary activities by rate of tax	45,965	30,013
Expenses not deductible for tax purposes	67,396	67,447
Capital allowances for period in excess of depreciation	(17,504)	(36,974)
Adjustments to tax charge in respect of previous periods	13	-
Total current tax credit (note 7(a))	95,870	60,486

8 **Tangible fixed assets**

	Leasehold Premises	Office Equipment	Office Furniture	Total
	£	£	£	£
Cost				
At 1 January 2007 and 31 December 2007	9,391,193	29,075	9,606	9,429,874
Depreciation				
At 1 January 2007	2,570,954	26,920	8,885	2,606,759
Charge for the year	375,602	540	180	376,322
At 31 December 2007	2,946,556	27,460	9,065	2,983,081
Net Book Value				
At 31 December 2007	6,444,637	1,615	541	6,446,793
At 31 December 2006	6,820,239	2,155	721	6,823,115

The leasehold premises net book value includes £92,428 (2006 £98,000) of directly attributable finance costs

9 **Debtors**

	2007	2006
	£	£
Trade debtors	485,700	517
Prepayments and accrued income	19,153	83,933
	504,853	84,450

Kintra Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

10 **Cash at bank and in hand**

Cash at bank and in hand at the year-end includes £320,624 (2006 £308,262) 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

11 **Creditors:** Amounts falling due within one year

	2007	2006
	£	£
Trust capital contribution	**240,000**	–
Bank loans	**99,421**	97,399
Trade creditors	**104,954**	203,918
Corporation tax	**67,015**	25,360
Other taxation	**10,589**	19,495
Other creditors	**92,867**	40,318
Accruals and deferred income	**424,830**	470,031
	1,039,676	856,521

12 **Creditors:** Amounts falling due after more than one year

	2007	2006
	£	£
Bank loans	**2,696,713**	2,796,134
Trust capital contribution	**3,869,508**	4,349,508
	6,566,221	7,145,642

The amount shown as bank loan includes interest accrued of £nil (2006 £nil) and is stated net of the arrangement fee of £258,267 (2006 £273,167), which is being amortised over the period of the loan in accordance with FRS25/26

The bank loan is secured by a bond and floating charge over all the assets, rights and undertakings of the Company

The interest rate on the bank loan is 8 25% per annum

Deferred income

	2007	**2006**
	£	**£**
Trust capital contribution		
Opening balance	4,349,508	4,589,508
Amortised during the year	(240,000)	(240,000)
Closing balance	4,109,508	4,349,508

Kintra Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

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 Of the total sum outstanding, £240,000 will be released in the financial year ended 31 December 2008

13 Creditors - capital instruments

Creditors include loans which is due for repayment as follows

	2007	2006
	£	£
Amounts repayable		
In one year or less or on demand	**99,421**	97,399
In more than one year but not more than two years	**192,725**	99,421
In more than two years but not more than five years	**879,566**	773,590
In more than five years	**1,624,422**	1,923,123
	2,796,134	2,893,533

14 Deferred taxation

The movement in the deferred taxation provision during the year was

	2007	2006
	£	£
Provision brought forward	**572,960**	536,000
Profit and loss account movement arising during the year	**(21,860)**	36,960
Provision carried forward	**551,100**	572,960

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007	2006
	£	£
Excess of taxation allowances over depreciation on fixed assets	**551,100**	572,960
	551,100	572,960

15 Financial risk management objectives and policies

Due to the nature of the Company's business, the only financial risks the directors consider relevant to this Company is credit, cash flow, interest rate and liquidity risk The credit and cash flow risks are not considered significant as the client is a quasi governmental organisation

Kintra Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

15 **Financial risk management objectives and policies** ***(continued)***

Interest rate risk

The financial risk management objectives of the company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions The company uses interest rate swaps to reduce its exposure to interest rate movements Financial instruments are not used for speculative purposes

Liquidity risk

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the company's financial instruments that are carried in the financial statements at other than fair values

	2007		2006	
	Carrying amount £	**Fair value £**	**Carrying amount £**	**Fair value £**
Financial liabilities				
Long-term borrowing	**(3,054,401)**	**(2,877,215)**	(3,166,700)	(3,349,641)
Interest rate swap	**–**	**(177,186)**	–	182,941

The fair values of the fixed rate borrowing and the interest rate swap have been calculated by discounting the fixed cash flows at the prevailing interest rates at the year end

16 **Share capital**

Authorised share capital:

	2007	2006
	£	£
10,000 Ordinary shares of £1 each	**10,000**	10,000

Allotted, called up and fully paid:

	2007		2006	
	No	**£**	No	£
Ordinary shares of £1 each	**10,000**	**10,000**	10,000	10,000

Kintra Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

17 Profit and loss account

	2007	2006
	£	£
Balance brought forward	**19,583**	16,985
Profit for the financial year	**79,208**	2,598
Balance carried forward	**98,791**	19,583

18 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	**79,208**	2,598
Opening shareholders' funds	**29,583**	26,985
Closing shareholders' funds	**108,791**	29,583

19 Related party disclosures

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

20 Ultimate parent company

The immediate parent company is Anavon

The ultimate parent entity is Infrastructure Investors LP, with ownership of this entity shared between Investors in Infrastructure Limited (a wholly owned subsidiary of Barclays plc), Societe Generale, 3i Infrastructure plc and a limited liability partnership managed by Fleming Family & Partners Asset Management Limited Accordingly, there is no overall parent company and no ultimate controlling party