South Manchester Healthcare (Holdings) Limited

Annual report and consolidated financial statements for the year ended 31 March 2012

Registration number 03502452

South Manchester Healthcare (Holdings) Limited

Contents

South Manchester Healthcare (Holdings) Limited

Directors' report for the year ended 31 March 2012
Registration number: 03502452

The directors present their annual report and the audited financial statements of the company and its group for the year ended 31 March 2012

Principal activities

The company is a holding company with a single subsidiary, South Manchester Healthcare Limited (SMHL) SMHL is engaged in a 35 year contract with University Hospital of South Manchester NHS Foundation Trust, previously South Manchester University Hospitals NHS Trust, for the design and construction of a Mental Health Care Facility and an Acute Care Facility, and in the provision of certain non-clinical support services at Wythenshawe and Withington Hospitals under the UK Government's Private Finance Initiative (the "PFI Contract")

The profit of the group for the year after taxation was £3,609,000 (2011 £3,143,000) The directors consider the performance of the company, and the group, during the year, the financial position at the end of the year and the prospects for the future to be satisfactory

Dividends

Dividends of £3,222,000 (2011 £1,505,000) were paid during the year

Directors

The directors of the company during the year, and up to the date of signing the financial statements, are set out below

S Carter	
J Cowdell	(Alternate)
I Hudson	(resigned 20 January 2012)
N Crowther	(appointed 20 January 2012)
D Brooking	(appointed 27 June 2012 alternate to N Crowther)
S Hornby	
H Pownall	

Principal risks and uncertainties

The group has taken on the activity, as detailed above, and is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI and other contracts In extreme circumstances, the group could be exposed to subcontractor failure to perform their obligations The financial risks and the measures taken to mitigate them are as detailed in the following section

Financial risk management

The group has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance The directors have policies for managing each of these risks and they are summarised below

Interest rate risk

The senior debt interest has been fixed through use of an interest rate swap, plus a margin Details of this can be found in note 9

Inflation risk

The group's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation

Liquidity risk

The group adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due

Credit risk

The group receives the bulk of its revenue from the University Hospital of South Manchester NHS Foundation Trust and is not exposed to significant credit risk Cash investments are with institutions of a suitable credit quality

In addition the holding company also takes the risk of impairment of its investment in the subsidiary This risk is directly related to the performance of the subsidiary

Directors' report for the year ended 31 March 2012 (continued)

Major maintenance replacement risk
The group takes the risk that its projections for ongoing major maintenance replacement of the buildings and relevant equipment are adequate These projections have been agreed with third parties and are subject to regular review by the directors

Key performance indicators ('KPIs')
The group's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities For this reason, the group's directors believe that further key performance indicators for the group are not necessary or appropriate for an understanding of the performance or position of the business

Directors' responsibilities statement
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) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, so far as the director is aware, there is no relevant audit information of which PricewaterhouseCoopers LLP ('PwC') are unaware, and the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that PwC are aware of that information

Independent auditors

The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office

By order of the board

KIM CLEAR

On behalf of Semperian Secretariat Services Limited
Company secretary
12 JULY 2012

Independent auditors' report to the members of South Manchester Healthcare (Holdings) Limited

We have audited the group and parent company financial statements (the "financial statements") of South Manchester Healthcare (Holdings) Limited for the year ended 31 March 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of net cashflow to movement in net debt, the analysis of net debt and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's and group's affairs as at 31 March 2012 and of the group's profit and cashflows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Paul Nott

Paul Nott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
20 July 2012

South Manchester Healthcare (Holdings) Limited

Consolidated profit and loss account for the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Turnover	1	**24,865**	21,816
Cost of sales		**(21,250)**	(20,835)
Gross profit		**3,615**	981
Administrative expenses (including exceptional costs)		**(726)**	(1,071)
Operating profit/(loss)	2	**2,889**	(90)
Interest payable and similar charges	3	**(4,641)**	(4,932)
Interest receivable and similar income	3	**5,839**	8,709
Profit on ordinary activities before taxation		**4,087**	3,687
Tax on profit on ordinary activities	4	**(478)**	(544)
Profit for the financial year	12	**3,609**	3,143

The profit for the year under review relates solely to continuing activities in a single class of business within the United Kingdom

The group has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and its historical cost equivalents

The movement on reserves is shown in note 12 to the financial statements

South Manchester Healthcare (Holdings) Limited

Consolidated balance sheet as at 31 March 2012

	Note	2012 £'000	2011 £'000
Current assets			
Debtors			
- amounts falling due within one year	7	**4,218**	2,929
- amounts falling due after more than one year	7	**72,419**	77,692
Cash at bank and in hand		**6,689**	6,530
Total current assets		**83,326**	87,151
Creditors - amounts falling due within one year	8	**(4,773)**	(5,623)
Net current assets		**78,553**	81,528
Creditors - amounts falling due after more than one year	9	**(60,045)**	(63,885)
Provisions for liabilities and charges	10	**(8,221)**	(7,743)
Net assets		**10,287**	9,900
Capital and reserves			
Called up share capital	11	**1**	1
Profit and loss reserve	12	**10,286**	9,899
Total shareholders' funds	13	**10,287**	9,900

The financial statements on pages 4 to 16 were approved by the board of directors on 12 JULY 2012 and were signed on its behalf by

Director

HARVEY POWNALL

South Manchester Healthcare (Holdings) Limited

Consolidated cash flow statement for the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	16	**5,461**	1,077
Net cash inflow from investment and servicing of finance	17	**1,341**	3,946
Tax paid		**-**	-
Dividends paid		**(3,222)**	(1,505)
Management of liquid resources			
Increase in cash on deposit		**(3,687)**	-
Financing			
Repayment of bank loans		**(3,421)**	(2,880)
(Decrease)/Increase in cash in the year		**(3,528)**	638

Reconciliation of net cash flow to movement in net debt

	2012	2011
Decrease in cash in the year	**(3,528)**	638
Movement in borrowings	**3,421**	2,880
Increase in movement in financing and liquid resources	**3,687**	-
Change in net debt resulting from cash flows:	**3,580**	3,518
Non-cash items		
Amortisation of bank loan issue costs	**(170)**	(169)
Movement in net debt in the year	**3,410**	3,349
Net debt brought forward	**(59,938)**	(63,287)
Net debt carried forward	**(56,528)**	(59,938)

Analysis of net debt:	**1 April 2011 £'000**	**Cash flow £'000**	**Non cash items £'000**	**31 March 2012 £'000**
Cash	6,530	(3,528)	-	3,002
Term deposits	-	3,687	-	3,687
Cash at bank and in hand	6,530	159	-	6,689
Borrowings				
Term Loan	(59,841)	3,120	(170)	(56,891)
Loan notes	(6,627)	301	-	(6,326)
Net debt	(59,938)	3,580	(170)	(56,528)

Non cash items represents the amortisation of issue costs

South Manchester Healthcare Limited

Company balance sheet as at 31 March 2012

	Note	2012 £'000	2011 £'000
Fixed assets.			
Investment in subsidiary undertaking	6	**1**	1
		1	1
Current assets·			
Debtors			
- Loan notes interest – due within one year		**28**	30
- Intercompany loan notes – falling due after more than one year		**6,326**	6,627
Cash at bank and in hand		**-**	-
		6,354	6,657
Creditors. amounts falling due within one year			
Loan notes – interest due within one year		**(28)**	(30)
Net current assets		**6,326**	6,627
Total assets less current liabilities		**6,327**	6,628
Creditors· amounts falling due after more than one year			
Loan notes – falling due after more than one year	9	**(6,326)**	(6,627)
Net assets		**1**	1
Capital and reserves.			
Called up share capital	11	**1**	1
Profit and loss reserve	12	**-**	-
Total shareholders' funds	13	**1**	1

The financial statements on pages 4 to 16 were approved by the board on 12 JULY 2012 and were signed on its behalf by

Director

HARVEY POWNALL

Notes to the financial statements for the year ended 31 March 2012

1 Accounting policies

Basis of preparation of accounts

These financial statements are prepared on the going concern basis, and in accordance with the Companies Act 2006 and applicable accounting standards and financial reporting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 31 March 2012 The acquisition method of accounting has been adopted

As permitted by Section 408 of the Companies Act 2006 the parent company has not presented its own profit and loss account

Turnover

Turnover represents the value of work done and services rendered, excluding sales related taxes All turnover originates in the United Kingdom

The company recognises income when it has fully fulfilled its contractual obligations In accordance with Financial Reporting Standard (FRS) 5 'Reporting the substance of transactions' – Application Note G, the company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the company, within the financial statements as turnover and operating costs

Transactions to which the company does not have access to all the significant benefits and risks are excluded from the financial statements

Finance debtor and interest receivable

In accordance with Financial Reporting Standard (FRS) 5 – Application Note F, the costs incurred in constructing the assets have been treated as a finance debtor This treatment arose from applying the guidance within the Application Note which indicated that the project's principal agreements transfer substantially all the risks and rewards relating to the property to the customer

The finance debtor represents the costs arising on the construction of the assets including initial tender costs During asset construction, finance debtor interest income is recognised on an accruals basis and is capitalised within the finance debtor receivable Once the project reached its operational phase and was accepted by the customer a constant proportion of the planned net revenue arising from the project was allocated to remunerate the finance debtor Imputed interest receivable is allocated to the finance debtor using a property specific rate to generate a constant rate of return over the life of the contract Over the course of the contract term the finance debtor is expected to be fully repaid

During the year, the directors have reassessed the interest rate earned on the finance debtor and the allocation of the unitary payment between amounts attributable to the finance debtor and amounts attributable to turnover The changes in estimates have resulted in a modification of the finance debtor amortisation profile leading to a decrease in interest receivable of £2,796,000, an increase in turnover of £1,424,000 with a net decrease in profit before taxation of £1,372,000

Debt issue costs

Debt issue costs directly incurred have been offset against the related debt and will be charged to the profit and loss account at a constant rate on the carrying value of the debt

Notes to the financial statements for the year ended 31 March 2012 (continued)

1 Accounting policies (continued)

Interest rate swaps

Interest rate swaps are used to hedge the group's exposure to movements on interest rates The interest payable on such swaps is accrued in the same way as interest arising on the related borrowings Interest rate swaps are valued using market value, for disclosure purposes

Investments

Investments in subsidiary undertakings are stated at cost less an appropriate provision to reflect any impairment in the value of the investments

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted

Major maintenance replacement

As noted in the directors' report, the company is responsible for the major maintenance replacement risk associated with its principal activity The costs are recorded as cost of sales, in the profit and loss account, in the period in which the costs of major maintenance replacement are incurred

2 Operating profit/(loss)

The company had no employees, other than the directors, during the year (2011 none) The remuneration of the directors is paid by the controlling parties and their services to the company and a number of other related parties are primarily of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the controlling parties The controlling parties charged £86,041 (2011 £81,662) to the company in respect of these services

The audit fee in respect of the group was £9,000 for the year (2011 £9,000) Fees payable to the auditors for non-audit services (tax) were £10,250 (2011 £7,450) The audit fee in respect of the company, of £2,000, has been paid by the subsidiary undertaking, for which no recharge has been made (2011 £2,000)

Administrative expenses include an exceptional cost of £100,000 (2011 £400,000) which relates to the set up of the ten year forward starting interest swap replacing the current interest swap maturing in 2013

South Manchester Healthcare (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

3 Interest (payable)/receivable and similar (charges)/income

	2012 £'000	2011 £'000
Interest payable and similar charges comprises		
Bank loan interest	**(4,135)**	(4,434)
Subordinated debt interest	**(336)**	(329)
Amortisation of loan issue costs	**(170)**	(169)
	(4,641)	(4,932)
Interest receivable and similar income comprises		
Imputed interest on finance debtor	**5,789**	8,650
Interest receivable	**50**	59
	5,839	8,709

4 Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	2012 £'000	2011 £'000
Current taxation		
Current tax charge for the year	**-**	-
Deferred taxation		
Origination and reversal of timing differences	**1,063**	1,032
Adjustment in respect of prior periods	**100**	108
Impact of 24% tax rate adjustment arising from Parliamentary Resolution	**(685)**	(596)
Deferred taxation charge (Note 10)	**478**	544
Tax charge on profit on ordinary activities	**478**	544

4 Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax charge assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 26% (2011 28%) The differences are explained below

	2012	2011
	£'000	£'000
Profit on ordinary activities before taxation	4,087	3,687
Tax charge at UK Corporation Tax rate of 26% (2011 28%)	1,063	1,032
Effects of		
Movement in accelerated capital allowances	(223)	(156)
Other timing differences	5	5
Utilised tax losses	(845)	(881)
Current tax charge for the year	-	-

(c) Factors that may affect future tax charges

The current tax charge will continue to be affected by timing differences, although these timing differences will have an opposite impact on the deferred tax charge so there should be no overall impact on the tax charge

The Finance Act 2011, which received Royal Assent on 19 July 2011 included legislation to reduce the main corporation tax rate from 26 per cent to 25 per cent effective from 1 April 2012

Further reductions to the main rate of corporation tax were also announced in the March 2012 Budget A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012 This reduction replaces the decrease to 25% previously enacted in Finance Act 2011 Furthermore, legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 has been included in the Finance Act 2012 A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014 These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements The effect of the proposed further reductions to the main rate of corporation tax would be to further reduce the deferred tax liability by £685,121

5 Dividends paid

Company	2012	2011
	£'000	£'000
Dividends on equity share £3,222 per £1 share (2011 £1,505 per share)	3,222	1,505

6 Investments

	Company	
	2012	2011
	£'000	£'000
Company investment in subsidiary undertaking at cost	**1**	1

The company holds 100% of the issued ordinary share capital of South Manchester Healthcare Limited ('SMHL'), a company incorporated in England & Wales SMHL is engaged in a 35 year contract with University Hospitals of South Manchester Foundation Trust for the design and construction of a Mental Health Care Facility and an Acute Care Facility, and in the provision of certain non-clinical support services at Wythenshawe and Withington Hospitals under the UK Government's Private Finance Initiative

7 Debtors

	Group	
	2012	2011
	£'000	£'000
Amounts falling due within one year		
Trade debtors	**205**	681
Prepayment and accrued income	**111**	574
Finance debtor	**3,902**	1,674
	4,218	2,929
Amounts falling due after more than one year		
Finance debtor	**72,419**	77,692

8 Creditors – amounts falling due within one year

	Group	
	2012	2011
	£'000	£'000
Bank loans	**3,172**	2,951
Trade creditors	**208**	583
Taxation and social security	**606**	502
Accruals and deferred income	**787**	1,587
	4,773	5 623

Notes to the financial statements for the year ended 31 March 2012 (continued)

9 Creditors – amounts falling due after more than one year

	Group 2012	Company 2012	Group 2011	Company 2011
	£'000	£'000	£'000	£'000
Bank loans	53,719	-	56,890	-
Loan notes	6,326	6,326	6,627	6,627
Subtotal for total debt	60,045	6,326	63,517	6,627
Deferred income	-	-	368	-
	60,045	6,326	63,885	6,627

Included within bank loans are unamortised issue costs of £233,000 (2011 £403,000)

The principal terms and conditions relating to the group's borrowing facilities are summarised below

	Group 2012 total debt	Company 2012 loan notes	Group 2011 total debt	Company 2011 loan notes
	£'000	£'000	£'000	£'000
Repayable within one year	3,342	-	3,120	-
Repayable between one and two years	3,580	-	3,342	-
Repayable between two and five years	12,392	-	11,558	-
Repayable after five years	44,136	6,326	48,851	6,627
Total loans outstanding	63,450	6,326	66,871	6,627
Less creditors falling due within one year	(3,172)	-	(2,951)	-
Loan issue costs	(233)	-	(403)	-
	60,045	6,326	63,517	6,627

Term Loan facility

The tenure of the Term Loan is 25 years and it is repayable in 42 semi-annual instalments commencing on 12 February 2003 Interest charged on amounts drawn under the facility is based on the floating LIBOR rate plus a margin The Term Loan Facility has been syndicated to a consortium of banks All amounts drawn under the Term Loan Facility are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the Company and the Group and by a floating charge over the Company and Group's undertakings and assets

Loan Notes

The Related Parties (note 15) hold tranches, in proportion to their shareholdings, of £6,326,000 South Manchester Healthcare (Holdings) Limited Loan Notes (2011 £6,627,000) in South Manchester Healthcare Limited, South Manchester Healthcare Limited applied the proceeds of the Loan Notes to the repayment of the Shareholder Credit Facility The Loan Notes are unsecured and bear interest at a floating rate based on LIBOR plus 4% The Loan Notes are due for repayment in 2023

9 Creditors – amounts falling due after more than one year (continued)

Swap arrangements

South Manchester Healthcare Limited at financial close entered into an interest rate swap agreements under the Term Loan for a notional principal amount of £60,191,511 (2011 £60,191,511) maturing in 2013 The directors are currently reviewing a number of options, in relation to interest rate risk with regard to the period beyond 2013

The fair value of the interest rate swap agreement as at 31 March 2012 is a liability of £3,910,045, (2011 liability of £5,547,279) A fixed rate of 5 98%, plus a margin, applies to all amounts drawn under the Term Loan until 31 August 2013 when the swap agreement matures The swap agreements operate by semi-annual exchanges of payments between SMHL and its banks The amounts exchanged represent the difference between floating and fixed interest rates calculated on pre-determined notional principal amounts

10 Provisions for liabilities and charges

Deferred taxation - Group	**2012 £'000**	2011 £'000
At 1 April	**7,743**	7,199
Profit and loss account charge (note 4)	**478**	544
At 31 March	**8,221**	7,743

	Provided	
	31 March 2012 £'000	31 March 2011 £'000
Accelerated capital allowances	**9,354**	9,811
Unutilised corporation tax losses	**(1,128**	(2,063)
Short term timing differences	**(5)**	(5)
Deferred tax liability	**8,221**	7,743

The company had no deferred tax balance provided at 31 March 2012 (31 March 2011 £nil)

11 Called up share capital

	2012 £'000	2011 £'000
Authorised.		
50,000 ordinary shares of £1 each	**50**	50
Allotted, issued and fully paid·		
1,000 ordinary shares of £1 each	**1**	1

The issued share capital is split into 250 of each of A, B, C and D ordinary shares The shares rank pari passu

South Manchester Healthcare (Holdings) Limited

Notes to the financial statements
for the year ended 31 March 2012 (continued)

12 Reserves

Profit and loss reserve	**Company £'000**	**Group £'000**
As 1 April 2010	-	8,261
Profit for the year	1,505	3,143
Dividends (note 5)	(1,505)	(1,505)
As 1 April 2011	-	9,899
Profit for the year	3,222	3,609
Dividends (note 5)	(3,222)	(3,222)
At 31 March 2012	**-**	**10,286**

13 Reconciliation of movements in total shareholders' funds

	Company £'000	**Group £'000**
As 1 April 2010	1	8,262
Profit for the year	1,505	3,143
Dividends (note 5)	(1,505)	(1,505)
As 1 April 2011	1	9,900
Profit for the year	3,222	3,609
Dividends (note 5)	(3,222)	(3,222)
At 31 March 2012	**1**	**10,287**

14 Ultimate parent undertaking and controlling party

The current shareholders are Innisfree Nominees Limited, acting as nominee for Innisfree M&G PPP LP, a UK Limited Partnership (25%), Sodexo Investment Services Limited (25%), and Semperian PPP Investment Partners No 2 Limited (50%) The directors consider that there is no single ultimate controlling party at the year end

15 Related party disclosures

During the year and preceding year the company incurred the following expenditure with the following related parties The amounts outstanding at the end of the year and preceding year are also set out below

Related party	Class of transaction	2012 Expenditure £'000	2011 Expenditure £'000	2012 Balance due to £'000	2011 Balance due to £'000
Sodexo Investment Services Limited, Sodexo Limited and Sodexo Property Solutions Limited	Services, advisory and loan	**17,912**	15,350	**213**	2,239
Innisfree M&G PPP LP	Advisory and loan	**182**	105	**12**	1,669
Semperian Capital Management Limited	Advisory	-	17	-	-
Semperian PPP Investment Partners No 2 Limited	Advisory and loan	**362**	205	**24**	3,339
Semperian Asset Management Limited (formerly Trillium Asset Management Limited)	Advisory	**434**	431	-	-

16 Reconciliation of operating profit to net cash inflow from operating activities

	2012 £'000	2011 £'000
Operating profit/(loss)	**2,889**	(90)
Decrease in debtors	**3,984**	452
(Decrease)/increase in creditors	**(1,412)**	715
Net cash inflow from operating activities	**5,461**	1,077

17 Net cash inflow from investment and servicing of finance

Returns on investment and servicing of finance	2012 £'000	2011 £'000
Bank interest received	**50**	59
Finance income received	**5,789**	8,650
Interest paid	**(4,498)**	(4,763)
Net cash inflow from investment and servicing of finance	**1,341**	3,946