

Mercia Healthcare Limited

Annual report and financial statements
for the 15 months ended 31 March 2009

Registered number: 3693524

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Mercia Healthcare Limited

Annual report and financial statements for the 15 months ended 31 March 2009

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Mercia Healthcare Limited

Directors and advisors

Directors

S A Carter
J N E Cowdell
S P Hornby
R J W Manley
W R Doughty

Secretary

Semperian Secretariat Services Limited

Registered office

140 London Wall
London
EC2Y 5DN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Mercia Healthcare Limited

Directors' report for the 15 months ended 31 March 2009

The directors present their report and the audited financial statements for the 15 month period ended 31 March 2009. The company has changed its accounting reference date in order to align it with that of its ultimate parent undertaking.

Results, principal activities and review of business

The company is engaged in a 30-year contract, expiring in 2029, with Hereford Hospitals NHS Trust for the design and construction of an Acute Care Facility, and in the provision of certain non-clinical support services at Hereford County Hospital.

The profit for the period is set out in the profit and loss account on page 5. The directors consider that both the level of business and the period end financial position were satisfactory.

Dividends

No dividend was paid during the period (year ended 31 December 2007: £nil).

Principal risks and uncertainties

The company 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 contracts. In extreme circumstances, the company 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 company 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 board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The senior and subordinated debt interest have been fixed through use of fixed funding rates, plus a margin. Details of these can be found on page 14.

Inflation risk

The company'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 company 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 company receives the bulk of its revenue from Hereford Hospitals NHS Trust and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

Major maintenance replacement risk

The company takes the risk that its projections for ongoing major maintenance replacement of the building 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 company'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 company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business.

Mercia Healthcare Limited

Directors' report for the 15 months ended 31 March 2009 (continued)

Directors

The directors of the company during the period, and subsequently, are set out below.

S A Carter
I R Gethin (resigned 21 May 2008)
J N E Cowdell
S P Hornby
R J W Manley
P G Bachmann (resigned 30 January 2009)
W R Doughty (appointed 30 January 2009)

Statement of directors' responsibilities

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 that period.

In preparing those 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;
- 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

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 directors are aware, there is no relevant audit information of which PricewaterhouseCoopers LLP ('PwC') are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that PwC are aware of that information.

Auditors

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

By order of the board

K. CLEAR 
On behalf of Semperian Secretariat Services Limited
Secretary

23 SEPTEMBER 2009

Independent auditors' report to the members of Mercia Healthcare Limited

We have audited the financial statements of Mercia Healthcare Limited for the 15 months ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the statement of cash flows 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 the 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.

In addition we 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and the directors and advisors page. 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

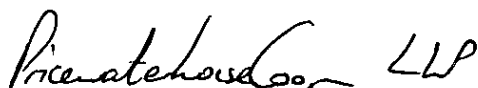
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 March 2009 and of its profit and cash flows for the period 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
Chartered Accountants and Registered Auditors
Birmingham
30 September 2009

Mercia Healthcare Limited

Profit and loss account for the 15 months ended 31 March 2009

	Note	Period ended 31 March 2009	Year ended 31 December 2007 (as restated)
		£'000	£'000
Turnover	1	10,912	8,108
Cost of sales		(9,071)	(6,384)
Gross profit		1,841	1,724
Administrative expenses		(594)	(450)
Operating profit	2	1,247	1,274
Interest receivable and similar income	3	8,062	6,380
Interest payable and similar charges	4	(6,986)	(5,612)
Profit on ordinary activities before taxation		2,323	2,042
Tax on profit on ordinary activities	5	(654)	(374)
Profit for the period/year	12	1,670	1,668

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

There are no material differences between the profit as shown in the profit and loss account above and its historical cost equivalent.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

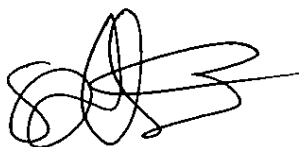
The movements on reserves are shown in note 12 to the financial statements.

Mercia Healthcare Limited

Balance sheet as at 31 March 2009

	Note	31 March 2009 £'000	31 December 2007 £'000
Current assets			
Debtors: amounts falling due within one year	6	756	866
Debtors: amounts falling due after more than one year	7	73,549	73,802
Cash at bank and in hand		5,715	4,149
		80,020	78,817
Creditors: amounts falling due within one year	8	(6,774)	(6,418)
Net current assets		73,246	72,399
Creditors: amounts falling due after more than one year	9	(64,329)	(65,806)
Provision for liabilities and charges	10	(4,961)	(4,307)
Net assets		3,956	2,286
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	3,955	2,285
Total shareholder's funds	12	3,956	2,286

The financial statements on pages 5 to 18 were approved by the board on 23 September 2009 and signed on its behalf by



Director

STUART CARTER

23 SEPTEMBER 2009

Mercia Healthcare Limited

Statement of cash flows for the 15 months ended 31 March 2009

	Note	Period ended 31 March 2009 £'000	Year ended 31 December 2007 £'000
Net cash inflow from operating activities	15 (a)	2,224	880
<i>Returns on investments and servicing of finance</i>			
Interest paid		(6,625)	(5,323)
Interest received		8,062	6,380
Net cash inflow from returns on investments		1,437	1,057
<i>Financing</i>			
Repayment of loans		(2,095)	(1,972)
Net cash outflow from financing activities		(2,095)	(1,972)
Increase in cash during the year	15 (c)	1,566	(35)

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009

1 Principal accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, is set out below:

Basis of preparation of accounts

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting and financial reporting standards in the United Kingdom.

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 5 – 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.

Debt issue costs

Debt issue costs 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.

Interest rate swaps

Interest rate swaps are used to hedge the company'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.

Major maintenance replacement

As noted in the directors' report, the company is responsible for the major maintenance replacement risk associated with its principal activity. Where appropriate, income is deferred to future periods, based on a forecast of the future major maintenance expenditure, in order to match that element of income with the costs to which it relates. The turnover and costs of sales are recorded, in the profit and loss account, in the period in which the costs of major maintenance replacement are incurred.

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

1 Principal accounting policies (continued)

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.

2 Operating profit

The company had no employees during the period, other than the directors (year ended 31 December 2007: none). The remuneration of the directors is paid by the controlling parties and their services to the company are 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 £93,750 (year ended 31 December 2007: £75,000) to the company in respect of these services.

The audit fee in respect of the company was £6,240 for the period (year ended 31 December 2007: £6,000). Fees payable to the auditors for non-audit services (tax) were £nil (year ended 31 December 2007: £nil). The company also bore the audit fees of its immediate parent undertaking of £3,120 (year ended 31 December 2007: £3,000), during the period.

Turnover and Cost of sales for the year ended 31 December 2007, have both been restated, by increasing each by £1,341,000, in order to aid the consistency of disclosure between the periods. There is no impact on the profit for the year ended 31 December 2007, as a result of this restatement. This is to reflect certain pass-through costs, and related revenue, that were previously treated on a net basis, where the directors have now concluded that it is more appropriate to show them gross, as the company is exposed to the benefits and risks relating to such transaction.

3 Interest receivable and similar income

	Period ended 31 March 2009	Year ended 31 December 2007
	£'000	£'000
Imputed interest receivable on finance debtor	7,642	6,110
Interest receivable on bank deposits	420	270
	8,062	6,380

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

4 Interest payable and similar charges

	Period ended 31 March 2009	Year ended 31 December 2007
	£'000	£'000
Interest payable on debt	4,484	3,702
Other interest – subordinated loan notes	2,141	1,621
Amortisation of debt issue costs	361	289
	6,986	5,612

5 Tax on profit on ordinary activities

(a) Analysis of tax charge for the period/year

	Period ended 31 March 2009	Year ended 31 December 2007
	£'000	£'000
Current tax:	-	-
Deferred tax:		
Origination and reversal of timing differences	655	603
Change in corporation tax rate (see below)	-	(308)
Prior year adjustment	(1)	79
Tax charge on profit on ordinary activities	654	374

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

5 Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below:

	Period ended 31 March 2009	Year ended 31 December 2007
	£'000	£'000
Profit on ordinary activities before taxation	2,325	2,042
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007: 30%)	651	613
Effects of:		
Movement in accelerated capital allowances and other timing differences	(64)	(105)
Utilisation of tax losses	(587)	(508)
Current tax charge for the period/year (note 5(a))	-	-

(c) Factors that may affect future tax charges

The current tax charge will continue to be affected by timing differences on the project asset, 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.

6 Debtors: amounts falling due within one year

	31 March 2009	31 December 2007
	£'000	£'000
Trade debtors	131	512
Finance debtor	235	31
Prepayments and accrued income	390	323
	756	866

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

7 Debtors: amounts falling due after more than one year

	31 March 2009	31 December 2007
	£'000	£'000
Finance debtor	73,549	73,802

8 Creditors: amounts falling due within one year

	31 March 2009	31 December 2007
	£'000	£'000
Senior debt	2,006	1,806
Amounts owed to related parties	3,411	2,570
Trade creditors	236	388
Other creditors and accruals	824	1,423
Taxation and social security	296	231
	6,774	6,418

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

9 Creditors: amounts falling due after more than one year

(a) Total	31 March 2009	31 December 2007
	£'000	£'000
Debt (as analysed in (b) below)	60,815	62,749
Deferred income	3,514	3,057
	64,329	65,806
<hr/>		
(b) Debt	31 March 2009	31 December 2007
	£'000	£'000
Senior debt	52,523	54,618
Subordinated debt	10,298	10,298
	62,821	64,916
Less: included in creditors falling due within one year	(2,006)	(1,806)
Less: unamortised issue costs	-	(361)
	60,815	62,749
<hr/>		
(c) Maturity of debt	31 March 2009	31 December 2007
	£'000	£'000
Less than one year	2,006	2,094
Between one and two years	2,352	2,006
Between two and five years	7,930	7,734
In more than five years	50,533	53,082
	62,821	64,374
Less: creditors falling due within one year	(2,006)	(1,806)
Less: unamortised issue costs	-	(361)
	60,815	62,749

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

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

Senior debt - Term Loan Facility

The tenure of the Term Loan is 25 years and it is repayable in 43 semi-annual instalments commencing on 16th April 2003. Interest charged on amounts drawn under the facility is based on the floating LIBOR rate, plus a margin of 1.10%. 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 by a floating charge over the company's undertakings and assets.

Subordinated debt

On the 16th April 2002, the stockholders subscribed for £8,496,320 subordinated loan notes in the company. The loan notes are to mature in full in 2029, however, both the loan holder and the company may redeem all or part of the loan notes at anytime, provided certain conditions are met and relevant consents are given. The loan notes are unsecured and bear interest at 15%. Interest was rolled up on the loan notes until 16th October 2003, and thereafter the interest is paid 6 monthly. Where interest is not paid on the due date, penalty interest of 15% is applied to the unpaid interest.

In addition, Sodexo Investment Services Group subscribed for £541,666 subordinated loan notes (2007 £541,666) in the company on 1st March 2006. The loan notes are unsecured and bear no interest. They are due for repayment in four equal repayments from June 2012 to December 2013.

Swap arrangements

The Company has entered into interest rate swap agreements under the Term Loan. A fixed rate of 5.58%, plus margin, applies to all amounts drawn under the Term Loan and the Shareholder Credit Facility, until April 2009, as the original swap agreement in relation to the Term Loan Facility expires on 10th April 2009. A new swap agreement has been entered into from April 2009, with a fixed rate of 5.0605%, which expires on 10th April 2024. The only derivative financial instruments held are the interest rate swaps, which convert the borrowings from rates linked to LIBOR to the fixed rates above. The fair value of this class of derivative financial instruments at 31 March 2009 is £(214,744) (2007: £(484,969)).

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

10 Provision for liabilities and charges

	31 March 2009	31 December 2007
	£'000	£'000
Deferred taxation	4,875	4,307
The movements in deferred taxation during the year and previous period is as follows:		
At 1 January	4,307	3,933
Charge to the profit and loss account (note 5 (a))	654	374
At 31 March/31 December	4,961	4,307
The deferred tax liability consists of:		
Accelerated capital allowances	5,764	5,769
Other timing differences	3,236	3,162
Tax losses recognised	(4,039)	(4,624)
	4,961	4,307

11 Called up share capital

	31 March 2009	31 December 2007
	£'000	£'000
Authorised		
50,000 Ordinary shares of £1 each	50	50
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1	1

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

12 Reconciliation of movement on total shareholder's funds and on reserves

	Share capital	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000
At 1 January 2008	1	2,285	2,286
Profit for the period	-	1,670	1,670
At 31 March 2009	1	3,955	3,956

13 Related party transactions

The following companies are fellow group undertakings of the shareholders of the immediate parent undertaking and together with undertakings within the individual groups of companies, are considered to be related parties to the company, as defined in Financial Reporting Standard 8 - Related Party Transactions.

Sodexo Investment Services Limited
Sodexo Services Group Limited
Semperian Asset Management Limited
Semperian Senior Funding PLC
Semperian PPP Investment Partners No2 Limited.

The company incurred the following costs in respect of the provision of staff and support services:

Costs incurred:

	Type of expense	15 months ended 31 March 2009 £'000	Year ended 31 December 2007 £'000
Sodexo Investment Services Limited	Support Services and loan interest	444	424
Sodexo Services Group Limited	Facilities Management	3,803	2,836
Semperian Senior Funding PLC	Senior Loan interest	4,484	3,702
Semperian PPP Investment Partners No2 Ltd	Support Services and loan interest	1,333	1,291
Semperian Asset Management Ltd	Management Services	486	1,272

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

13 Related party transactions (continued)

Amounts outstanding at:

	31 March 2009	31 December 2007
	£'000	£'000
Sodexo Investment Services Limited	3,367	3,475
Sodexo Services Group Limited	11	560
Semperian Senior Funding PLC	54,378	54,803
Semperian PPP Investment Partners No2 Ltd	8,476	8,833

All transactions with Related Parties were carried out on arms length terms.

14 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Mercia Healthcare (Holdings) Limited, a company which is incorporated in England and Wales.

Mercia Healthcare (Holdings) Limited's shares are held by each of the following, both of which are registered in the United Kingdom:

	Percentage Holding (%)
Semperian PPP Investment Partners No.2 Limited (formerly Trillium PPP Investment Partners No.2 Limited)	75%
Sodexo Investment Services Limited	25%

The ultimate parent undertaking and ultimate controlling party, at the period end, was Semperian PPP Investment Partners Limited Partnership (formerly Trillium PPP Investment Partners Limited Partnership), acting through its general partner Semperian PPP Investment Partners GP Limited (formerly Trillium PPP Investment Partners GP Limited), a company incorporated in England and Wales.

The smallest group to consolidate these financial statements is Semperian PPP Investment Partners Limited (formerly Trillium PPP Investment Partners Limited). The largest group to consolidate these financial statements is Semperian PPP Investment Partners Limited Partnership, acting through its general partner Semperian PPP Investment Partners GP Limited.

Consolidated financial statements for Semperian PPP Investment Partners Limited and Semperian PPP Investment Partners Limited Partnership, acting through its general partner Semperian PPP Investment Partners GP Limited, can be obtained from the Company Secretary at 140 London Wall, London, EC2Y 5DN.

Mercia Healthcare Limited

Notes to the financial statements for the 15 months ended 31 March 2009 (continued)

15 Notes to the statement of cash flows

(a) Reconciliation of operating result to net cash inflow from operating activities

	Period ended 31 March 2009 £'000	Year ended 31 December 2007 £'000
Operating profit	1,247	1,274
Decrease/(increase) in debtors	363	(399)
Increase in creditors	614	5
Net cash inflow from operating activities	2,224	880

(b) Analysis of changes in net debt

	At 1 January 2008 £'000	Cash Flow £'000	Other non-cash changes £'000	At 31 March 2009 £'000
Cash at bank	4,149	1,566	-	5,715
Loans due within one year	(1,806)	2,095	(2,295)	(2,006)
Loans due after one year	(62,749)	-	1,934	(60,815)
Total	(60,406)	3,661	(361)	(57,106)

(c) Reconciliation of net cash flow to movement in net debt

	Period ended 31 March 2009 £'000	Year ended 31 December 2007 £'000
Increase in cash during year	1,566	(35)
Cash outflow from movement in loans	2,095	1,972
Other non-cash movements	(361)	(288)
Movement in net debt	3,299	1,649
Net debt at 31 December 2007	(60,406)	(62,055)
Net debt at 31 March 2009	(57,106)	(60,406)