

ISS Finance & Investment (Bishop Auckland) Limited

Directors' report and financial statements

Registered Number 3747087

31 December 2001



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Directors' report

The directors present their report and the audited financial statements for the period ended 31 December 2001.

Principal activities

The principal activity of the company is to hold and to account for the company's investment in the Bishop Auckland PFI project.

Business review

The Bishop Auckland project involves the demolition of certain buildings, provision of temporary accommodation, design and construction of a new building, refurbishment of certain existing buildings, commissioning and related works and the management and operation of, and provision of certain non-clinical support services at the Hospital which include maintenance, catering, housekeeping, portering, switchboard and car parking services. The Bishop Auckland General Hospital ("the Hospital") is located at Cockton Hill, Bishop Auckland, Co Durham.

The company owns 19.99% of the issued share capital of Criterion Healthcare Holdings Limited. Criterion Healthcare Holdings Limited has been established for the purpose of acting as holding company to Criterion Healthcare PLC. Criterion Healthcare PLC will undertake the project activities described above under a concession agreement.

Under the terms of the contract ISS Mediclean Limited, a fellow subsidiary company, will provide facilities management services to the Hospital. These services are anticipated to commence towards the end of 2001.

The construction phase of the project commenced in May 1999.

Directors and directors' interests

The directors who held office during the period were as follows:

J Ahmed

S P Cox

D Warlow (resigned 18 May 2001)

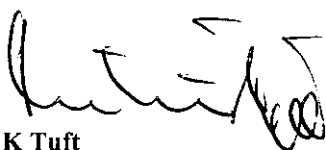
None of the directors who held office at the end of the financial year had any disclosable interest in shares or options of group companies.

Directors' Report *(continued)*

Auditors

Pursuant to a shareholders resolution, the company is not obliged to re-appoint its auditors annually and KPMG will therefore continue in office.

By order of the board

A handwritten signature in black ink, appearing to read 'K Tuft', with a stylized flourish at the end.

K Tuft
Secretary

Wells House
65 Boundary Road
Woking
Surrey
GU21 5BS

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 the profit or loss 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Arlington Business Park
Theale
Reading RG7 4SD
United Kingdom

Independent auditor's report to the members of ISS Finance & Investment (Bishop Auckland) Limited

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the director's report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinions 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 director's 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 director's remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

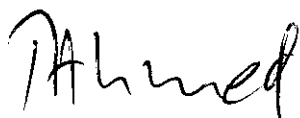
2nd May, 2002

Balance sheet

at 31 December 2001

	Notes	2001 £	2000 £
Fixed assets			
Investments	3	121,443	121,443
Current assets			
Debtors	4	1	1
Creditors: amounts falling due within one year	5	(121,443)	(121,443)
Net current liabilities		(121,442)	(121,442)
Net assets		1	1
Capital and Reserves			
Called up share capital	6	1	1
Profit and loss account		-	-
Shareholders' funds-equity		1	1

These accounts were approved by the Board of Directors on 23 April 2002 and were signed on its behalf by:



J Ahmed
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of ISS A/S, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ISS A/S, within which the results of this company is included, can be obtained from the address given in note 8.

The company did not trade during the period and consequently received no income and incurred no expenditure. Accordingly, no profit and loss account has been prepared.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

Joint arrangement

The investment in the Bishop Auckland contract is being accounted for as a 'joint arrangement that is not an entity' as all of the significant decisions have been subcontracted via binding legal agreements and the shareholders have only minor areas of decision left. Also, it is anticipated that dividends are likely to be immaterial due to the nature of the financing arrangement.

These financial statements only reflect the company's cash flows in respect of the project and not the cash flows of the project as a whole.

2 Directors' emoluments

No emoluments were payable to the directors for the year ended 31 December 2001 (2000: £nil).

Notes (continued)

3 Investments

	2001 £	2000 £
Balance at 1 January 2001	121,443	121,443
Additions	-	-
Balance at 31 December 2001	121,443	121,443

This investment relates to an interest in Criterion Healthcare Holdings Limited, a joint venture investment vehicle to build and service the Bishop Auckland Hospital. The company owns 19.99% of the issued share capital of Criterion Healthcare Holdings Limited. Criterion Healthcare Holdings Limited has been established for the purpose of acting as holding company to Criterion Healthcare PLC. Criterion Healthcare PLC will undertake the project activities under a concession agreement.

4 Debtors

	2001 £	2000 £
Amounts due from group undertakings	1	1

5 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings	121,443	121,443

6 Called Up Share Capital

	2001 £000	2000 £000
<i>Authorised:</i>		
Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	1	1

Notes *(continued)*

7 **Contingent liabilities**

The company has committed to subscribe for £450,000 "B" Loan stock in Criterion Healthcare Plc on 31 July 2002. Unibank A/S has provided a guarantee in respect of this amount to Criterion Healthcare Plc.

8 **Ultimate Parent Company**

The company is a subsidiary undertaking of ISS Finance and Investment Ltd, a company registered in England and Wales.

The largest and the only group in which the results of the company are consolidated is that headed by ISS A/S, incorporated in Denmark. The consolidated accounts of this company are available to the public and may be obtained from the following address:

ISS A/S
Bredgade 30
DK 1260
Copenhagen K
Denmark