

ISS Finance & Investment (Bishop Auckland) Limited

Directors' report and financial statements

Registered Number 3747087

31 December 2004



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Directors' report

The directors present their report and the audited financial statements for the period ended 31 December 2004.

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 commenced in November 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
H Andersen (appointed 30 September 2005)
S P Cox
J O Gravenhorst (resigned 30 September 2005)

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.


Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint auditors annually and KPMG LLP will therefore continue in office.

By order of the board

27 October

2005


H Andersen
Director

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 auditors report to the members of ISS Finance & Investment (Bishop Auckland) Limited

We have audited the financial statements on pages 4 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

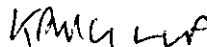
Basis of opinion

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 affairs of the company as at 31 December 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP
Chartered Accountants
Registered Auditor

31 October 2005

Profit and loss account
for the year ended 31 December 2004

	<i>Note</i>	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Interest receivable and similar income	3	66,824	66,280
Profit on ordinary activities before taxation		66,824	66,280
Tax on profit on ordinary activities	4	(20,047)	(19,884)
Retained profit for the year	9	46,777	46,396
Retained profit brought forward		58,599	12,203
Retained profit carried forward		105,376	58,599

The company has no recognised gains or losses other than the profit for the year.

There is no difference between the results on an historical cost basis and that shown in the profit and loss account.

All activities relate to continuing operations.

Balance sheet
 at 31 December 2004

	Notes	2004		2003	
		£	£	£	£
Fixed assets					
Investments	5		571,443		571,443
Current assets					
Debtors	6	150,538		83,714	
Creditors: amounts falling due within one year	7	(616,604)		(596,557)	
Net current liabilities			(466,066)		(512,843)
Net assets			105,377		58,600
Capital and Reserves					
Called up share capital	8		1		1
Profit and loss account	9		105,376		58,599
Shareholders' funds-equity			105,377		58,600

These accounts were approved by the Board of Directors on behalf by:

27 October 2005

and were signed on its


H. Andersen
 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.

ISS UK Limited, the company's immediate parent company, has confirmed that its present intention to finance the company so as to enable it to meet all its liabilities in full as they fall due and carry on its business for the foreseeable future without significant curtailment of operations.

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 Finance and Investment Limited, 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 Holding A/S, within which the results of this company is included, can be obtained from the address given in note 11.

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 2004 (2003: £nil).

3 Interest receivable and similar income

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Loan Note Interest	66,824	66,280

Notes (continued)

4 Tax on profit on ordinary activities

(i) Analysis of charge for the year

	2004 £	2003 £
<i>Current tax</i>		
UK corporation tax at 30% on the profit for the year (2003: 30%)	20,047	19,884
	<hr/>	<hr/>
Tax on profit on ordinary activities	20,047	19,884
	<hr/>	<hr/>

(ii) Factors affecting the tax charge for the year

The tax assessed in the period is equal to (2003: equal to) the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	66,824	66,280
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	20,047	19,284
	<hr/>	<hr/>
Current tax charge for the year	20,047	19,284
	<hr/>	<hr/>

5 Investments

	2004 £	2003 £
19.99% share capital Criterion Healthcare Holdings Limited	121,443	121,443
"B" Loan Stock in Criterion Healthcare Plc	450,000	450,000
	<hr/>	<hr/>
Balance at the end of the year	571,443	571,443
	<hr/>	<hr/>

Criterion Healthcare Holdings Limited is a joint venture investment vehicle to build and service the Bishop Auckland Hospital. 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.

Notes (continued)

6 Debtors

	2004 £	2003 £
Amounts due from group undertakings	150,538	83,714

7 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	571,443	571,443
Corporation Tax	45,161	25,114
	616,604	596,557

8 Called up share capital

	2004 £	2003 £
<i>Authorised:</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid:</i>		
1 Ordinary share of £1 each	1	1

9 Profit and loss account

	£
At beginning of the year	58,599
Profit for the year	46,777
At end of the year	105,376

Notes (continued)

10 Reconciliation of movements in shareholders' funds

	31 December 2004 £	31 December 2003 £
Profit for the financial year	46,777	46,396
Opening equity shareholders' funds	58,600	12,204
	<hr/>	<hr/>
Closing equity shareholders' funds	105,377	58,600
	<hr/>	<hr/>

11 Ultimate Parent Company

The company is a subsidiary undertaking of ISS Finance and Investment Limited, 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 Holding 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 Holding A/S
 Bredgade 30
 DK 1260
 Copenhagen
 Denmark