

ISS Finance & Investment (Bishop Auckland) Limited

Directors' report and financial statements

Registered Number 03747087

31 December 2006

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Directors' report

The directors present their report and the audited financial statements for the period ended 31 December 2006

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 undertakes the project activities described above under a concession agreement.

Under the terms of the contract ISS Mediclean Limited, a fellow subsidiary company, has provided facilities management services to the Hospital since November 2001.

Directors and directors' interests

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

J Ahmed
H Andersen
S P Cox
R Ryan (appointed 1 March 2006)

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.

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report *(continued)*

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

H Andersen
Director

A handwritten signature in black ink, appearing to be 'H Andersen', written over the printed name and title.

ISS House
Genesis Business Park
Albert Drive
Woking
Surrey
GU21 5RW

20 August 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 enable them to ensure that its 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 of ISS Finance & Investment (Bishop Auckland) Limited for the year ended 31 December 2006 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.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 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.

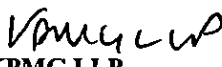
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report to the members of ISS Finance & Investment (Bishop Auckland) Limited (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 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


KPMG LLP
Chartered Accountants
Registered Auditor

22 August 2007

Profit and loss account
for the year ended 31 December 2006

	<i>Note</i>	2006 £	2005 £
Interest receivable and similar income	3	65,555	65,736
Interest payable and similar charges	4	(33,428)	(60,548)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		32,127	5,188
Tax on profit on ordinary activities	5	(9,638)	(1,556)
		<hr/>	<hr/>
Retained profit for the year	10	22,489	3,632
		<hr/>	<hr/>

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

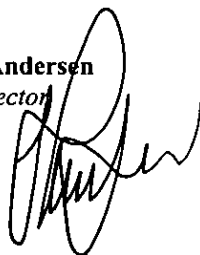
All activities relate to continuing operations

Balance sheet
 at 31 December 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Investments	6		571,443		571,443
Current assets					
Debtors	7	281,829		216,274	
Creditors amounts falling due within one year	8	(721,774)		(678,708)	
Net current liabilities			(439,945)		(462,434)
Net assets			131,498		109,009
Capital and Reserves					
Called up share capital	9		1		1
Profit and loss account	10		131,497		109,008
Equity shareholders' funds	11		131,498		109,009

These accounts were approved by the board of directors on *20 August 2007* and were signed on its behalf by

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 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 FS Equity A/S, within which the results of this company is included, can be obtained from the address given in note 14

Investments

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Except where otherwise required, full provision without discounting is made for all timing differences, which have arisen but not reversed at the balance sheet date

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 Profit on ordinary activities before taxation

Auditor's remuneration has been borne by other group companies in this and the preceding year

No emoluments were payable to the directors during the year (2005 £nil)

Notes (continued)

3 Interest receivable and similar income

	2006 £	2005 £
Loan Note Interest	65,555	65,736

4 Interest payable and similar charges

	2006 £	2005 £
Other	33,428	60,548

5 Tax on profit on ordinary activities

(i) Analysis of charge for the year

	2006 £	2005 £
<i>Current tax</i>		
UK corporation tax at 30% on the profit for the year (2005 30%)	9,638	1,556
Tax on profit on ordinary activities	9,638	1,556

(ii) Factors affecting the tax charge for the year

The tax assessed in the period is equal to (2005 equal to) the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	32,127	5,188
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	9,638	1,556
Current tax charge for the year	9,638	1,556

Notes (continued)

6 Investments

	2006 £	2005 £
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 undertake the project activities under a concession agreement.

7 Debtors

	2006 £	2005 £
Amounts due from group undertakings	281,829	216,274
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	665,419	631,991
Corporation Tax	56,355	46,717
	<hr/>	<hr/>
	721,774	678,708
	<hr/>	<hr/>

The amounts owed to group undertakings are unsecured, bear interest at a rate of LIBOR plus 65 basis points and are repayable on demand.

9 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	1	1
	<hr/>	<hr/>

Notes (continued)

10 Profit and loss account

	2006 £	2005 £
At beginning of the year	109,008	105,376
Retained profit for the year	22,489	3,632
	<hr/>	<hr/>
At end of the year	131,497	109,008
	<hr/>	<hr/>

11 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Retained profit for the financial year	22,489	3,632
Opening equity shareholders' funds	109,009	105,377
	<hr/>	<hr/>
Closing equity shareholders' funds	131,498	109,009
	<hr/>	<hr/>

12 Commitments and guarantees

- i) There were no capital commitments as at 31 December 2006 (2005 £nil)
- ii) The company has no annual commitments under non-cancellable operating leases (2005 £nil)

13 Post balance sheet event

On 29 June 2007, the Company disposed of its investments in the equity of Criterion Healthcare Holdings Limited and loan stock of Criterion Healthcare plc for £4.7m

14 Ultimate parent company and parent undertaking of largest group of which the company is a member

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

The Company's ultimate parent company is FS Invest S a r l which is incorporated in Luxembourg

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

FS Equity A/S
 Bredgade 30
 DK-1260 Copenhagen K
 Denmark