Company Registration No 3765827

HEALTH MANAGEMENT (UCLH) HOLDINGS LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 31 December 2010

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and consolidated financial statements, for the year ended 31 December 2010

Principal Activities and Business Review

The Company is an investment holding company whose sole business is the holding of an investment in its wholly owned subsidiary Health Management (UCLH) plc

On 12 July 2000, Health Management (UCLH) plc entered into a Private Finance Initiative ("PFI") concession contract with the University College London Hospitals NHS Trust ("the Trust") to design, build, finance and operate a new hospital in London on a 40 year contract

Construction of the new hospital and associated facilities commenced in July 2000 On 19 April 2005, Health Management (UCLH) plc handed over phase 1 of the hospital to the Trust and commenced the provision of all non-clinical services for which it has been receiving income from the Trust Following completion of phase 1, construction of phase 2 of the hospital commenced On 5 August 2008, the Group handed over phase 2 of the hospital to the Trust and commenced the provision of all non-clinical services in that phase, for which it has been receiving income from the Trust Construction of phase 2 has been funded through a combination of capital grants from the Trust and operating cash flow of the Group generated from Phase 1 operations

Results and Dividends

The Group profit for the year after taxation amounted to £13,563,000 (2009 £11,251,000) The directors approved the payment of a dividend in respect of the year ended 31 December 2010 of £12,604,000 (2009 £6,252,000) which constitutes 446 8p per share (2009 221 6p per share)

Key performance indicators

The Group has set specific business objectives, which are monitored using a number of key performance indicators ("KPIs") The relevant KPIs for this report are detailed below

	2010	2009
	£'000	£'000
Profit after taxation	**13,563**	11,251
Net assets	**8,031**	7,072

The major causes of the increase in profit after taxation are i) increased interest receivable on financial asset largely due to increases in the retail prices index, and ii) reductions in interest payable largely due to reductions in LIBOR

Going Concern

Following the commencement of full service at the University College London Hospital in 2008, the Group has been able to generate sufficient cash to meet its liabilities as they fall due Substantial senior debt was raised at the start of the PFI contract and funding commitments from shareholders are supported by letters of credit from financial institutions with adequate credit ratings or by parent company guarantees

After making enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

DIRECTORS' REPORT (continued)

Principal risks and uncertainties

The group recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the PFI contract and in delivering a safe and efficient service Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil the Group's contractual obligations

Interest rate risk
The financial risk management objectives of the Group are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions Financial instruments are not used for speculative purposes Interest swaps are in place between 2000 and 2035 to give an effective fixed interest rate payable on the majority of the bank debt

Credit risk
Any credit and cash flow risks to the Group arise from its client, the Trust The credit and cash flow risks are not considered significant as the client is a quasi-governmental organisation

Liquidity risk
The Group's liquidity risk is principally managed through financing the Group by means of long-term borrowings with an amortising profile that matches the expected availability of funds from the Group's operating activities In addition the Group maintains reserve bank accounts to provide short-term liquidity against future debt service and other expenditure requirements

Contractual relationships
The Group operates within a contractual relationship with its primary client, the Trust Failure to perform obligations under this contract could have a direct and detrimental effect on the group's result and could result in termination of the concession To manage this risk the Group has regular meetings with the Trust including discussions on performance, project progress, future plans and customer requirements carrying out all the routine and major life cycle maintenance for the life of the concession

Payment of Suppliers

The Group's policy is to pay suppliers thirty days from the date of receipt of the supplier's invoice, unless otherwise contractually agreed, and this policy is made known to all suppliers on request The number of suppliers' days outstanding for the Group at the end of the financial period was sixteen (2009 eleven) The Company itself does not have Trade Creditors and therefore has nil suppliers' days outstanding at the end of the year (2009 nil)

Political and charitable contributions

The Group has not made any political or charitable contributions during the year (2009 nil)

DIRECTORS' REPORT (continued)

Directors

The Directors of the Company during the financial year and up to the date of this report are set out below Directors were in office for the entire period unless otherwise stated

A E Birch	(resigned 23 February 2010)
A Campbell	(appointed 24 March 2011)
B W Dalgleish	
N Rae	
M G D Holden	(resigned 23 February 2010)
J Pritchard	(appointed 23 February 2010, resigned 21 February 2011)
S P Gibbs	
S M Jones	
R J Marsden	

No Director had any interests in the issued share capital or material interest in any contract of the Company or the Company's subsidiary undertaking

Directors' emoluments

Directors' emoluments for the year amounted to £nil (2009 nil) The Company had no employees at any time during the year (2009 nil)

DIRECTORS' REPORT (continued)

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 accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group 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 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, and
* prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business

Provision of information to Auditor

Each of the persons who is a Director at the date of approval of the report confirms that
i) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

ii) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of that information
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an AGM

By order of the Board

B W Dalgleish
Director
22 June 2011

Registered Office
350 Euston Road
London
NW1 3AX

INDEPENDENT AUDITOR'S REPORT
to the members of Health Management (UCLH) Holdings Limited

We have audited the financial statements of Health Management (UCLH) Holdings Limited ("the financial statements") for the year ended 31 December 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 26 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)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

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 (APB's) Ethical Standards for Auditors

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 Group's and 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 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 Group's and the parent company's affairs as at 31 December 2010 and the Group's profit 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 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 Parent Company 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

Mark Beddy

Mark Beddy
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 June 2011

HEALTH MANAGEMENT (UCLH) HOLDINGS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

		Group	
		2010	2009
	Note	£'000	£'000
Turnover	2	30,828	32,643
Cost of sales		(28,066)	(29,669)
Gross profit		2,762	2,974
Administrative expenses		(1,233)	(1,391)
Operating profit	3	1,529	1,583
Interest receivable	4	31,824	30,585
Interest payable and similar charges	5	(14,308)	(15,839)
Profit on ordinary activities before taxation		19,045	16,329
Taxation	6	(5,482)	(5,078)
Profit on ordinary activities after taxation		13,563	11,251
Dividends payable	7	(12,604)	(6,252)
Profit for the financial period transferred to reserves		959	4,999

All the company's activities were derived from continuing operations in both the current and the preceding year

The Group has no recognised gains or losses other than those stated in the profit and loss account for the year ended 31 December 2010 and 31 December 2009 and therefore no separate statement of total recognised gains and losses has been presented

The accompanying notes are an integral part of this profit and loss account

BALANCE SHEET
AT 31 DECEMBER 2010

	Note	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Fixed Assets					
Investments	9	-	-	4,112	4,112
Tangible assets	10	131	4	-	-
		131	4	4,112	4,112
Current Assets					
Debtors due within one year	11	16,883	16,191	27	27
Cash at bank and in hand	12	19,301	11,525	4	4
		36,184	27,716	31	31
Debtors - amounts falling due after more than one year					
Debtors - financial asset	13	258,759	257,329	-	-
Debtors - due after one year	14	2,770	9,290	-	-
		297,713	294,335	31	31
Current Liabilities					
Creditors amounts falling due within one year	15	(20,755)	(19,189)	(27)	(27)
Net Current Assets		276,958	275,146	4	4
Total Assets less Current Liabilities		277,089	275,150	4,116	4,116
Creditors amounts falling due after more than one year					
Borrowings	16	(250,536)	(253,710)	(1,291)	(1,291)
Provisions for liabilities	19	(18,522)	(14,368)	-	-
		(269,058)	(268,078)	(1,291)	(1,291)
Net Assets		8,031	7,072	2,825	2,825
Capital and Reserves					
Called-up share capital	20	2,821	2,821	2,821	2,821
Profit and loss account	21	5,210	4,251	4	4
Equity shareholders' funds	22	8,031	7,072	2,825	2,825

These financial statements were approved by the Board of Directors on 22 June 2011
and signed on its behalf by -

B W Dalgleish
Director
(Company Registration № - 3765827)

The accompanying notes are an integral part of this balance sheet

HEALTH MANAGEMENT (UCLH) HOLDINGS LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £'000	2009 £'000
Net cash inflow / (outflow) from operating activities	23	707	(1,921)
Returns on investment and servicing of finance			
Interest received		31,768	29,062
Interest and fees paid		(14,206)	(16,219)
		17,562	12,843
Tax paid			
Receipt in respect of corporation tax consortium relief		5,192	-
Capital expenditure			
Purchase of tangible fixed assets		(132)	(4)
		(132)	(4)
Equity dividends paid		(12,604)	(6,252)
Net cash inflow before use of liquid resources and financing		10,725	4,666
Financing			
Decrease in unsecured subordinated loan stock		-	(24,088)
(Decrease) / increase in secured senior loans		(2,949)	1,694
		(2,949)	(22,394)
Increase / (decrease) in cash		7,776	(17,728)

Reconciliation of net cash flow to movement in net debt

	Note	2010 £'000	2009 £'000
Increase / (decrease) in cash		7,776	(17,728)
Cash outflow / (inflow) from secured senior loans		2,949	(1,694)
Cash outflow from repayment of unsecured subordinated loan stock		-	24,088
Change in net debt resulting from cash flows	24	10,725	4,666
Amortisation of senior loan arrangement fees		(102)	(105)
		10,623	4,561
Net debt as at 1 January		(245,103)	(249,664)
Net debt as at 31 December	24	(234,480)	(245,103)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

A summary of the principal accounting policies of the Group, all of which have been applied consistently, is set out below

a) Basis of preparation
The financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards and the Companies Act 2006 They include the results of the activities described in the Directors' Report, all of which are continuing

b) Group financial statements
The Group financial statements consolidate the financial statements of the Company and of its subsidiary undertaking The acquisition method of accounting has been adopted

c) Investments
Investment in the subsidiary undertaking is stated at cost The carrying value of this investment is reviewed annually by the directors to determine whether there has been any impairment to its value

d) Turnover
Turnover, which is stated net of value added tax, represents income for services provided in the year

The Group has adopted the provisions of FRS 5 Application Note F "Private Finance Initiative and Similar Contracts" It has been determined that the balance of risks and rewards derived from the underlying asset is not borne by the Group and as such the asset created under the contract has been accounted for as a financial asset

Revenues received from the customer are apportioned between the financial asset and operating revenue The "finance income" element is shown within interest receivable

e) Financial asset
The financial asset is a debt due in respect of the cost of the property constructed under a PFI arrangement The financial asset is reduced as payments are received and financial income on the financial asset is recognised using a property specific interest rate The residual income, being the cash received less the imputed finance income and capital repayments, is recorded within operating income

f) Current tax
The tax charge for current taxation for the year is based on the result for the year, adjusted for disallowable items

g) 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1 **Accounting policies** continued

h) Bank loans

Bank loans are initially stated at the amount of the net proceeds after deduction of arrangement fees The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in that period

i) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation Cost represents the original purchase price Depreciation is provided at rates calculated to write off the cost less any residual value of these assets on a straight-line basis over their estimated useful lives, commencing when the assets are brought into use, as follows

IT equipment	3 years
Building improvements	5 years

Carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

j) Capital instruments

Equity instruments are included in shareholders' funds Other financial instruments are classified as liabilities if they contain an obligation to transfer economic benefits The finance cost recognised in the profit and loss account in respect of financial instruments other than equity shares is allocated to periods over the term of the instrument, at a constant rate on the carrying amount

k) Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term

l) Interest rate swaps

The Group's criteria for entering into interest rate swaps are
- the instrument must be related to an asset or a liability, and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa

Interest differentials are recognised by accruing within net interest payable Interest rate swaps are not revalued to fair value or shown on the Group balance sheet at the year end

m) Provisions for liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle this obligation

2 **Turnover**

Turnover is attributable to one geographical market, the United Kingdom, and can be analysed as follows

	Group	
	2010	2009
	£'000	£'000
Provision of services	**30,828**	32,643

3 Operating profit

Operating profit is stated after charging

	Group	
	2010	2009
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**1**	1
Fees payable to the Company's auditor for other services to the Group		
The audit of the Company's subsidiary pursuant to legislation	**15**	17
Fees payable to the Company's auditor for non audit services to the Group	**-**	10
Depreciation	**5**	3

The Directors received no salary, fees or other benefits in the performance of their duties in respect of the Company and the Group in the current year The ultimate controlling parties received £180,000 (2009 £71,000) for the provision of Directors' services All other staff costs are borne by shareholder group companies which second their employees to the Group and charge related service costs The Company and Group had no employees during the year (2009 nil)

The Group does not have any direct employees (2009 none) Staff are seconded from the shareholders of the Group

In order to hedge against RPI variations the Company's subsidiary entered into a RPI swap agreement with a bank whereby at intervals of six months until April 2035 sums are exchanged reflecting the difference between actual and predetermined RPI rates, calculated on a predetermined notional principal amount The fair value of the swap as at 31 December 2010 was a liability of £25,779,000 (2009 £24,383,000 liability) A discounted cash flow was used to determine the fair value

4 Interest receivable

	Group	
	2010	2009
	£'000	£'000
Bank interest receivable	**151**	312
Financial asset interest receivable	**31,673**	30,273
	31,824	30,585

5 Interest payable and similar charges

	Group	
	2010	2009
	£'000	£'000
Interest and fees payable on secured senior loan	**14,102**	15,278
Interest payable on unsecured subordinated loan stock	**103**	460
Amortisation of loan arrangement costs	**103**	101
	14,308	15,839

6 Taxation

The tax charge for the year is made up as follows

	Group 2010 £'000	Group 2009 £'000
a) Tax on profit on ordinary activities		
Current tax		
UK corporation tax	1,328	(872)
Total current tax (note 6(b))	1,328	(872)
Deferred tax		
Origination and reversal of timing differences	5,163	4,597
Prior year adjustment	(496)	1,353
Effect of decreased tax rate on opening liability	(513)	-
Total deferred tax	4,154	5,950
Tax on profit on ordinary activities	5,482	5,078

b) Factors affecting current tax charge / (credit)

The tax assessed on the profit on ordinary activities for the year is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	Group 2010 £'000	Group 2009 £'000
Profit on ordinary activities before tax	19,045	16,329
@ 28% (2009 28%)	5,333	4,572
Expenses not deductible for tax purposes	21	26
Capital allowances in excess of depreciation	(2,152)	(2,674)
Deemed lease premium relief	(237)	(238)
Short term timing differences	(15)	(426)
Losses carried forward	(2,950)	(1,260)
Reduction / (increase) in consideration receivable on losses previously surrendered	1,328	(872)
Total current tax (note 6(a))	1,328	(872)

c) Post balance sheet disclosures

On 23 March 2011, the UK Government announced a reduction in the main rate of corporation tax from 28% to 26% with effect from 1 April 2011, this was substantively enacted on 29 March 2011 The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 23% by 1 April 2014 As it was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with UK GAAP, as it is a non-adjusting event occurring after the reporting period

7 Dividends

The directors approved the payment of a dividend in respect of 2010 of £12,604,000 (2009 £6,252,000) which constitutes 446 8p per share (2009 221 6p per share)

8 Profit for the financial period transferred to reserves

The profit for the financial year dealt with in the financial statements of the parent company, Health Management (UCLH) Holdings Limited, was £12,604,000 (2009 £6,252,000) As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company

9 Fixed asset investments

	Company	
	2010	2009
	£'000	£'000
Shares in subsidiary undertaking	**2,821**	2,821
Unsecured subordinated loan stock in subsidiary undertaking	**1,291**	1,291
Cost	**4,112**	4,112

Principal subsidiary undertakings

The parent company has investments in the following subsidiary undertaking

Name	Health Management (UCLH) plc
Activity	Concession company
Country of operation	England
Shareholding	100%

10 Tangible fixed assets

	Group
	Total
	£'000
Cost	
At 31 December 2009	32
Additions	132
At 31 December 2010	164
Depreciation	
At 31 December 2009	28
Charge for the year	5
At 31 December 2010	33
Net Book Value	
At 31 December 2009	4
At 31 December 2010	131

11 Debtors - due within one year

	Group		Company	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Accrued interest on unsecured subordinated loan stock in subsidiary undertaking	-	-	**27**	27
Prepayments	**127**	445	-	-
Trade debtors	**16,730**	15,667	-	-
Accrued income	**26**	79	-	-
	16,883	16,191	**27**	27

12 Cash at bank and in hand

Cash at bank includes £17,793,000 (2009 £10,517,000) of restricted cash held in Debt Service, Major Maintenance and Compensation reserve bank accounts under the terms of the senior loan facility

13 Analysis of net investment in the financial asset

	Group	
	2010	2009
	£'000	£'000
At beginning of year	**257,329**	255,423
Added within the year		
Life cycle replacement costs	95	383
Notional interest on financial asset	31,673	30,273
Cash received	(31,617)	(30,131)
Recognised in operating profit	1,279	1,381
At end of year	258,759	257,329

Included in the financial asset is an amount of £258,759,000 due after more than one year (2009 £257,329,000)
Included in the financial asset is an amount of £45,121,000 net interest capitalised (2009 £45,121,000)

14 Other debtors - due after more than one year

	Group	
	2010	2009
	£'000	£'000
Corporation tax consortium relief debtor	2,770	9,290
	2,770	9,290

Amounts due are shown at 24% (2009 28%) of losses surrendered, being the rate expected to apply when payment is due

15 Creditors amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Secured senior loans - principal (note 17)	3,245	2,918	-	-
Accrued interest on unsecured loan stock (note 18)	27	27	27	27
Trade creditors	1,463	1,039	-	-
VAT Creditor	2,046	1,607	-	-
Other accruals	568	1,100	-	-
Advance billings	13,406	12,498	-	-
	20,755	19,189	27	27

16 Creditors amounts falling due after more than one year

Borrowings	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Secured senior loans (note 17)	249,245	252,419	-	-
Unsecured loan stock (note 18)	1,291	1,291	1,291	1,291
	250,536	253,710	1,291	1,291

In order to hedge against interest rate variations on its senior loan, the Company's subsidiary has entered into an interest rate swap agreement with a bank whereby at intervals of six months sums are exchanged reflecting the difference between floating and fixed interest rates, calculated on a predetermined notional principal amount The fair value of the interest rate swap as at 31 December 2010 was a liability of £47,378,000 (2009 £42,838,000 liability) Market value has been used to determine the fair value

17 Secured senior loans

	Group	
	2010	2009
	£'000	£'000
Not wholly repayable within five years		
£254,007,000 of bank loan at LIBOR + 0 90%	**254,007**	256,956
Amounts repayable		
In one year or less	**3,245**	2,918
In one year to two years	**3,627**	3,351
In two years to five years	**13,009**	11,806
In more than five years	**234,126**	238,881
	254,007	256,956
Less unamortised issue expenses	**(1,517)**	(1,619)
	252,490	255,337
Less included within creditors due within one year	**(3,245)**	(2,918)
	249,245	252,419

The secured senior loan represents amounts borrowed by the Company's subsidiary under a facility agreement with a syndicate of banks The bank loan bears interest at a margin of 0 90% (2009 0 90%) over LIBOR and is repayable in instalments between 2005 and 2035 The loan is secured by fixed and floating charges over the undertaking, property, assets and rights of the Company's subsidiary, and has certain covenants attached

18 Loan stock

	Group		Company	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Unsecured loan stock				
Amounts repayable				
In more than five years	**1,291**	1,291	**1,291**	1,291

The unsecured subordinated loan stock bears interest at a fixed rate of 8% and is repayable in 2035, or earlier at the Group's option The Group does not currently intend to repay the outstanding loan stock before 2035 and therefore the loan stock is shown as repayable in more than five years

19 Provisions for liabilities

	Group			
	2010		2009	
	£'000		£'000	
	Recognised	**Unrecognised**	Recognised	Unrecognised
Deferred taxation				
a) Deferred taxation provided				
Accelerated capital allowances	**26,856**	-	25,258	-
Other timing differences	**13,469**	-	14,695	-
Short term timing differences	**(88)**	-	(69)	-
Tax losses carried forward	**(21,715)**	-	(25,516)	-
	18,522	-	14,368	-

19 **Provisions for liabilities and charges continued**

	Group	
	2010	2009
	£'000	£'000
b) Movement during the year		
At 31 December 2009	14,368	8,418
Provided during the year	4,154	5,950
At 31 December 2010	18,522	14,368

20 **Share capital**

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Authorised share capital				
30,000,000 ordinary shares of £1 each	30,000	30,000	30,000	30,000

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Allotted, called up and fully paid share capital				
2,820,936 (2009 2,820,936) ordinary shares of £1 each	2,821	2,821	2,821	2,821

21 **Reserves**

	Group	Company
	2010	2010
	£'000	£'000
Profit and loss account		
At 1 January	4,251	4
Profit for the year	13,563	12,604
Dividends paid on equity shares	(12,604)	(12,604)
At 31 December	5,210	4

22 **Reconciliation of movements in shareholders' funds**

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Opening shareholders' funds	7,072	2,073	2,825	2,825
Profit for the year	13,563	11,251	12,604	6,252
Dividends paid on equity shares	(12,604)	(6,252)	(12,604)	(6,252)
Closing shareholders' funds	8,031	7,072	2,825	2,825

23 **Reconciliation of operating profit to net cash inflow / (outflow) from operating activities**

	Group	
	2010	2009
	£'000	£'000
Operating profit	1,529	1,583
Depreciation	5	3
Increase in financial asset	(1,374)	(383)
(Increase) / decrease in debtors	(692)	1,199
Increase / (decrease) in creditors	1,239	(4,323)
Net cash inflow / (outflow) from operating activities	707	(1,921)

24 Analysis of net debt

	At 1 January 2010 £'000	Cash flow £'000	Other non cash changes £'000	At 31 December 2010 £'000
Cash at bank and in hand	11,525	7,776	-	19,301
Secured senior loans	(255,337)	2,949	(102)	(252,490)
Unsecured subordinated loan stock	(1,291)	-	-	(1,291)
	(245,103)	10,725	(102)	(234,480)

25 Related party transactions

During the year, the Company repaid subordinated loan stock to subsidiaries of Balfour Beatty plc, Interserve plc and Semperian PPP Holdings Limited of £nil (2009 £24,088,000) and paid interest on the loan stock of £103,000 (2009 £945,000)

During the year, amounts payable by the Company's subsidiary to a subsidiary of Interserve plc for provision of services to the Trust totalled £25,835,000 (2009 £27,387,000) Amounts invoiced and unpaid at 31 December 2010 totalled £1,253,000 (2009 £741,000) and are included in creditors amounts falling due within one year

Staff are seconded to the Company's subsidiary from subsidiaries and associates of Balfour Beatty plc, Interserve plc and Semperian PPP Holdings Limited Amounts payable for their services and associated costs during the period totalled £567,000 (2009 £776,000) Amounts invoiced and unpaid at 31 December 2010 totalled £10,000 (2009 £44,000) and are included in creditors amounts falling due within one year

Amounts payable by the Company's subsidiary for fees to subsidiaries of Balfour Beatty plc, Interserve plc and Semperian PPP Holdings Limited for the services of the Directors of Group companies during the period totalled £180,000 (2009 £71,000) There were no amounts invoiced and unpaid at 31 December 2010 (2009 £nil)

Accommodation and related costs are occasionally incurred by the Company's subsidiary on behalf of subsidiaries and other associates of Balfour Beatty plc, Interserve plc and Semperian PPP Holdings Limited, and are recharged to them at cost Amounts rechargeable during the period totalled £11,000 (2009 £1,000) Amounts invoiced and unpaid at 31 December 2010 totalled £11,000 (2009 nil)

Previous years' corporation tax losses have in part been surrendered to subsidiaries of Interserve plc and AMEC plc, under the terms of a contract between the Company and the controlling parties Under the terms of the contract, payment for the losses is to be made to the Company at the time it becomes liable for corporation tax Amounts due are shown within Note 14

26 Controlling parties

In the Directors' opinion the Company is jointly owned and controlled by Semperian PPP Holdings Limited, Balfour Beatty Infrastructure Investments Limited and Interserve PFI Holdings Limited