

04157380

**SUMMIT HOLDINGS (DUDLEY) LIMITED**

Report and Group Accounts

31 March 2004



# Summit Holdings (Dudley) Limited

---

Registered No. 04157380

## **DIRECTORS**

V H Dickinson  
M C Shelley  
C L Spencer  
J M Thompson  
C B Weekley  
R Clampett  
A L Tennant  
B A Melizan  
C Richards  
R D Vince

## **SECRETARY**

M Lewis

## **AUDITORS**

Ernst & Young LLP  
400 Capability Green  
Luton  
Bedfordshire  
LU1 3LU

## **BANKERS**

Lloyds TSB plc  
11-15 Monument Street  
London  
EC3V 9JA

## **REGISTERED OFFICE**

Interserve House  
Ruscombe Park  
Twyford  
Reading  
RG10 9JU

# Summit Holdings (Dudley) Limited

---

## DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 March 2004.

### PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company is a holding company whose sole business is the holding of investments in its wholly owned subsidiaries, Summit Healthcare (Dudley) Limited and Dudley Summit plc.

Summit Healthcare (Dudley) Limited entered into an agreement with the Dudley Group of Hospitals NHS Trust to refurbish certain existing sites and to design and construct further hospital buildings and to manage and provide non-clinical support services at the hospitals.

Dudley Summit plc issued guaranteed secured index linked bonds in May 2001 which, with additional funding from the European Investment Bank, were loaned to Summit Healthcare (Dudley) Limited to fund the project.

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,381,000 (2003 - £5,004,000). The directors do not recommend the payment of a dividend.

### FINANCIAL INSTRUMENTS

The group's principal financial instruments comprise guaranteed secured bonds, a committed term loan facility, guaranteed investment contracts and cash. The main purpose of these instruments is the financing of the design, build and operation of various hospital buildings under the Government's Private Finance Initiative. The group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments are interest rate and liquidity risk. The board has policies for managing each of these risks and they are summarised below. The policies have remained unchanged since incorporation.

#### *Interest rate risk*

The terms of the guaranteed secured bonds and committed loan facility are such that all payments of principal and interest are indexed to retail price inflation. The group has entered into indexed linked and fixed rate guaranteed investment contracts with Ambac Capital Funding Inc. The group invests in cash deposits at floating rates. The group's exposure to interest rate fluctuations will continue to be monitored.

#### *Liquidity risk*

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash deposits and proceeds from investment sums.

# Summit Holdings (Dudley) Limited

---

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS

The directors who served at 31 March 2004 and during the year were as follows:

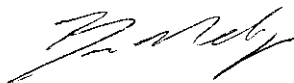
A M Ringrose	(resigned 26 January 2004)
A D Darling	(resigned 27 February 2004)
M C Shelley	
C L Spencer	
P R Grant	(resigned 27 February 2004)
V H Dickinson	
J M Thompson	
C B Weekley	
R Clampett	(appointed 25 July 2003)
A L Tennant	(appointed 27 February 2004)
B A Melizan	(appointed 27 February 2004)
C Richards	(appointed 27 February 2004)
R D Vince	(appointed 27 February 2004)

None of the directors held an interest in the share capital of the company.

### AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the members at the forthcoming Annual General Meeting.

On behalf of the board



Director

8 October 2004

## Summit Holdings (Dudley) Limited

---

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period, which 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 accounts, 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 accounts; and
- prepare the accounts 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 group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT**  
**to the members of Summit Holdings (Dudley) Limited**

We have audited the group's accounts for the year ended 31 March 2004 which comprise the Group Profit and Loss Account, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 23. These accounts have been prepared on the basis of 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 auditors' 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

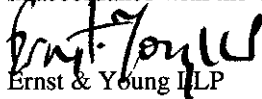
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
Luton

Date 8 October 2004

# Summit Holdings (Dudley) Limited

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 2004

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
<b>TURNOVER</b>	2	21,235	19,052
Cost of sales		(20,278)	(21,430)
<b>GROSS PROFIT/(LOSS)</b>		957	(2,378)
Administrative expenses		(1,849)	(1,812)
<b>OPERATING LOSS</b>	3	(892)	(4,190)
Interest receivable	6	1,717	3,780
Interest payable and similar charges	7	(10,096)	(7,642)
		(8,379)	(3,862)
Interest capitalised		6,890	3,048
		(1,489)	(814)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,381)	(5,004)
Tax on loss on ordinary activities	8	—	—
<b>RESULT FOR THE FINANCIAL YEAR</b>	18	(2,381)	(5,004)

There are no recognised gains and losses other than the loss for the year.

# Summit Holdings (Dudley) Limited

## GROUP BALANCE SHEET at 31 March 2004

	Notes	2004 £000	2003 £000
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	117,855	72,036
<b>CURRENT ASSETS</b>			
Debtors	11	1,128	741
Investments	12	-	39,218
Cash at bank and in hand		15,370	23,489
		16,498	63,448
<b>CREDITORS: amounts falling due within one year</b>	13	(9,465)	(8,089)
<b>NET CURRENT ASSETS</b>		7,033	55,359
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		124,888	127,395
<b>CREDITORS: amounts falling due after more than one year</b>	14	(144,007)	(144,133)
		(19,119)	(16,738)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	60	60
Profit and loss account	18	(19,179)	(16,798)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		(19,119)	(16,738)



Director

8 October 2004



# Summit Holdings (Dudley) Limited

## COMPANY BALANCE SHEET

at 31 March 2004

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
<b>FIXED ASSETS</b>			
Investment	10	60	60
		<u>60</u>	<u>60</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	60	60
Profit and loss account		-	-
		<u>60</u>	<u>60</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>60</u>	<u>60</u>



Director

8 October 2004

# Summit Holdings (Dudley) Limited

## GROUP STATEMENT OF CASH FLOWS for the period ended 31 March 2004

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
<b>NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES</b>	20(a)	(5,726)	1,003
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received from investments		888	2,873
Bank interest received		775	757
Interest paid on bonds		(2,808)	(2,928)
Interest paid on committed term loan facility		(2,660)	(2,387)
		(3,805)	(1,685)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(37,806)	(39,192)
<b>NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		(47,337)	(39,874)
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Disposal of investments		39,218	45,242
<b>INCREASE / (DECREASE) IN CASH</b>		(8,119)	5,368

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

(Decrease)/ Increase in cash		(8,119)	5,368
Cash outflow from decrease in liquid resources		(39,218)	(45,242)
Change in net debt resulting from cash flows	20(b)	(47,337)	(39,874)
Indexation, amortisation of issue costs and other movements in the period		(4,435)	(2,572)
		(51,772)	(42,446)
<b>NET DEBT AS AT 1 APRIL</b>		(78,099)	(35,653)
<b>NET DEBT AS AT 31 MARCH</b>	20(b)	(129,871)	(78,099)

# Summit Holdings (Dudley) Limited

---

## NOTES TO THE ACCOUNTS

at 31 March 2004

### 1. ACCOUNTING POLICIES

#### ***Accounting convention***

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

#### ***Fundamental accounting concept***

The accounts have been prepared on a going concern basis. The facilities available to the group are adequate to cover the projected funding requirements of the group. The group has net current assets of approximately £7 million and the payments from the NHS Trust have been matched in the project to the repayment schedule on the bond issue and loan.

#### ***Basis of consolidation***

The group's financial statements incorporate the assets and liabilities of Summit Holdings (Dudley) Limited and its subsidiary undertakings Dudley Summit PLC and Summit Healthcare (Dudley) Limited as at 31 March 2004 and their results for the year ended 31 March 2004.

No profit and loss account is presented for Summit Holdings (Dudley) Limited as permitted by Section 230 of the Companies Act 1985. The company did not trade in the period.

#### ***Tangible fixed assets***

No depreciation is provided on assets under construction.

#### ***Capitalisation of interest***

Interest has been capitalised based on the borrowing cost during the period, net of interest received on cash deposits, of amounts used to finance capital expenditure in the period.

#### ***Liquid resources***

Liquid resources comprise current asset investments held under Guaranteed Investment Contracts and as readily disposable investments. They are readily convertible into known amounts of cash at, or close to, their carrying value. The investments are carried at lower of cost and net realisable value. Net realisable value is based on mid-market price.

#### ***Financial instruments***

The listed bonds and the committed term loan facility are recorded on a historical cost basis. Indexation and interest are charged to the profit and loss account on an accruals basis.

#### ***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 right to pay less or to receive more, tax.

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 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.

# Summit Holdings (Dudley) Limited

## NOTES TO THE ACCOUNTS at 31 March 2004

### 1. ACCOUNTING POLICIES (continued)

#### *Capital instruments*

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if they are not included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced for the provision of non-clinical services and maintenance of various buildings at four hospitals and is attributable to the United Kingdom.

### 3. OPERATING LOSS

This is stated after charging:

	2004 £000	2003 £000
Auditor's remuneration - audit services	13	13
- non-audit services	9	9
	<u>          </u>	<u>          </u>

### 4. DIRECTORS' EMOLUMENTS

No directors received any payment during the year in respect of their services to the group (2003 – Nil).

### 5. STAFF COSTS

The group does not have any direct employees. Staff are seconded from the shareholders of the company (2003 – Nil).

### 6. INTEREST RECEIVABLE

	2004 £000	2003 £000
Bank interest	775	757
Investment interest	942	3,023
	<u>1,717</u>	<u>3,780</u>

# Summit Holdings (Dudley) Limited

## NOTES TO THE ACCOUNTS

at 31 March 2004

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £000	2003 £000
Guaranteed secured bonds	2,808	2,727
Loan	2,252	2,187
Amortised issue costs	194	194
Indexation of outstanding capital:		
Guaranteed secured bonds	2,232	1,075
Loan	2,202	1,060
Associated Charges	408	399
	<u>10,096</u>	<u>7,642</u>

Interest of £6,890,000 (2003 - £3,048,000) has been capitalised, calculated at a relevant proportion of the cost of fixed assets acquired in the period. In 2004 the capitalisation rate equated to 82% of the net finance cost (2003: 79%)

### 8. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax (credit) / charge for the period is made up as follows:

	2004 £000	2003 £000
Note a)		
<i>Current tax</i>		
UK corporation tax	-	-
Adjustments in respect of previous periods	-	-
<i>Total current tax</i>	<u>-</u>	<u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
<i>Total deferred tax</i>	<u>-</u>	<u>-</u>
<i>Tax on profit on ordinary activities</i>	<u>-</u>	<u>-</u>

# Summit Holdings (Dudley) Limited

## NOTES TO THE ACCOUNTS at 31 March 2004

### 8. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

Note b)

	2004 £000	2003 £000
Loss on ordinary activities before tax	(2,381)	(5,004)
Tax at 30%	(714)	(1,501)
Expenses not deductible for tax purposes	-	8
Short term timing differences	-	-
Capitalised interest deductible for tax	(2,067)	(914)
Losses arising in the year carried forward	2,781	2,407
Total current tax	-	-

The group has estimated tax losses arising in the UK of approximately £17,500,000 (2003: £19,176,000) that are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as, due to the long term nature of the group's operations, there is insufficient certainty regarding the likelihood of future taxable trading profits.

The group has agreed to surrender tax losses of £11,148,022 to the shareholders of the parent company. The group does not consider it appropriate to currently recognise any asset in respect of future possible payments to be made by the shareholders for these losses.

The deferred tax asset unrecognised in the accounts can be analysed as follows:

	<i>Provided</i>		<i>Not provided</i>	
	2004 £000	2003 £000	2004 £000	2003 £000
Accelerated capital allowances	3,201	1,321	-	-
Short term timing differences	-	(61)	-	-
Losses carried forward	(3,201)	(1,260)	(2,049)	(3,293)
Total	-	-	(2,049)	(3,293)

# Summit Holdings (Dudley) Limited

## NOTES TO THE ACCOUNTS at 31 March 2004

### 9. TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Assets under construction £000</i>
Cost:	
At 1 April 2003	72,036
Additions	45,819
At 31 March 2004	117,855
Depreciation:	
At 31 March 2003 and 31 March 2004	-
Net book value:	
At 31 March 2004	117,855
At 31 March 2003	72,036

The aggregate amount of finance costs capitalised in fixed assets at 31 March 2004 was £10,672,000 (2003 - £3,782,000).

### 10. INVESTMENTS

<i>Company:</i>	<i>Ordinary Shares £000</i>
Investment in subsidiary undertakings:	
At 31 March 2004 and 31 March 2003	60

The company owns the entire ordinary issued share capital of Dudley Summit PLC and Summit Healthcare (Dudley) Limited, companies registered in England and Wales.

The principal activities of these companies are given in the Directors' Report.

### 11. DEBTORS

<i>Group</i>	<i>2004 £000</i>	<i>2003 £000</i>
Trade debtors	7	132
Other debtors	660	382
Prepayments and accrued income	461	227
	1,128	741

# Summit Holdings (Dudley) Limited

## NOTES TO THE ACCOUNTS at 31 March 2004

### 12. CURRENT ASSET INVESTMENTS

<i>Group</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
Money market investments	-	39,218

### 13. CREDITORS: amounts falling due within one year

<i>Group</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
Trade creditors	4,154	5,734
Accruals and deferred income	3,692	2,161
Unamortised issued costs	193	194
Guaranteed secured bonds (note 15)	561	-
Committed term loan facility (note 16)	865	-
	<u>9,465</u>	<u>8,089</u>

### 14. CREDITORS: amounts falling due after more than one year

<i>Group</i>	<i>2004</i> <i>£000</i>	<i>2003</i> <i>£000</i>
Guaranteed secured bonds (note 15)	74,408	72,737
Committed term loan facility (note 16)	73,049	71,712
	<u>147,457</u>	<u>144,449</u>
Less: unamortised issue costs	(3,643)	(3,837)
	<u>143,814</u>	<u>140,612</u>
Issue costs to be amortised in less than one year	193	194
	<u>144,007</u>	<u>140,806</u>
Other Creditors	-	3,327
	<u>144,007</u>	<u>144,133</u>



# Summit Holdings (Dudley) Limited

## NOTES TO THE ACCOUNTS

at 31 March 2004

### 15. LONG TERM BONDS

	2004 £000	2003 £000
Not wholly repayable within five years:		
3.7772% Guaranteed Secured Bonds of £71,000,000, due 2038, repayable in six monthly instalments commencing March 2005	71,000	71,000
Bond Indexation	3,969	1,737
	<u>74,969</u>	<u>72,737</u>
Amounts falling due:		
In one year or less or on demand	561	–
In more than one year but not more than two years	2,140	500
In more than two years but not more than five years	5,981	5,215
In more than five years	66,287	67,022
	<u>74,969</u>	<u>72,737</u>

The terms of the bonds are such that all payments of principal and interest are indexed to retail price inflation. The payment schedule above is based on the indexed principal outstanding as at 31 March 2004. The bond is secured under the terms of a Security Trust Deed on the assets and liabilities of the group.

### 16. LOANS

	2004 £000	2003 £000
Not wholly repayable within five years:		
3.0716% index-linked committed term facility of £70,000,000 due 2034, repayable in six monthly instalments commencing March 2005	70,000	70,000
Indexation on the loan	3,914	1,712
	<u>73,914</u>	<u>71,712</u>
Amounts falling due:		
In one year or less or on demand	865	–
In more than one year but not more than two years	1,801	771
In more than two years but not more than five years	6,026	4,868
In more than five years	65,222	66,073
	<u>73,914</u>	<u>71,712</u>

The terms of the loan are such that all payments of principal and interest are indexed to retail price inflation. The payments schedule above is based on the indexed principal outstanding as at 31 March 2004.

The loan is secured under the terms of a Security Trust Deed on the assets and liabilities of the group.

# Summit Holdings (Dudley) Limited

## NOTES TO THE ACCOUNTS at 31 March 2004

### 17. SHARE CAPITAL

#### *Group and Company*

	2004	2004	2003	2003
<i>Authorised, allotted, called up and fully paid:</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	60,000	60	60,000	60

### 18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	<i>Share Capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 31 March 2003	60	(16,798)	(16,738)
Loss for the year	-	(2,381)	(2,381)
At 31 March 2004	60	(19,179)	(19,119)

<i>Company</i>	<i>Share capital £000</i>
At 31 March 2004 and 31 March 2003	60

### 19. FINANCIAL INSTRUMENTS

The group issued the Guaranteed Secured Bond in order to finance the design, build and operation of various hospital buildings under the Governments PFI Initiative. The net proceeds from the bond issue have been invested in a guaranteed investment contract portfolio managed by Ambac Capital Funding. The objective of the portfolio is to maximise gross return. There is a further undrawn committed facility consisting of £15 million of variation bonds, which all expire in more than two years.

The disclosures below do not include short-term debtor and creditors.

#### *Financial assets*

The group's financial asset is cash of £15,370,000 (2003- £23,489,000) which is denominated in sterling.

#### *Financial liabilities*

The group's financial liabilities are its listed bonds and its committed term loan facility as described in notes 15 and 16 respectively, all of which are denominated in sterling and bear interest at a fixed rate. The weighted average interest rate of the fixed rate financial liabilities, excluding indexation, is 3.5% (2003- 3.43%). These loans are increased for indexation in March and September of each year. The weighted average interest rate of the fixed rate financial liabilities, including indexation, is 6.38% (2003-4.8%).

# Summit Holdings (Dudley) Limited

## NOTES TO THE ACCOUNTS

at 31 March 2004

### 19. FINANCIAL INSTRUMENTS (continued)

A description of the principal risks arising from the group's financial instruments and the Board's policies for managing each of these risks is summarised in the Directors' Report.

#### Currency exposures

As at 31 March 2004 the company had no currency exposures.

#### Fair value of financial assets and financial liabilities

	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
	<i>2004</i>	<i>2004</i>	<i>2003</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Current asset investments	-	-	39,218	39,218
Cash	15,370	15,370	23,489	23,489
Committed term loan	(73,914)	(73,914)	(71,712)	(71,712)
Listed bonds	(74,969)	(86,599)	(72,737)	(72,737)

The fair value of the committed term loan facility is shown at book value as there is not an active market for this debt instrument. In the opinion of the directors there is not a material difference between the book and fair value of this debt instrument.

### 20. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities:

	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>
Operating loss	(892)	(4,190)
(Increase) / decrease in debtors	(383)	176
(Decrease) / increase in creditors	(4,451)	5,017
Net cash inflow/(outflow) from operating activities	(5,726)	1,003

(b) Analysis of net debt:

	<i>At</i>	<i>Cash</i>	<i>Other</i>	<i>At</i>
	<i>31 March</i>	<i>flow</i>	<i>non-cash</i>	<i>March</i>
	<i>2003</i>	<i>movements</i>	<i>movements</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	23,489	(8,119)	-	15,370
Liquid resources*	39,218	(39,218)	-	-
Guaranteed secured bonds	(69,578)	-	(2,233)	(71,811)
Committed term loan facility	(71,228)	-	(2,202)	(73,430)
	(78,099)	(47,337)	(4,435)	(129,871)

\* Liquid resources are included in the group balance sheet as 'investments'.

Other non cash movements represent loan issue costs and accrued indexation and interest charges for the year.

# Summit Holdings (Dudley) Limited

---

## NOTES TO THE ACCOUNTS at 31 March 2004

### 21. CAPITAL COMMITMENTS

The group has entered into a contract with Sir Robert McAlpine Limited to pay £122.5 million in respect of design and construction of the required hospital buildings. At the year end £105 million (2003 - £66.5 million) had been completed, with the remainder being scheduled for completion by March 2005.

The company has entered into a contract with Siemens Healthcare Services Ltd to pay £2.3 million in respect of the IT works of the required hospital buildings. At the year end, £2.1 million (2003- £1.6 million) had been completed, with the remainder being scheduled for completion by March 2005.

### 22. CONTROLLING PARTIES

Summit Holdings (Dudley) Limited is jointly owned in equal shares by Uberior Infrastructure Investments Limited (previously Uberior Investments plc) (a subsidiary of HBOS plc), PFI Investors Limited (a fellow subsidiary of Sir Robert McAlpine Limited) and Interserve PFI Holdings Limited (a subsidiary of Interserve plc). In the directors' opinion there are no controlling parties as no shareholder has a majority shareholding.

### 23. RELATED PARTIES

During the period the following related party transactions were entered into:

#### *Sir Robert McAlpine Limited*

The group contracted with Sir Robert McAlpine Limited, a fellow subsidiary of the shareholder, to design and construct the required buildings, for a fixed price sum of £122.5 million, of which £105 million had been completed by 31 March 2004 (2003 - £66.3million).

Of this amount £2.7 million (2003 - £1.9 million) was accrued but not yet invoiced by the period end.

A further £0.3 million has been charged by Sir Robert McAlpine Limited in respect of reimbursement of costs and work performed on behalf of the group (2003 - £0.3 million). Of this amount, £Nil was owed at the period end in respect of outstanding invoices (2003 - £0.03 million).

#### *Interservefm Limited*

During the period £24.5 million was paid to Interservefm Limited for reimbursement of costs and work performed on behalf of the company (2003 - £15.3 million).

At the period end £0.2 million was owed to Interservefm Limited (2003 - £4.7 million) as outstanding invoices.

#### *Interserve Investments Plc*

During the period £0.1 million was paid to Interserve Investments Plc for reimbursement of costs and work performed on behalf of the company (2003 - £Nil).