

Company Registration No. 04341298 (England and Wales)

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

COMPANY INFORMATION

Directors Dr. K Thirlwell – resigned 29 October 2004
S Appleton – resigned 19 May 2004
N Dawson
C O'Neil – resigned 23 March 2004
T Sharpe – appointed 27 April 2004
H Eggert - appointed 29 October 2004
A Esson - appointed 29 October 2004

Secretary C Allcock

Company number 4341298

Registered office Nautilus House, Redburn Court
Earl Grey Way, Royal Quays
North Shields
Tyne & Wear NE29 6AR

Registered auditors KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Bankers Barclays Bank plc
50, Pall Mall
P.O. Box 15162
London
SW1A 1QB

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

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GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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

Principal activities and review of the business

The principal activity of the company is project development, and operating the Gloucestershire Royal Hospital PFI development in the UK.

The results for the period are set out on page 3.

Directors

The following directors have held office since 1 January 2004:

Dr. K Thirlwell – resigned 29 October 2004

S Appleton – resigned 19 May 2004

N Dawson

C O'Neil – resigned 23 March 2004

T Sharpe – appointed 27 April 2004

H Eggert – appointed 29 October 2004

A Esson – appointed 29 October 2004

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their families, or exercised by them, during the financial year.

Auditors

KPMG LLP were appointed auditors to the company during the year and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

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 of the company for that year. 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



C Alicock

Secretary

26 October 2005

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

We have audited the financial statements on pages 3 to 8.

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 the directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, 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 audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP.

KPMG LLP

Chartered Accountants
Registered Auditor

26 October 2005

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

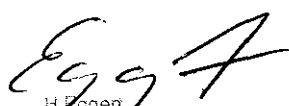
	Notes	2004 £	2003 £
Turnover	1	3,882,815	-
Cost of sales		(1,226,698)	-
		<hr/>	<hr/>
Gross profit		2,656,117	-
Distribution costs		-	-
Administrative expenses		(82,455)	-
		<hr/>	<hr/>
Operating profit		2,573,662	-
Interest payable and similar charges	2	(2,270,355)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	303,307	-
Tax on profit on ordinary activities	5	(161,473)	-
		<hr/>	<hr/>
Retained profit for the year	12	141,834	-
		<hr/>	<hr/>

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

BALANCE SHEET AT 31 DECEMBER 2004

	Notes	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	6		37,276,760		30,480,010
Current assets					
Debtors	7	691,889		506,557	
Cash at bank and in hand		-		211,492	
		<u>691,889</u>		<u>718,049</u>	
Creditors: amounts falling due within one year	8	<u>(2,985,080)</u>		<u>(344,769)</u>	
Net current (liabilities)/assets			<u>(2,293,191)</u>		<u>373,280</u>
Total assets less current liabilities			34,983,569		30,853,290
Creditors: amounts falling due after more than one year	9		<u>(34,642,378)</u>		<u>(30,815,406)</u>
Provisions for liabilities and charges	10		<u>(161,473)</u>		<u>-</u>
Net Assets			<u>179,718</u>		<u>37,884</u>
Capital and reserves					
Called up share capital	11		37,884		37,884
Profit and loss account	12		141,834		-
Shareholders' funds – equity			<u>179,718</u>		<u>37,884</u>

The financial statements were approved by the board of directors on 26 October 2005 and were signed on its behalf by:


H. Eggen
Director


T. Sharpe
Director

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting Policies

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

1.1 Basis of Preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The financial statements have been prepared on a going concern basis on the assumption that Bilfinger Berger BOT Limited and M+W Zander UK Limited will provide such resources and financial support as is necessary in order to enable the company to continue as a going concern and to meet its liabilities as they fall due.

1.2 Fixed Assets and Depreciation

Assets in the course of construction are valued at the aggregate of directly attributable construction and other costs incurred. In accordance with FRS 15, depreciation is not provided in respect of assets in the course of construction, however, from practical completion at 8 October 2004 depreciation has been charged.

Fixed assets are stated at cost, net of depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Property - 3.33% straightline

1.5 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. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

1.4 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third parties.

2 Interest Payable and Similar Charges

	2004 £	2003 £
On bank loans and overdrafts	2,270,355	-

3 Profit on ordinary activities before taxation

	2004 £	2003 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	2,500	-
Depreciation	313,250	-

4 Staff Costs

No remuneration was paid to the directors in respect of their services to the company in either the current year or preceding period. The directors were the only employees of the company.

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

5 Taxation	2004	2003
	£	£
Analysis of charge in period		
Current tax on income for the period	-	-
Deferred tax (see note 10)	161,473	-
Tax on profit on ordinary activities	<u>161,473</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 30%.
The differences are explained below.

	2004	2003
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	303,307	-
Current tax at 30%	<u>90,992</u>	<u>-</u>
<i>Effects of:</i>		
Capital allowances for period in excess of depreciation	(46,650)	-
Other timing differences	(398,700)	-
Unrelieved tax losses carried forward	<u>354,358</u>	<u>-</u>
Total current tax charge	<u>-</u>	<u>-</u>

6 Tangible Fixed Assets

	Property
	£
Cost	
At 1 January 2004	30,480,010
Additions	<u>7,110,000</u>
At 31 December 2004	<u>37,590,010</u>
Depreciation	
At 1 January 2004	-
This year	<u>313,250</u>
At 31 December 2004	<u>313,250</u>
Net book value	
At 31 December 2004	<u><u>37,276,760</u></u>
At 31 December 2003	<u>30,480,010</u>

Finance costs that are directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets. During the year these costs amounted to £nil (2003 - £1,611,980).
The aggregate amount of finance costs included in the cost of tangible fixed assets amounts to £1,828,976

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

7 Debtors	2004 £	2003 £
Trade debtors	623,664	-
Other debtors	-	506,557
Prepayments and accrued income	68,225	-
	<u>691,889</u>	<u>506,557</u>

8 Creditors: amounts falling due within one year	2004 £	2003 £
Bank Loans and Overdrafts	1,168,290	-
Amounts owed to group undertakings	80,626	33,116
Other creditors	1,696,364	306,903
Accruals and deferred income	39,800	4,750
	<u>2,985,080</u>	<u>344,769</u>

9 Creditors: amounts falling due after more than one year	2004 £	2003 £
Bank loans	33,684,878	30,049,288
Other creditors	-	766,118
Deferred Income	957,500	-
	<u>34,642,378</u>	<u>30,815,406</u>

Analysis of debt:

Debt can be analysed as falling due:

In one year or less, or on demand	1,168,290	-
Between one year and two years	1,161,548	1,001,643
Between two and five years	3,484,643	3,004,929
In five years or more	29,038,687	26,042,716
	<u>34,853,168</u>	<u>30,049,288</u>

Loan maturity analysis

Bank borrowings relate to loan facilities granted by Landesbank Hessen-Thüringen Girozentrale. The loan facilities are for a total value of £39,600,000 of which £34,846,426 has been drawn down at 31 December 2004. Interest is charged on amounts drawn under the facilities based on the floating LIBOR rate. The loans consist of three separate facilities. The equity bridge facility of £3,751,000 is repayable on 23 August 2005. The standby facility of £1,100,000 is available for drawdown from 23 February 2004 and is repayable by semi-annual instalments over 20 years ending on 23 February 2024. The main facility of £34,096,000 is repayable in semi-annual instalments, commencing on 23 February 2005 and ending on 21 August 2032. The bank borrowings are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the company and by a floating charge over the company's undertakings and assets.

Deferred Income

A Lease Premium of £1,000,000 has been received from Gentian (GHP) Limited during the year in respect of retail premises at the hospital. This premium is to be released over the period of the lease which expires in February 2034.

GLOUCESTER HEALTHCARE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

10 Provisions for liabilities and charges	Deferred Tax £
At beginning of year	-
Charge for year in profit and loss account	161,473
At end of year	<u>161,473</u>

The elements of deferred taxation are as follows:

Difference between accumulated depreciation and capital allowances	117,131
Other timing differences	398,700
Tax losses	(354,358)
	<u>161,473</u>

11 Share Capital	2004 £	2003 £
Authorised, Allotted, called up and fully paid		
Equity: 37,884 Ordinary Shares of £ 1	<u>37,884</u>	<u>37,884</u>

12 Profit and Loss Account	Profit and Loss Account £
At beginning of year	-
Retained profit for the year	141,834
At end of year	<u>141,834</u>

13 Capital Commitments

Under the terms of a contract dated 22 April 2002 with Bilfinger Berger UK Limited, a company related to Bilfinger Berger BOT Limited, the company is committed to payments totalling £32,653,309 in respect of construction services to be provided. Payments are made as the construction work progresses. Cumulative payments in the period to 31 December 2004 amounted to £32,276,761 (period to 31 December 2003 - £25,537,260).

14 Control

The immediate parent company is Healthcare Providers (Gloucester) Limited, a company registered in England and Wales. The share capital of Healthcare Providers (Gloucester) Limited is held fifty percent by Bilfinger Berger BOT Limited, with the remaining fifty percent by M+W Zander UK Limited. Both shareholders are companies incorporated in the United Kingdom.

15 Related Party Transactions

The contractual commitment to Bilfinger Berger UK Limited is set out in note 13 above.

During the year ended 31 December 2004, Bilfinger Berger BOT Limited provided services to the company, amounting to £140,906 (2003 - £121,704). M+W Zander UK Limited provided services amounting to £349,966 (2003 - £68,322).

At 31 December 2004 the company owed £99,207 (2003 - £900,188) to Bilfinger Berger UK Limited, £22,770 (2003 - £9,536) to Bilfinger Berger BOT Limited, and £57,989 (2003 - £29,375) to M+W Zander UK Limited.