

**Exchequer Partnership (No 2) Holdings Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2008**

**Registered Number 4426554**

THURSDAY



\*A5MES8VA\*

A34

09/04/2009

26

COMPANIES HOUSE

Exchequer Partnership (No 2) Holdings Limited  
Directors' report and financial statements  
for the year ended 31 December 2008

Contents

Directors' report for the year ended 31 December 2008.....	1
Independent auditors' report to the members of Exchequer Partnership (No 2) Holdings Limited.....	3
Consolidated profit and loss account for the year ended 31 December 2008.....	4
Consolidated balance sheet as at 31 December 2008 .....	5
Company balance sheet as at 31 December 2008.....	6
Consolidated cash flow statement for the year ended 31 December 2008 .....	7
Accounting policies .....	8
Notes to the financial statements for the year ended 31 December 2008 .....	9

# **Exchequer Partnership (No 2) Holdings Limited**

## **Directors' report for the year ended 31 December 2008**

The directors present their report and the audited financial statements of the company and the group for the year ended 31 December 2008.

### **Principal activities and business review**

The company is a holding company with a single subsidiary, Exchequer Partnership (No. 2) Plc ('EPP'). EPP was established to bid for, and subsequently to complete, a 35-year contract with HM Customs and Excise and Inland Revenue to renovate and then manage the facilities at the East End of the main Treasury building formerly Government Offices, Great George Street, Whitehall, London. The renovations were completed in November 2004 and HM Customs and Excise and Inland Revenue then moved into the refurbished accommodation. Management of the facilities commenced from this time.

The project agreement with HM Customs and Excise and Inland Revenue was signed on 13 December 2002 and Financial Close for the project was achieved on 15 January 2003.

### **Development and performance of the business**

The business has operated smoothly with minimal deductions from availability fee payments. The facilities maintenance service has been closely monitored throughout the year. This takes the form of full-time representation on site through the company's management services agent and periodic reporting by the independent Technical Assessor. A number of contract variations have been successfully implemented.

### **Principal risks and uncertainties**

The availability fee and the majority of the costs are contractually linked to the RPI index. A relatively small proportion of total costs is not inflation-linked and a rise in these costs above the general rate of inflation would reduce debt service cover ratios. The most significant of these costs is insurance, though claims history so far is good and current premium renewals are within budgeted amounts.

A small proportion of cash flows are derived from bank interest on cash balances. The reduction in credit interest rates towards the end of 2008 is therefore a risk to the business and its compliance with debt covenants.

### **Key performance indicators**

The level of performance and availability deductions arising from failures to achieve specified levels of contract service is a key performance indicator. These are reported monthly to the Board and have been extremely small in relation to total availability fee payments.

Another key indicator is the ratio of operating cash flow to the senior debt service amount. This ratio is tested at six-monthly intervals and each time it has been to the satisfaction of the senior debt provider.

### **Results and dividends**

The group achieved a profit of £401,000 in the year (2007: £27,000). No dividend is proposed (2007: £nil).

### **Directors and their interests**

The directors who held office during the year are given below:

T D Anderson (resigned 6 June 2008)

M E Davis (appointed 6 June 2008)

T J Dickie alternate to A L Tennant (resigned 6 June 2008)

KW Gillespie alternate to A L Tennant (appointed 1 July 2008)

J McDonagh

M J Ryan

A L Tennant

# **Exchequer Partnership (No 2) Holdings Limited**

## **Directors' report for the year ended 31 December 2008 (continued)**

### **Creditor payment policy**

The group and company policy is to agree terms of payments with key suppliers. For all other suppliers, terms are agreed for each transaction. The group and company endeavour to abide by the terms of payment agreed with suppliers. As at 31 December 2008 the creditor days represented by the closing creditors balance were 27 (2007: 27 days).

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

### **Disclosure of information to auditors**

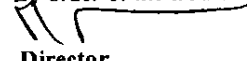
Each director at the date of the approval of the financial statements has confirmed:

- (a) that so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board



Director

March 2009

# Exchequer Partnership (No 2) Holdings Limited

## Independent auditors' report to the members of Exchequer Partnership (No 2) Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Exchequer Partnership (No 2) Holdings Limited for the year ended 31 December 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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

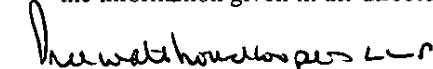
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit and cash flows 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.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

19 March 2009

## Exchequer Partnership (No 2) Holdings Limited

### Consolidated profit and loss account for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Turnover</b>		<b>9,625</b>	8,957
Cost of sales		(6,243)	(6,022)
<b>Gross profit</b>		<b>3,382</b>	2,935
Administrative expenses		(2,423)	(2,404)
<b>Operating profit</b>	1	<b>959</b>	531
Interest payable and similar charges	2	(10,973)	(11,187)
Interest receivable and similar income	3	10,724	10,836
<b>Profit from ordinary activities before taxation</b>		<b>710</b>	180
Taxation charge for the year	4	(309)	(153)
<b>Profit from ordinary activities after taxation</b>	11	<b>401</b>	27

The result for each year relates solely to continuing activities in a single class of business conducted within the United Kingdom.

There were no material recognised gains and losses for the year other than the profit for the year.

The result is stated on the historical cost basis.

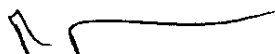
The notes on pages 8 to 18 form part of these financial statements.

# Exchequer Partnership (No 2) Holdings Limited

## Consolidated balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Current assets</b>			
Debtors: amounts due within one year	5	2,371	2,316
Debtors: amounts due after more than one year	5	159,127	161,303
		<b>161,498</b>	163,619
Cash at bank and in hand		19,481	18,550
		<b>180,979</b>	182,169
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	7	(10,778)	(8,662)
<b>Net current assets</b>		<b>170,201</b>	173,507
Creditors: amounts falling due after more than one year	8	(167,213)	(171,294)
Provision for liabilities and charges	9	(3,603)	(3,229)
<b>Net liabilities</b>		<b>(615)</b>	(1,016)
<b>Capital and reserves</b>			
Called up share capital	10	50	50
Profit and loss account	11	(665)	(1,066)
<b>Total shareholders' deficit</b>	12	<b>(615)</b>	(1,016)

The financial statements on pages 4 to 18 were approved by the board of directors on 11 March 2009 and signed on its behalf by:



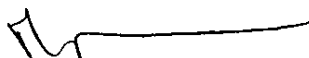
**Director**

## Exchequer Partnership (No 2) Holdings Limited

### Company balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investment in subsidiary at cost	6	50	50
<b>Current assets</b>			
Debtors: due within one year	5	2,292	1,101
Debtors: due after more than one year	5	3,179	5,615
		5,471	6,716
Creditors: amounts falling due within one year	7	(2,292)	(1,101)
<b>Net current assets</b>		3,179	5,615
<b>Total assets less current liabilities</b>		3,229	5,665
Creditors: amounts falling due after more than one year	8	(3,179)	(5,615)
<b>Net assets</b>		50	50
<b>Capital and reserves</b>			
Called up share capital	10	50	50
Profit and loss account	11	-	-
<b>Total equity shareholders' funds</b>		50	50

The financial statements on pages 4 to 18 were approved by the board of directors on March 2009 and signed on its behalf by:



Director



## Exchequer Partnership (No 2) Holdings Limited

### Consolidated cash flow statement for the year ended 31 December 2008

	2008 £'000	2007 £'000
<b>Net cash inflow from operating activities</b>	<b>3,908</b>	<b>1,774</b>
<b>Returns on investment and servicing of finance</b>		
Interest received	10,749	10,830
Interest paid	(10,790)	(10,927)
	(41)	(97)
<b>Net cash inflow before financing</b>	<b>3,867</b>	<b>1,677</b>
<b>Financing</b>		
Repayment of amounts borrowed	(2,936)	(2,020)
<b>Increase / (decrease ) in cash</b>	<b>931</b>	<b>(343)</b>

### Reconciliation of operating profit to net cash inflow from operating activities

	2008 £'000	2007 £'000
Operating profit	959	531
Provision movement	374	1,078
Decrease in finance debtor	1,867	1,755
Increase in debtors	(80)	(1,451)
Increase / (decrease) in creditors	788	(139)
<b>Net cash inflow from operating activities</b>	<b>3,908</b>	<b>1,774</b>

Notes 13 and 14 form part of this cash flow statement.

# **Exchequer Partnership (No 2) Holdings Limited**

## **Accounting policies**

A summary of the principal accounting policies of the group, all of which have been applied consistently throughout the year are set out below.

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Financial Reporting Standards. They include the results of the activities described in the Directors' Report, all of which are continuing.

The consolidated profit and loss account, cash flow statement and balance sheet include the financial statements of the company and its subsidiary as at 31 December 2008.

### **Turnover**

Turnover represents amounts due from HM Customs and Excise and Inland Revenue in respect of the group's trading activities. All turnover originates in the United Kingdom and is stated exclusive of value added tax.

### **Taxation**

Corporation tax is provided on taxable profits at the applicable rate.

### **Finance receivable**

The costs incurred in respect of bid development, design and construction prior to the occupational availability of the Treasury building have been accumulated within a finance receivable in accordance with FRS 5 as the costs are to be recovered over the contract period.

Occupational availability payments from HM Customs and Excise and Inland Revenue are allocated between turnover in relation to the service element of the contract, reimbursement of the finance receivable and interest on the finance receivable so as to generate a constant rate of return over the contract period.

### **Finance charges**

Arrangement fees and certain costs directly relating to the issuing of the facilities have been offset against the related loans and are being amortised over the duration of each respective financial instrument as part of the finance cost, in accordance with FRS 4. The directors have determined this to be 34.5 years for the bonds and 29 years for the mezzanine loan.

### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised when it is more likely than not they will be recovered. The deferred tax assets and liabilities are discounted.

### **Provisions**

Provisions are made in accordance with FRS 12 where an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

# Exchequer Partnership (No 2) Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008

### 1 Operating profit

Operating profit is stated after charging:

	2008 £'000	2007 £'000
Directors' remuneration	54	52
Auditors' remuneration	11	10

The auditors also received remuneration for taxation compliance totalling £10,000 (2007: £10,000) during the year. The directors received no salary, fees or other benefits in the performance of their duties directly from the group. Directors' fees totalling £54,000 (2007: £52,000) were charged by certain related parties (see note 17). The group had no employees throughout the year. Management and administrative staffing resources are provided by secondees that are employed by certain related parties (see note 17). The employment costs relating to the secondees are recharged to the group within a management service charge.

### 2 Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable on bond	8,700	8,782
Interest payable on other loans	820	832
Interest payable to related companies	971	1,085
Other charges	482	488
	10,973	11,187

Interest payable and similar charges of £10,973,000 (2007: £11,187,000) relates to interest charges, commitment fees and credit enhancement fees, with respect to the borrowings, totalling £10,739,000 (2007: £10,951,000), plus the amortisation of loan issue costs of £234,000 (2007: £236,000) in accordance with FRS 4.

### 3 Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable from bank	837	837
Finance income	9,887	9,999
	10,724	10,836

Interest receivable and similar income of £10,724,000 (2007: £10,836,000) relates to finance income generated on finance receivable of £9,887,000 (2007: £9,999,000) together with interest income from the group's bank accounts of £837,000 (2007: £837,000).

## Exchequer Partnership (No 2) Holdings Limited

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 4 Taxation

	2008 £'000	2007 £'000
<b>Current tax</b>		
- UK corporation tax on profits in the period	-	-
- adjustment to prior years	-	-
Total Current tax	-	-
<b>Deferred taxation</b>		
- Origination and reversal of timing differences	341	(375)
- adjustment to prior years	(32)	528
Total deferred tax (Note 5)	309	153
Total tax charge for the year	309	153

#### Factors affecting the tax charge for the year

The current tax charge for the year is lower (2007: lower) than the standard rate of Corporation Tax in the UK for the period ended 31 December 2008 of 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	710	180
Profit on ordinary activities multiplied by standard rate in the UK of 28.5% (2007: 30%)	202	54
<b>Effects of:</b>		
Permanent differences	1	(2)
Capital allowances in excess of depreciation and other timing differences	483	(2,517)
Tax losses carried forward	(686)	2,465
Total current tax charge for the period	-	-

# Exchequer Partnership (No 2) Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 5 Debtors

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
<b>Amounts due within one year</b>				
Trade debtors	2,072	-	2,040	-
Amounts due from related party undertakings	15	2,292	1	1,101
Other debtors	284	-	275	-
	<b>2,371</b>	<b>2,292</b>	<b>2,316</b>	<b>1,101</b>
<b>Amounts due after more than one year:</b>				
Finance receivable	155,548	-	157,415	-
Amounts due from related party undertakings	-	3,179	-	5,615
Deferred tax asset	3,579	-	3,888	-
	<b>159,127</b>	<b>3,179</b>	<b>161,303</b>	<b>5,615</b>
<b>Finance receivable</b>	<b>Group 2008 £'000</b>	<b>Company 2008 £'000</b>	<b>Group 2007 £'000</b>	<b>Company 2007 £'000</b>
Balance at 1 January	157,415	-	159,170	-
Finance income reimbursed	(11,754)	-	(11,754)	-
Finance income recognised	9,887	-	9,999	-
Balance at 31 December	<b>155,548</b>	<b>-</b>	<b>157,415</b>	<b>-</b>
<b>Deferred tax asset</b>	<b>Group 2008 £'000</b>	<b>Company 2008 £'000</b>	<b>Group 2007 £'000</b>	<b>Company 2007 £'000</b>
Balance at 1 January	3,888	-	4,041	-
Charge to the profit and loss account in the year	(309)	-	(153)	-
Balance at 31 December	<b>3,579</b>	<b>-</b>	<b>3,888</b>	<b>-</b>

At 31 December 2008 the group had a deferred tax asset of £7,800,000 (2007: £8,078,000) in respect of tax losses brought and carried forward and deferred tax liabilities of £4,221,000 (2007: £4,190,000) in respect of accelerated/deferred capital allowances and other timing differences. Discounting is considered appropriate as the losses are forecast to be utilised over the short term, the next 7-8 years, whereas the deferred tax liabilities are forecast to take up to 30 years to reverse.

## Exchequer Partnership (No 2) Holdings Limited

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 6 Investments

	Company 2008 £'000	Company 2007 £'000
Company investment in subsidiary undertaking at cost	50	50

The company owns the entire issued share capital of Exchequer Partnership (No 2) Plc, a company incorporated in England. Exchequer Partnership (No 2) Plc is now engaged in a 35 year contract with HM Treasury to renovate and then manage the facilities at the main Treasury buildings formerly Government Offices, Great George Street, Whitehall, London.

#### 7 Creditors: amounts falling due within one year

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Trade creditors	373	-	404	-
Amounts due to related party undertakings	1,506	-	593	-
Tax and social security	411	-	443	-
Accruals	4,551	-	4,665	-
Loan Stock	2,292	2,292	1,101	1,101
Mezzanine Loan	105	-	93	-
Bonds	1,540	-	1,363	-
	10,778	2,292	8,662	1,101

## Exchequer Partnership (No 2) Holdings Limited

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 8 Creditors: amounts falling due after more than one year

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Loan Stock	3,179	3,179	5,615	5,615
Mezzanine loan	8,694	-	8,799	-
Bonds	155,340	-	156,880	-
	<b>167,213</b>	<b>3,179</b>	<b>171,294</b>	<b>5,615</b>

	2008			2007		
	Loan Stock £'000	Mezzanine Loan £'000	Bonds £'000	Loan Stock £'000	Mezzanine Loan £'000	Bonds £'000
Repayable within one year	2,292	125	1,749	1,101	115	1,575
Repayable between two and five years	3,179	613	10,677	5,615	566	9,141
Repayable after five years	-	8,408	148,379	-	8,580	151,664
<b>Total loans outstanding</b>	<b>5,471</b>	<b>9,146</b>	<b>160,805</b>	<b>6,716</b>	<b>9,261</b>	<b>162,380</b>
Loan issue costs	-	(347)	(3,925)	-	(369)	(4,137)
<b>Total</b>	<b>5,471</b>	<b>8,799</b>	<b>156,880</b>	<b>6,716</b>	<b>8,892</b>	<b>158,243</b>

#### Loan stock

The unsecured Loan Notes bear interest at 0% to 13<sup>th</sup> January 2007 and at 15% per annum thereafter. The Loan Notes are redeemed at par in accordance with a deed poll dated 21 January 2003. Any outstanding Loan Stock will be redeemed by 13 January 2037 but they may be redeemed before that date at the Exchequer Partnership (No 2) Plc's option on giving notice of no more than 5 days.

#### Mezzanine loan facility

The mezzanine loan facility is scheduled to be repaid by 13 January 2033. Interest charged on the amount drawn under the facility is based on floating LIBOR rate.

As at 31 December 2008, £9,146,000 (2007: £9,261,000) has been drawn under the Mezzanine facility. The total facility is for a maximum of £10.3 million.

#### Bonds

On 15 January 2003 Exchequer Partnership (No2) plc issued £165,145,000 of 5.39%, guaranteed secured bonds due to be repaid in fixed instalments over the period 13 July 2005 to 13 July 2036.

The bonds are secured by charges over all the assets of the group.

## Exchequer Partnership (No 2) Holdings Limited

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 9 Provisions for liabilities and charges

	Lifecycle costs £'000	Total £'000
At 1 January 2008	3,229	3,229
Charged to the profit and loss account in the year	1,446	1,446
Utilised during the year	(1,072)	(1,072)
<b>At 31 December 2008</b>	<b>3,603</b>	<b>3,603</b>

The provision for lifecycle costs is established to provide for replacement costs of significant items of both revenue and capital nature during the concession period.

#### 10 Share capital

	2008 £'000	2007 £'000
<b>Authorised</b>		
10,000,000 ordinary shares of £1 each	10,000	10,000
<b>Allotted, called up and fully paid</b>		
50,000 ordinary shares of £1 each	50	50

#### 11 Reserves

	Group 2008 £'000	Company 2008 £'000
At 1 January 2008	(1,066)	-
Profit for the financial year (Note 12)	401	-
<b>At 31 December 2008</b>	<b>(665)</b>	<b>-</b>

As permitted by Section 230(i) Companies Act 1985, the Company has not presented its own profit and loss account.



## Exchequer Partnership (No 2) Holdings Limited

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 12 Movements in equity shareholders' deficit

Group	Share capital £'000	Retained loss £'000	Total £'000
Opening shareholders' deficit	50	(1,066)	(1,016)
Profit for the year	-	401	401
<b>Closing shareholders' deficit</b>	<b>50</b>	<b>(665)</b>	<b>(615)</b>

Company	Share capital £'000	Retained loss £'000	Total £'000
Opening shareholders' deficit	50	-	50
Result for the year	-	-	-
<b>Closing shareholders' deficit</b>	<b>50</b>	<b>-</b>	<b>50</b>

#### 13 Reconciliation of net cash flow to movement in net debt

	2008 £'000	2007 £'000
Increase / (decrease ) in cash	931	(343)
Decrease in mezzanine loan	115	106
Decrease in bond	1,575	1,333
Decrease in loan stock	1,245	581
<b>Movement in net debt resulting from cash flows</b>	<b>3,866</b>	<b>1,677</b>
<b>Non-cash movements</b>		
Amortisation of issue costs	(234)	(236)
<b>Movement in net debt in year</b>	<b>3,632</b>	<b>1,441</b>
Opening net debt at 1 January 2007	(155,301)	(156,742)
<b>Closing net debt at 31 December 2008</b>	<b>(151,669)</b>	<b>(155,301)</b>

# Exchequer Partnership (No 2) Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 14 Analysis of changes in net debt

	At 1 January 2008 £'000	Cash flow £'000	Other £'000	At 31 December 2008 £'000
Cash in hand and at bank	18,550	931	-	19,481
<b>Debt</b>				
Due less than one year	(2,557)	2,791	(4,171)	(3,937)
Due after more than one year	(171,294)	144	3,937	(167,213)
	<b>(155,301)</b>	<b>3,866</b>	<b>(234)</b>	<b>(151,669)</b>

Other changes in net debt comprise amortisation of issue costs £234,000 and reclassification of debt due less than one year of £3,937,000

### 15 Capital commitments

Under the terms of the contract with the First Secretary of State dated 21 January 2003, the company is committed to payments of approximately £36.8m for lifecycle expenditure over the remaining contract term.

### 16 Financial instruments

The group holds or issues financial instruments for the purpose of financing the group's construction activity.

The group financed its construction activity by issuing fixed-rate guaranteed secured bonds.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and market price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

#### Fair values of financial assets and financial liabilities

Set out below is a comparison by category of book values and fair values of all the group's financial assets and financial liabilities as at 31 December 2008:

	2008 Book value £'000	2008 Fair value £'000	2007 Book value £'000	2007 Fair value £'000
Index-linked guaranteed secured bond	160,805	130,072	162,381	164,108
Mezzanine loan	9,146	7,472	9,261	9,600
Loan stock	5,471	5,913	6,716	8,732
<b>Total financial instruments</b>	<b>175,422</b>	<b>143,457</b>	<b>178,358</b>	<b>182,440</b>

The fair values above reflect the value of the group's financial instruments.

Market values have been used to determine the fair value of the listed debt issued. The fair values of the other items have been calculated by discounting expected future cash flows at 31 December 2008

## Exchequer Partnership (No 2) Holdings Limited

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 16 Financial instruments (continued)

Fair value judgements and changes in market conditions and assumptions could significantly affect these estimates. The disclosed values of those which are representative of fair values at the dates indicated. No financial instruments were held for the purpose of dealing or other financial instrument trading activities.

##### *Finance and interest rate risk*

In order to fund the development of the Treasury building, the company has issued fixed rate debt to achieve a correlation between the portion of the unitary payment that increases at a fixed inflationary rate and the finance charges.

##### *Liquidity risk*

Repayment of the fixed-rate bond is funded by the revenue receivable under the terms of the Concession Agreement.

##### *Credit risk*

The above financial instruments are subject to credit and market risk. The carrying value of financial assets represents the maximum credit exposure.

##### *Market risk*

Market risk is the sensitivity of the value of financial instruments to changes in related interest rates. The group's bond is not subject to significant changes in interest rates as the financial liabilities held are at a fixed coupon rate of 5.396%.

#### 17 Related party disclosures

The following companies, together with undertakings within their individual groups of companies, are considered to be related parties to the company, as defined in FRS 8.

Exchequer Partnership Plc	(common shareholders and directors)
Catalyst Investment Holdings Limited	(shareholder)
TBEP Investments Limited from 19 <sup>th</sup> December 2007	(shareholder)
Infrastructure Investors LLP to 19 <sup>th</sup> December 2007	(shareholder)
Catalyst Lend Lease Holdings Limited	(shareholder in Catalyst Investment Holdings Limited)
Bovis Lend Lease Holdings Limited	(sister company of Catalyst Lend Lease Holdings Limited)
Bank of Scotland –parent of Uberior Infrastructure Investments ( No 2 ) Limited	(shareholder in Catalyst Investment Holdings Limited)

##### **Facilities Management contracts**

Bovis Lend Lease Limited is contracted by Exchequer Partnership (No2) Plc to carry out the hard facilities management services and Bovis Lend Lease Limited has delegated the delivery of hard facilities management services to Vita Lend Lease Limited as agent for Bovis Lend Lease Limited. Both Bovis Lend Lease Limited and Vita Lend Lease Limited are subsidiaries of Bovis Lend Lease Holdings Limited. The costs charged by Bovis Lend Lease Limited in this regard in the year ended 31 December 2008 totalled £3,457,637 (2007: £2,779,000).

## Exchequer Partnership (No 2) Holdings Limited

### Notes to the financial statements for the year ended 31 December 2008 (continued)

#### 17 Related party disclosures (continued)

Catalyst Lend Lease Limited, a subsidiary of Catalyst Lend Lease Holdings Limited, provided the SPV Management Services. The cost charged by Catalyst Lend Lease Limited in the year totalled £414,000 (2007: £398,000).

##### Directors' Fees

From 1 January 2008 directors' fees totalling £54,000 (2007: £52,000) were shared by Catalyst Lend Lease Limited 25% (2007: 50%) Uberior Infrastructure Investments (No 2) Limited (25%) (2007: nil and Infrastructure Investors LLP 50% (2007: 50%).

	<b>Group 2008 £'000</b>	<b>Company 2008 £'000</b>	<b>Group 2007 £'000</b>	<b>Company 2007 £'000</b>
<b>Amounts owed to related parties</b>				
Vita Lend Lease Limited	1,466	-	593	-
Uberior Infrastructure Investments (No 2) Limited	13	-	-	-
Infrastructure Investors LLP	27	-	-	-
	<b>Group 2008 £'000</b>	<b>Company 2008 £'000</b>	<b>Group 2007 £'000</b>	<b>Company 2007 £'000</b>
<b>Amounts due from related parties</b>				
Vita Lend Lease Limited (recovery of costs)	2	-	1	-
Catalyst Lend Lease Limited (recovery of costs)	13	-	-	-
Exchequer Partnership (No 2) Plc	-	5,471	-	6,716

All transactions with related parties were carried out on arms length terms.

#### 18 Ultimate controlling party

In the opinion of the directors, the ultimate controlling party comprises Catalyst Investment Holdings Limited and TBEP Investments Limited acting together.

After the period end, the ultimate parent company of TBEP Investments Limited became Barclays Integrated Infrastructure Fund LP. Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control. This does not impact the company in any way.



**Companies House**

— for the record —

Please complete in typescript,  
or in bold black capitals.

CHWP000

# 288b

## Terminating appointment as director or secretary (NOT for appointment (use Form 288a) or change of particulars (use Form 288c))

Company Number

Company Name in full

Date of termination of appointment

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

as director

☐

as secretary

☐

Please mark the appropriate box. If terminating  
appointment as a director and secretary mark  
both boxes.

NAME

\*Style / Title

\*Honours etc

Please insert  
details as  
previously  
notified to  
Companies House.

Forename(s)

Surname

†Date of Birth

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

A serving director, secretary etc must sign the form below.

Signed

Date

\* Voluntary details.

† Directors only.

\*\* Delete as appropriate

You do not have to give any contact  
information in the box opposite but  
if you do, it will help Companies  
House to contact you if there is a  
query on the form. The contact  
information that you give will be  
visible to searchers of the public  
record.

(\*\* serving director / secretary / administrator / administrative receiver / receiver manager / receiver)

<input type="text"/>	
<input type="text"/>	
Tel <input type="text"/>	
DX number <input type="text"/>	DX exchange <input type="text"/>

Companies House receipt date barcode

**This form has been provided free of charge  
by Companies House.**

When you have completed and signed the form please send it to the  
Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ    DX 33050 Cardiff  
for companies registered in England and Wales    or  
Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB  
for companies registered in Scotland    DX 235 Edinburgh  
or LP - 4 Edinburgh



**Companies House**

for the record

Please complete in typescript,  
or in bold black capitals.

CHFP000

# 288a

## APPOINTMENT of director or secretary (NOT for resignation (use Form 288b) or change of particulars (use Form 288c))

Company Number

Company Name in full

Date of appointment

Day	Month	Year

†Date of Birth

Day	Month	Year

### Appointment form

Appointment as director

as secretary

Please mark the appropriate box. If appointment is as a director and secretary mark both boxes.

Notes on completion appear on reverse.

NAME

\*Style / Title

\*Honours etc

Forename(s)

Surname

Previous Forename(s)

Previous Surname(s)

†† Tick this box if the address shown is a service address for the beneficiary of a Confidentiality Order granted under the provisions of section 723B of the Companies Act 1985

†† Usual residential address

Post town

Postcode

County / Region

Country

†Nationality

†Business occupation

†Other directorships (additional space overleaf)

Consent signature

I consent to act as \*\* director / secretary of the above named company

\* Voluntary details.

† Directors only.

\*\*Delete as appropriate

Signed

A director, secretary etc must sign the form below.

(\*\*a director / secretary / administrator / administrative receiver / receiver manager / receiver)

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

This form has been provided free of charge by Companies House.

When you have completed and signed the form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

for companies registered in England and Wales

or

Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB

DX 235 Edinburgh

for companies registered in Scotland

or LP - 4 Edinburgh 2

**Company Number**

† Directors only.

† Other directorships


**NOTES**

Show the full forenames, NOT INITIALS. If the director or secretary is a corporation or Scottish firm, show the name on surname line and registered or principal office on the usual residential line.

Give previous forenames or surname(s) except:

- for a married woman, the name by which she was known before marriage need not be given.
- for names not used since the age of 18 or for at least 20 years

A peer or individual known by a title may state the title instead of or in addition to the forenames and surname and need not give the name by which that person was known before he or she adopted the title or succeeded to it.

**Other directorships.**

Give the name of every company incorporated in Great Britain of which the person concerned is a director or has been a director at any time in the past five years.

You may exclude a company which either is, or at all times during the past five years when the person concerned was a director, was

- dormant
- a parent company which wholly owned the company making the return, or
- another wholly owned subsidiary of the same parent company.