

Healthcare Improvement Partnership
(Wolverhampton City and Walsall) Limited
Annual Report
for the year ended 31 December 2006

Registered number 4969456

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Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

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Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Directors' report for the year ended 31 December 2006

The directors submit their report and the audited financial statements of the Company and the group for the year ended 31 December 2006

Principal activities and business review

The company was incorporated on the 19 November 2003 as Alnery No 2393 Limited. On the 18th February 2004 it changed its name to Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited.

The principal activity of the Company is to deliver investment and services in primary healthcare facilities under a strategic partnering agreement in the Wolverhampton and Walsall area. The company is a holding company with a subsidiary, Wolverhampton City and Walsall Holdco Limited (WCW Holdco) which in turn has a single subsidiary, Wolverhampton City and Walsall Lift Accommodation Services Limited (WCWAS). Under a management services agreement the company provides management and administrative support services to WCWAS.

WCWAS is a company that invests in property and property development. It acquires land and designs and constructs facilities for rent in the Wolverhampton City and Walsall area as part of the government sponsored Local Improvement Finance Trust (LIFT) initiative.

On 10 November 2004 WCWAS signed lease plus agreements with the Wolverhampton Primary Care Trust for the provision of a Primary Health Care centre at Parkfield Road in Wolverhampton and a Children's Resource Centre at Neachells Lane in Wolverhampton. The construction of the Primary Care centre at Parkfield Road was completed on 5 December 2005 and at Neachells Lane on 13 March 2006.

The loss for the period under review is set out in the consolidated profit and loss account on page 5.

The directors consider the performance of the group during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

Principal risks and uncertainties

The group's principal activity as detailed above is risk averse as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed Lease plus contracts. In extreme circumstances, the group could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the following section.

Financial risk management

The group has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are summarised below.

Interest rate risk

WCWAS has hedged its interest rate risk by using derivative financial instruments.

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Directors' report for the year ended 31 December 2006 (continued)

Inflation risk

The group's project revenue and most of its costs were linked to inflation at the inception of projects, resulting in the project being largely insensitive to inflation

Liquidity risk

The group adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due

Credit risk

The group receives the bulk of its revenue from primary care trusts and therefore is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality

Key performance indicators ('KPIs')

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of lease plus contracts. For this reason, the company's Directors believe that further key performance indicators for the company are not necessary or appropriate

Dividends and transfers from reserves

No dividend is proposed. The deficit transferred to reserves is set out in the profit and loss account on page 5

Directors

The directors of the company during the year ended 31 December 2006, and subsequently, were

Mr P C R Latchford

Mr P Andrews

Mr N C Nisbet

Mr G H Tainsh

Mr R J Taylor

Mr C Renfrew

Mr J N G Thomson

Mr C Fountain

appointed on 3 May 2007

resigned on 10 January 2007

appointed on 8 March 2007 resigned on 3 May 2007

Directors' interests in shares

The directors have no interests in the share capital of the company according to the register maintained by the company under Section 325 of the Companies Act 1985

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Directors' report for the year ended 31 December 2006 (continued)

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,
- 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.

Auditors and disclosure of information to auditors

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- 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

PricewaterhouseCoopers LLP were appointed auditors of the company on 3 November 2005. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



R A Davies
Secretary
5 June 2007

Independent auditors' report to the members of Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

We have audited the financial statements of Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited for the year ended 31 December 2006 which comprise the primary financial statements such as the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Profit and Loss Account, the Company Balance Sheet, the Reconciliation of Movement in Equity Shareholder's Deficits, Consolidated Cash Flow Statements 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 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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

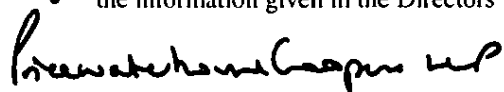
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

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 company's and the group's affairs as at 31 December 2006 and of the loss of the group and profit of the company 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
Birmingham

4 October 2007

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Consolidated profit and loss account for the year ended 31 December 2006

	Notes	Year ended 31 December 2006 £'000	14 month period ended 31 December 2005 £'000
Turnover	1	1,105	11
Operating costs		(623)	(200)
Gross profit / (loss)		482	(189)
Administrative expenses		(91)	(53)
Operating profit / (loss)	3	391	(242)
Interest receivable and similar income	4	37	8
Interest payable and similar charges	4	(810)	(24)
Loss on ordinary activities before taxation		(382)	(258)
Tax on loss on ordinary activities	5	(3)	75
Loss for the period	10	(385)	(183)

The group has been engaged solely in continuing activities in a single class of business within the United Kingdom

There is no difference between the loss for the period as shown in the profit and loss account above and its historical cost equivalent

The group has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented

The movements on reserves are shown in note 10 to the financial statements

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Consolidated balance sheet as at 31 December 2006

	Notes	Year ended 31 December 2006 £'000	14 month period ended 31 December 2005 £'000
Tangible fixed assets			
Assets in the course of construction	6	-	7,102
Fixed assets	6	11,707	3,910
Total tangible fixed assets		11,707	11,012
Current assets			
Debtors amounts falling due within one year	7	482	321
Debtors amounts falling due after more than one year	7	665	525
Cash and bank deposits		1,112	330
Total current assets		2,259	1,176
Creditors: amounts falling due within one year	8	(617)	(496)
Net current assets		1,642	680
Total assets less current liabilities		13,349	11,692
Creditors: amounts falling due after more than one year	8	(13,916)	(11,874)
Net liabilities		(567)	(182)
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(568)	(183)
Total equity shareholders' funds		(567)	(182)

The financial statements on pages 5 to 20 were approved by the Board on 5 June 2007 and were signed on its behalf by

R J Taylor

Director

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Company profit and loss account for the year ended 31 December 2006

	Notes	Year ended 31 December 2006 £'000	14 month period ended 31 December 2005 £'000
Turnover	1	334	417
Operating costs		(152)	(135)
Gross profit		182	282
Administrative expenses		(80)	(43)
Operating profit	3	102	239
Interest receivable and similar income		18	2
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		120	241
Tax on profit on ordinary activities	5	(36)	(72)
Profit for the financial year		84	169
Equity dividends		-	-
Profit transferred to reserves	10	84	169

The group has been engaged solely in continuing activities in a single class of business within the United Kingdom

There is no difference between the loss for the year as shown in the profit and loss account above and its historical cost equivalent

The group has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented

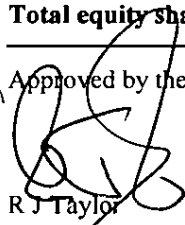
The movements on reserves are shown in note 10 to the financial statements

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Company balance sheet as at 31 December 2006

	Notes	Year ended 31 December 2006 £'000	14 month period ended 31 December 2005 £'000
Fixed assets			
Investments	6	-	-
Current assets			
Debtors amounts falling due within one year	7	248	500
Debtors amounts falling due in more than one year	7	485	450
Cash and bank deposits		506	68
Current assets		1,239	1,018
Creditors: amounts falling due within one year	8	(419)	(313)
Net current assets		820	705
Creditors: amounts falling due over one year	8	(566)	(535)
Net assets		254	170
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	253	169
Total equity shareholders' funds		254	170

Approved by the Board on 5 June 2007 and signed on its behalf by


R J Taylor

Director

**Healthcare Improvement Partnership (Wolverhampton City and Walsall)
Limited**

**Reconciliation of movement in group equity shareholders' funds
for the year ended 31 December 2006**

	Year ended 31 December 2006	14 month period ended 31 December 2005
	£'000	£'000
Loss for the financial year	(385)	(183)
New share capital issued and subscribed in the period	-	1
Opening equity shareholders' funds	(182)	-
Closing equity shareholders' funds	(567)	(182)

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Consolidated cash flow statement for the year ended 31 December 2006

	Notes	Year ended 31 December 2006 £'000	14 month period ended 31 December 2005 £'000
Net cash inflow/(outflow) from operating activities	2	481	(540)
Returns on investments and servicing of finance			
Interest received		37	8
Interest paid		(941)	(571)
		(904)	(563)
Payments to acquire fixed assets	6	(919)	(10,468)
Financing			
Issue of ordinary share capital		-	1
Net increase in borrowings		2,085	10,579
Net increase in shareholders' loans		39	1,321
Increase in net cash		782	330

Reconciliation of net cash flow to movement in net debt

	Notes	Year ended 31 December 2006 £'000	14 month period ended 31 December 2005 £'000
(Decrease)/increase in net cash		782	330
Increase in bank borrowings		(2,085)	(10,579)
Other non-cash changes	11	(12)	(6)
Increase in Shareholder loans		(39)	(1,321)
Movement in net debt	11	(1,354)	(11,576)
Opening net debt		(11,576)	-
Closing net debt	11	(12,930)	(11,576)

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006

1 Accounting policies

A summary of the group's principal accounting policies is set out below

Basis of preparation of accounts

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards. Narrative disclosures of values in the notes to the accounts are shown as round £'000.

Basis of consolidation

The consolidated financial statements include the accounts of the company and its subsidiary undertaking, Wolverhampton City and Walsall Lift Accommodation Services Limited.

Intra-group sales and profits are eliminated on consolidation.

Turnover

Turnover represents the value of work done and services rendered excluding sales related taxes. All turnover originates in the United Kingdom.

The group recognises income when it has fully fulfilled its contractual obligations.

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 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Leased assets

Payments under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Tangible fixed assets

Assets in the course of construction are valued at the aggregate of directly attributable construction and other costs incurred and the capitalised finance costs, which are directly attributable to the construction of tangible fixed assets. Finance costs are capitalised on a gross basis before the deduction of any tax relief. Following completion of the building depreciation is provided to write-off the cost of the tangible fixed asset in annual instalments over a period of 25 years.

No depreciation is charged on the cost of purchasing land or on assets in the course of construction.

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

1 Accounting policies (continued)

Investments

Investments in subsidiary undertakings are stated at cost less an appropriate provision to reflect any impairment in the value of the investment

Financial instruments

The group uses derivative financial instruments to hedge its exposure to fluctuations in interest rates. Financial instruments used to hedge interest rates are valued at cost. Receipts and payments on interest rate instruments are recognised in the profit and loss account over the economic life of the instrument or underlying position being hedged, within net interest. Gains or losses arising on hedging instruments, which do not qualify as hedges for accounting purposes, are taken to the profit and loss account as they arise.

Discounts, premia and related costs of debt issue are charged to the profit and loss account over the life of the instrument to which they relate.

2 Cash flow from operating activities

	Year ended 31 December 2006	14 month period ended 31 December 2005
	£'000	£'000
Reconciliation of operating profit to net cash inflow/ (outflow) from operating activities:		
Operating profit/loss	391	(242)
Depreciation	367	9
Increase in debtors	(196)	(771)
(Decrease) / Increase in creditors	(81)	464
Net cash inflow/ (outflow) from operating activities	481	(540)

3 Operating profit/(loss)

The group had no employees during the year. No remuneration was paid to the directors in respect of their services (2005: £nil). During the year £12,000 (2005: £10,000) was paid to Black Radley Limited in respect of the services of Mr P Latchford, the chairman of the company.

The audit fee in respect of the group was £10,000 (2005: £8,000) and for the company £3,000 (2005: £3,000). All of these costs have been borne by the Company.

Depreciation in respect of the tangible fixed assets was £367,000 (2005: £9,000).

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

4 Interest for the group

	Year ended 31 December 2006 £'000	14 month period ended 31 December 2005 £'000
Bank interest receivable	37	8
Interest receivable and similar income	37	8
Interest payable on long term loans	(941)	(571)
Amortisation of debt issue costs	(12)	(6)
Interest capitalised on tangible fixed assets (note 6)	143	553
Interest payable on medium term loan	31	40
Interest transferred to receivables	(31)	(40)
Interest payable and similar charges	(810)	(24)
Net interest payable	(773)	(16)

Interest has been capitalised at the weighted average rate of 5.13% (2005: 5.13%)

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

5 Tax on loss on ordinary activities

	Year ended 31 December 2006		14 month period ended 31 December 2005	
Analysis of tax charge in the period	Company	Group	Company	Group
Current tax	£'000	£'000	£'000	£'000
UK corporation tax in respect of the period	(36)	(36)	(72)	-
Adjustment in respect of prior periods	-	(72)	-	-
Total current tax	(36)	(108)	(72)	-
Deferred tax				
Origination and reversal of timing differences	-	33	-	75
Adjustment in respect of previous period	-	72	-	-
Tax on profit /(loss) on ordinary activities	(36)	(3)	(72)	75
The tax for the period is the same as the standard rate of corporation tax in the UK (30%) as explained below				
Factors affecting tax charge for the period				
Profit/(loss) on ordinary activities before tax	120	(382)	241	(259)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	36	(115)	72	(78)
Timing differences in respect of loss relief	-	151	-	78
Adjustment in respect of previous period	-	72	-	-
Effects of non qualifying depreciation	-	(118)	-	(3)
Current tax charge for the period	36	108	72	-

Factors that may affect future tax charges

The company has incurred significant expenditure in the construction of the facilities on which it has claimed tax relief through capital allowances and claims for interest and loan related expenditure during the construction period. It will use these claims and retained tax losses to offset liabilities in future years. As amounts are recovered to remunerate these costs they will be brought into current taxation in the year in which they are received. As a result of these claims there exist significant timing differences, which are expected to reverse over the period of the contract.

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

6 Fixed assets

Investments of the company

The company owns 100% of the issued ordinary share capital (£1) of Wolverhampton City and Walsall Holdco Limited, which in turn holds 100% of the issued share capital of Wolverhampton City and Walsall Lift Accommodation Services Limited which is registered in the United Kingdom and is engaged under long term contracts for the provision of design, construction and management services, including related financing arrangements, for primary care centres for the National Health Service in the Wolverhampton and Walsall area, the cost of this investment is £1. In the opinion of the directors the aggregate value of the investment in its subsidiary is not less than the carrying value in these financial statements

Tangible fixed assets for the group

	Year ended 31 December 2006	14 months ended 31 December 2005
Assets in the course of construction	£'000	£'000
Cost at 1 January 2006	7,102	-
Additions during the year	919	10,468
Capitalised interest costs (note 4)	143	553
Total	8,164	11,021
Transfer of property to fixed assets	(8,164)	(3,919)
Cost at 31 December	-	7,102

Cumulative interest capitalised at 31 December 2006 totalled £702,000 (31 December 2005 £559,000)

	Year ended 31 December 2006	14 months ended 31 December 2005
Fixed assets	£'000	£'000
Cost at 1 January 2006	3,910	-
Transfer from assets in the course of construction	8,164	3,919
Depreciation	(367)	(9)
Cost at 31 December	11,707	3,910

Following completion of the Neachells lane property in March 2006 £233,000 of depreciation was charged to the profit and loss account (Included in the cost of the Neachells Lane property was £607,000 of land upon which no depreciation has been provided)

The Parkfield Road property was completed in December 2005. During 2006 £134,000 (2005 £9,000) of depreciation was charged to the profit and loss account, (included in the cost of the property was £607,000 of land upon which no depreciation has been provided)

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

7 Debtors

	Year ended 31 December 2006		14 month period ended 31 December 2005	
	Company	Group	Company	Group
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	30	154	-	14
Receivable from Group undertaking	211	-	490	-
VAT	-	-	-	297
Other	7	7	10	10
Prepayments and deferred income	-	321	-	-
	248	482	500	321
Amounts falling due after one year:				
Receivable	485	485	450	450
Deferred taxation				
Loss relief	-	180	-	75
Total deferred tax asset	-	180	-	75
Deferred tax asset at 1 January	-	75	-	-
Deferred tax asset credited in profit and loss account for the period (note 5)	-	105	-	75
Deferred tax asset at 31 December	-	180	-	75
Total	485	665	450	525
Total debtors	733	1,147	950	846

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

8 Creditors

	Year ended 31 December 2006		14 month period ended 31 December 2005	
	Company	Group	Company	Group
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Bank loans	-	110	-	28
Less unamortised issue costs	-	-	-	-
Shareholders' loans	-	16	-	4
Trade creditors	6	77	48	50
Group undertakings	79	-	100	-
Corporation Tax	108	108	72	-
VAT	9	20	53	-
Accruals and deferred income	217	286	40	414
	419	617	313	496
Amounts falling due in more than one year				
Bank loans	566	12,701	535	10,698
Less unamortised issue costs	-	(129)	-	(141)
Shareholders' loans	-	1,344	-	1,317
	566	13,916	535	11,874

Bank borrowings relate to a term loan facility dated the 10 November 2004 granted by NIB Capital Bank to Wolverhampton City and Walsall Lift Accommodation Services Limited. This facility is in respect of projects to build a Primary care centre at Parkfield Road, and a Childrens Resource Centre at the Neachells site. The loan facility is for a total value of £12,285,000. In the year to 31 December 2006 £12,274,000 was drawn down in respect of these projects, (2005 £10,191,000). At 31 December 2006 there were bank loans outstanding of £12,245,000, (2005 £10,191,000).

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

8 Creditors (continued)

Loan issue costs have been offset against bank borrowings and are being amortised over the term of the facility as part of the finance cost in accordance with the provisions of Financial Reporting Standard 4. The loan facility is repayable in half yearly instalments which commenced on 31 December 2006. Interest is charged on balances outstanding on the facilities based on the floating LIBOR rate. Wolverhampton City and Walsall Lift Accommodation Services Limited has entered into swap agreements with NIB Bank and SMBC Bank on the Parkfields centre and the Childrens Resource Centre in order to fix the interest rate applied to the balances on the facility. The percentage fixed was 5.13 %. The term loan and working capital facilities are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

Maturity of debt	Year ended 31 December 2006	14 month period ended 31 December 2005
	Group	Group
	£'000	£'000
In one year or less	126	32
In more than one year but not more than two years	199	126
In more than two years but not more than five years	779	705
In more than five years	12,938	11,043
	14,042	11,906

9 Called up share capital

	Year ended 31 December 2006	14 month period ended 31 December 2005
	£'000	£'000
Authorised		
1,000 Ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1	1

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

10 Profit and loss account

	Company	Group
	£'000	£'000
As at 1 January 2006	169	(183)
Profit/(loss) for the year	84	(385)
At 31 December 2006	253	(568)

11 Reconciliation of movements in net debt

	At 1 January 2006	Cash flows	Other non -cash changes	At 31 December 2006
	£'000	£'000	£'000	£'000
Cash at bank and in hand	330	782	-	1,112
Debt due within one year	(28)	(82)	-	(110)
Debt due over one year	(10,557)	(2,003)	(12)	(12,572)
Shareholders loans	(1,321)	(39)	-	(1,360)
	(11,576)	(1,342)	(12)	(12,930)

Non-cash changes comprise the amortisation of debt issue costs

Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

12 Commitments

Under the terms of a contract made by Wolverhampton City and Walsall Lift Accommodation Services Limited (WCWLAS) with Balfour Beatty dated 10 November 2004 the Group was committed to payments totalling £2 735 million in respect of the design, construction and other related services in respect of providing a Primary Health Care centre at Parkfield Road in Wolverhampton and £5,924,000 in respect of a Childrens Resource Centre at Neachells lane in Wolverhampton. Payments in the year ended 31 December 2006 were £42,000 (2005 £2,691,000) in respect of the Parkfield Road project, and £1,180,000 (2005 £4,757,000) in respect of the Neachells Lane project. The Parkfield Road project was completed in December 2005, the Neachells Lane project was completed in March 2006.

On completion of the buildings, under terms of contracts made with GSL UK, WCWAS is committed to fixed payments to GSL UK for Facilities Management and Lifecycle Maintenance for a 25 year period. The average annual payment to GSL UK for the two buildings (excluding indexation) amounts in total to £170,000. Payments made to GSL UK in the year ended 31 December 2006 were £29,000 (2005 £nil). At the end of December 2006 there was £41,000 (2005 £ nil) payable to GSL UK.

13 Related party disclosures

In addition to contractual commitments set out in note 12 above, GSL UK Limited and Global Solutions Limited, companies related to GSL Joint Ventures Limited, provided management, administrative and technical services to the group during the year at a cost of £ 47,000 (2005 £136,000) for GSL UK Limited and £31,000 (2005 £19,000) for Global Solutions Limited. At the year end there was £nil (2005 £44,000) payable to GSL UK Limited.

During the year rent and other costs were charged by WCWAS to Wolverhampton City and Walsall PCT. Charges made in 2006 amounted to £927,000 (2005 £12,000). At the year end there was £124,000 (2005 £14,000) outstanding payable by Wolverhampton City and Walsall PCT to the company. Also during the year project costs were charged by the company to Walsall Teaching Primary Care Trust. Charges made in 2006 amounted to £26,000 (2005 £nil). At 31 December there was £26,000 (2005 £nil) outstanding payable by Walsall Teaching Primary Care Centre.

14 Parent undertakings

Sixty percent of the shares of the company are held by Lift Healthcare Investments Limited, twenty percent of the shares are held by Partnerships for Health Limited, ten percent of the shares are held by Wolverhampton City Primary Care Trust and ten percent of the shares are held by Walsall Teaching Primary Care Trust. Lift Healthcare Investments Limited is a company owned 83 percent by Babcock & Brown Partnership LLP, and 17 percent by GSL Joint Ventures Limited. GSL Joint Ventures Limited is a shareholder incorporated in the United Kingdom, Babcock & Brown Investments PTY is a shareholder incorporated in Australia. The ultimate parent company is Lift Healthcare Investments Limited.