Carillion Private Finance (Health) Limited

Directors' report and financial statements
Registered number 5721256
For the year ended 31 December 2012

Contents

Directors' report

The directors present their directors' report together with the audited financial statements for the year ended 31 December 2012

Principal activities
The principal activity of the company is that of investment in undertakings which develop and operate projects under the Private Finance Initiative

The directors anticipate that the company will continue its present role during 2013

Business review
During the year the company sold all of its 50% interests in STaG PCT (Holdco) Limited generating a profit on disposal of £989 000

The company's key performance indicators are both profit before tax and return on capital employed The profit on ordinary activities before taxation was £989 000 *(2011 £1 992,000)* Return on capital employed (calculated as profit before tax net assets) was 50 80% *(2011 207 93%)*

The principal risks facing the business are that the value of investments in undertakings which are dependent on the success of the underlying projects might be less than anticipated and the risk that Carillion Private Finance (Health) Limited might have to inject cash into undertakings to maintain their value The directors manage this risk through close involvement in the management of the underlying projects and regular monitoring of their performance

On 1 August 2013 one of the company's participating interests Clinicenta (Hertfordshire) Limited signed an agreement to terminate its contract with the Secretary of State for Health for the financing and delivery of clinical services with a termination period of 6 weeks The company has agreed to bear the transition and cessation costs of this termination On 15 August 2013 the company purchased 50% of the equity of Clinicenta (Hertfordshire) Limited resulting in the entity becoming a subsidiary of the company

Profit and dividends
The profit on ordinary activities before taxation was £989 000 *(2011 £1 992 000)*

A dividend of £Nil was declared and paid during the year *(2011 £6 200,000)* being £Nil per share *(2011 £64 55 per share)*

Directors
The directors serving during the year and subsequently were

RT Adam
FR Herzberg
RJ Howson (appointed 6 February 2012)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors report confirm that so far as they are aware there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company s auditor is aware of that information

Auditor
Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

Approved by the Board on 25 September 2013 and signed on its behalf by

FR Herzberg
Director

24 Birch Street
Wolverhampton
WV1 4HY

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments 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 and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Carillion Private Finance (Health) Limited

We have audited the financial statements of Carillion Private Finance (Health) Limited for the year ended 31 December 2012 set out on pages 7 to 15 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work for this report or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

R J Pound

Robert Pound
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

27 September 2013

Profit and loss account
for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Administrative expenses		-	-
Operating result		-	-
Exceptional items	3	989	1 786
Operating profit after exceptional items		989	1 786
Income from shares in participating interests	16	-	206
Interest receivable and similar income	4	1,490	1,030
Interest payable and similar charges	5	(1,490)	(1,030)
Profit on ordinary activities before taxation		989	1,992
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	13	989	1,992

All activities relate to continuing operations

There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year

There were no recognised gains or losses in either the current or preceding financial year other than the profit or loss for those years

Balance sheet
at 31 December 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Investments	8		16,953		18 114
			16,953		18 114
Current assets					
Debtors	9	2,226		781	
		2,226		781	
Creditors amounts falling due within one year	10	(2,320)		(887)	
Net current liabilities			(94)		(106)
Creditors amounts falling due after more than one year	11		(14,912)		(17,050)
Net assets			1,947		958
Capital and reserves					
Called up share capital	12		96		96
Profit and loss account	13		1,851		862
Equity shareholder's funds	14		1,947		958

These financial statements were approved by the Board of Directors on 25 September 2013 and were signed on its behalf by

FR Herzberg
Director

Company registered number 5721256

Notes
(forming part of the financial statements)

1 Principal accounting policies
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards

Going concern
The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Director's Report

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £94,000 which the directors believe to be appropriate for the following reasons The company is dependent for its working capital on funds provided to it by Carillon plc the company's ultimate parent undertaking Carillion plc has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available This should enable the company to continue in operational existence for the forseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate

Consolidated financial statements
These financial statements present information about the company as an individual company and not about its group The company is exempt under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements and to deliver them to the Registrar of Companies as it is a wholly owned subsidiary undertaking of another UK corporate body

Investments
Fixed asset investments are stated at cost less provision for any permanent diminution in the carrying value of the investment

Cash flow statement
Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Carillion plc, the company's ultimate parent undertaking, includes the company's cash flows in its own published consolidated cash flow statement

Taxation
The charge for taxation is based on the result for each year and takes into account deferred taxation Deferred tax assets or liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 Liabilities are calculated on a non-discounted full provision basis Assets are calculated on the same basis, but are recognised only to the extent that it is probable that they will be recovered

Interest payable and similar charges
Interest payable is charged to the profit and loss account as incurred

Interest receivable and similar income
Interest receivable is credited to the profit and loss account as earned

Dividends on shares presented within Shareholder's funds
Dividends are only recognised as a liability at the balance sheet date to the extent that they are declared prior to year end Unpaid dividends that do not meet this criteria are disclosed in the notes to the financial statements

Dividends received from participating interests
Dividends received from participating interests are credited to the profit and loss account when received

Notes *(continued)*

2 Directors, employees and auditor's fee

The company had no employees other than its directors (2011 none), none of whom received or waived any remuneration (2011 £Nil)

The audit fee for the year ended 31 December 2012 amounting to £1 000 (2011 £1,000) was borne by Carillion Construction Limited, a fellow subsidiary

Fees paid to the company's auditor KPMG Audit Plc and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's parent Carillion plc, are required to disclose non-audit fees on a consolidated basis

3 Exceptional items

	2012 £000	2011 £000
Profit on disposal of participating interests	989	1 786
	989	1,786

During the year the company sold its 50% interest in S1aG PCT (Holdco) Limited for cash consideration of £2 250,000 (including payment for associate loans and before disposal costs) generating a profit on disposal of £989 000

4 Interest receivable and similar income

	2012 £000	2011 £000
Interest receivable from participating interests	1,490	1,030
	1,490	1 030

Notes *(continued)*

5. Interest payable and similar charges

	2012	2011
	£000	£000
Interest payable to immediate parent undertaking	1,490	1 030
	1,490	1,030

6. Tax on profit on ordinary activities

(a) Analysis of taxation charge in the year

	2012	2011
	£000	£000
UK corporation tax		
Total taxation on profit on ordinary activities	-	-

(b) Factors affecting the tax charge for the current year

The current year tax charge for the year is lower (2011 lower) than the standard rate of 24 5 % (2011 26 5%) The difference is explained below

	2012	2011
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before taxation	989	1,992
Tax on profit on ordinary activities at 24 5% (2011 26 5%)	242	528
Effects of		
Non-taxable capital profits	(242)	(473)
Dividends from UK companies	-	(55)
Permanent differences	-	-
Current tax charge for the year	-	-

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 This will reduce the company's future current tax charge accordingly It has not yet been possible to quantify the full anticipated effect of the announced further rate reductions

There is no recognised or unrecognised deferred tax *(2011 none)*

7 Equity dividends

	2012	2011
	£000	£000
Ordinary dividends at £0 00 per share *(2011 £64 55 per share)*	-	6,200

Notes *(continued)*

8 Investments

	Shares in participating interests £000	Loans to participating interests £000	**Total** **£000**
Cost			
At beginning of year	366	17 748	18 114
Additions	-	-	-
Repayment	-	-	-
Disposal	(351)	(810)	(1 161)
Exchange rate adjustment	-	-	-
At year end	**15**	**16,938**	**16,953**
Net book value			
At 31 December 2012	**15**	**16,938**	**16,953**
At 31 December 2011	366	17 748	18,114

During the year the company sold its 50% interest in S I aG PCT (Holdco) Limited (see note 3)

Principal participating interests

Name of company	**Ordinary shares capital held**	**Nature of business**	**Country of incorporation**
Participating interest			
Clinicenta (Hertfordshire) Limited	50%	Private Finance	Great Britain
The Hospital Company (Southmead) Holdings Limited	50%	Private Finance	Great Britain

These companies are all involved in the development and operation of projects under the Private Finance Initiative

9 Debtors

	2012 **£000**	2011 £000
Amounts owed by participating interests	**2,226**	781
	2,226	781

All debtor amounts are due within one year

Amounts owed by participating interests include amounts which incur interest at various fixed rates All are unsecured

Notes *(continued)*

10 Creditors amounts falling due within one year

	2012	2011
	£000	£000
Amounts owed to immediate parent undertaking	**2,226**	781
Accruals and deferred income	**94**	106
	2,320	887

Amounts owed to parent undertakings include amounts which incur interest at various fixed rates All are unsecured and are repayable on demand

11. Creditors amounts falling due after more than one year

	2012	2011
	£000	£000
Amounts owed to immediate parent undertaking	**14,912**	17,050
	14,912	17,050

Amounts owed to parent undertakings include amounts which incur interest at various fixed rates All are unsecured

12. Called up share capital	2012	2011
	£000	£000
Allotted called up and fully paid		
96,052 ordinary shares of £1 each	**96**	96

Notes *(continued)*

13 Reserves

	Profit and loss account	Total
	£000	£000
At beginning of year	862	862
Profit for the financial year	989	989
Dividends paid to equity shareholder	-	-
At the end of the year	**1,851**	**1,851**

14. Reconciliation of movements in shareholder's funds

	2012	2011
Profit for the financial year	**989**	1,992
Dividend paid to equity shareholder	-	(6,200)
Net increase / (decrease) in equity shareholder's funds	**989**	(4,208)
Equity shareholder's funds at the beginning of the year	**958**	5,166
Equity shareholder's funds at the end of the year	**1,947**	958

15 Capital commitments

The company has committed itself to invest £48 7 million of equity and subordinated debt *(2011 £48 7 million)* in the undertakings in which it has taken an interest These commitments fall due as follows

	2012	2011
	£000	£000
The company has capital commitments as follows		
Within one year	-	-
Between one and two years	-	-
Between two and five years	48 715	48,715
	48,715	48,715

Notes *(continued)*

16 Related party transactions

As a wholly-owned subsidiary of Carillion plc the company has taken advantage of the exemption under FRS 8 Related party disclosures not to provide information on related party transactions with other undertakings within the Carillion Group Note 17 gives details of how to obtain a copy of the published financial statements of Carillion plc

The company has the following related party transactions and balances due from participating interests

	2012	2011
	£000	£000
Balances Due		
STaG PCT (Holdco) Limited	-	21
Clinicenta (Hertfordshire) Limited	2 226	760
	2,226	781
Transactions during the year		
Interest Receivable		
STaG PCT (Holdco) Limited	24	87
Clinicenta (Hertfordshire) Limited	1 466	760
Dividends Received		
Arden Partnership (Derby) Holdings Limited		83
Arden Partnership (Leicester) Holdings Limited		55
Arden Partnership (Lincolnshire) Holdings Limited		68
	1,490	1,053

The debtor balances between the company and its joint ventures are disclosed in note 9

There were no purchases from joint ventures during the year *(2011 £Nil)*

17 Controlling and parent companies

The company is a wholly-owned subsidiary of Carillion Private Finance Limited which is incorporated in Great Britain

The company's ultimate parent undertaking is Carillion plc its parent company which is incorporated in Great Britain

The consolidated financial statements of Carillion plc are available to the public and can be obtained from 24 Birch Street, Wolverhampton WV1 4HY

18 Subsequent events

On 1 August 2013 one of the company's participating interests Clinicenta (Hertfordshire) Limited signed an agreement to terminate its contract with the Secretary of State for Health for the financing and delivery of clinical services with a termination period of 6 weeks The company has agreed to bear the transition and cessation costs of this termination On 15 August 2013 the company purchased 50% of the equity of Clinicenta (Hertfordshire) Limited resulting in the entity becoming a subsidiary of the company