

**Carillion Private Finance (Health) Limited**

**Directors' report and financial  
statements**

Registered number 5721256

For the year ended 31 December 2009

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## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	2
Independent auditors' report to the members of Carillion Private Finance (Health) Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

### 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 2010

### Business review

The company's key performance indicators are profit before tax and return on capital employed. The profit on ordinary activities before taxation was £Nil (2008 £28,058,000). Return on capital employed (calculated as profit before tax / net assets) was 0% (2008 326.83%).

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.

### Profits and dividends

The profit on ordinary activities before taxation was £Nil (2008 £28,058,000).

A dividend of £8,000,000 was declared and paid during the year (2008 £43,000,000) being £83.29 per share (2008 £447.67 per share).

### Directors

The directors who served during the year and subsequently were

I McDonough  
RW Robinson (resigned 30 June 2009)  
FR Herzberg  
RJ Adam

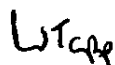
### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are 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 auditors are 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 30 April 2010 and signed on its behalf by



RF Tapp  
Secretary

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 auditors' 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 2009 set out on pages 5 to 11. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 2009 and of its loss 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.

**Independent auditors' report to the members of Carillion Private Finance (Health) Limited** *(continued)*

**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*

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

30 April 2010

**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
Interest receivable	3	-	335
Interest payable	4	-	(335)
Income from shares in participating interests		-	389
Profit on disposal of investments		-	27 669
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		-	28 058
Tax on profit on ordinary activities	5	<b>(427)</b>	<b>(1,728)</b>
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities after taxation being (loss)/profit for the financial year</b>	12	<b>(427)</b>	<b>26,330</b>
		<hr/>	<hr/>

There is no difference between the result 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

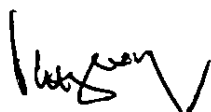
There were no recognised gains and losses in the current or preceding financial year, other than the profit or loss for those years

All amounts relate to continuing operations

**Balance sheet**  
*at 31 December 2009*

	<i>Note</i>	2009 £000	2008 £000	£000
<b>Fixed assets</b>				
Investments	7		2,138	50
<b>Current assets</b>				
Debtors	8	-	10,263	
Creditors' amounts falling due within one year	9	-	(1,728)	
<b>Net current assets</b>				8,535
<b>Total assets less current liabilities</b>			2,138	8,585
Creditors' amounts falling due after more than one year	10		(1,980)	-
<b>Net assets</b>			158	8,535
<b>Capital and reserves</b>				
Called up share capital	11	96		96
Profit and loss account	12	62		8,489
<b>Equity shareholder's funds</b>	13	158		8,585

These financial statements were approved by the board of directors on 30 April 2010 and were signed on its behalf by



**FR Herzberg**  
*Director*

Company registered number 5721256



## Notes

*(forming part of the financial statements)*

### 1 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 Directors' Report

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent Carillion plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Carillion group to continue as a going concern or its ability to continue with the current banking arrangements

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Carillion plc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

#### *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

### 2 Directors, employees and auditor's fee

The company had no employees other than its directors (2008 none), none of whom received or waived any remuneration (2008 £Nil)

The audit fee for the year ended 31 December 2009, amounting to £Nil (2008 £Nil) was borne by Carillion Construction Limited, a fellow group 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

**Notes (continued)**

**3 Interest receivable and similar income**

	2009 £000	2008 £000
Interest receivable from participating investments	-	335

**4 Interest payable and similar charges**

	2009 £000	2008 £000
Interest payable to fellow group undertakings	-	335

**5 Tax on (loss)/profit on ordinary activities**

**(a) Analysis of taxation charge for the year**

	2009 £000	2008 £000
UK corporation tax		
Adjustments in respect of prior year	(427)	(1 728)
Tax on (loss)/profit on ordinary activities	(427)	(1 728)

**(b) Factors affecting the charge for the year**

The current tax charge for the year is higher (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	-	28,058
Tax on profit on ordinary activities at UK standard rate of corporation tax of 28% (2008 28.5%)	-	7 997
<i>Effects of</i>		
Non-taxable capital profits	-	(7 886)
Non-taxable income from shares in participating interests	-	(111)
Adjustments in respect of prior year	427	1,728
Current tax charge for the year	427	1,728

**6 Dividends**

	2009 £000	2008 £000
Interim dividend paid	8,000	43 000

## Notes (continued)

### 7 Investments

	Shares in participating interests £000
<i>Cost</i>	
At beginning of year	50
Additions	2 088
	<hr/>
At end of year	2 138
	<hr/>
<i>Net book value</i>	
At 31 December 2009	2,138
	<hr/>
At 31 December 2008	50
	<hr/>

#### Principal participating interests

Name of company	Country of incorporation and operation	Proportion of equity held
<i>Participating interests</i>		
The Hospital Company (QAH Portsmouth) Holdings Limited	Great Britain	50%
STaG PCT (Holdeo) Limited	Great Britain	50%
Clinicenta (Hertfordshire) Limited	Great Britain	50%
Arden Partnership (Derby) Holdings Limited	Great Britain	50%
Arden Partnership (Leicester) Holdings Limited	Great Britain	50%
Arden Partnership (Lincolnshire) Holdings Limited	Great Britain	50%

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

### 8 Debtors

	2009 £000	2008 £000
Amounts owed by fellow group undertakings	-	10,263
	<hr/>	<hr/>

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

	2009 £000	2008 £000
Corporation tax	-	1 728
	<hr/>	<hr/>

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

	2009 £000	2008 £000
Amounts owed to immediate parent undertakings	1,980	-
	<hr/>	<hr/>

## Notes (continued)

### 11 Share capital

	2009 £000	2008 £000
<i>Authorised</i>		
10 000 000 ordinary shares of £1 each	10,000	10,000
<i>Allotted, called up and fully paid</i>		
96 052 ordinary shares of £1 each	96	96

### 12 Profit and loss account

	£000
At beginning of year	8,489
Loss for the financial year	(427)
Equity dividends paid	(8,000)
At end of year	62

### 13 Reconciliation of movements in equity shareholder's funds

	2009 £000	2008 £000
(Loss)/profit for the financial year	(427)	26,330
Equity dividends paid	(8,000)	(43 000)
Net decrease in equity shareholder's funds	(8,427)	(16 670)
Opening equity shareholder's funds	8,585	25 255
Closing equity shareholder's funds	158	8,585

### 14 Contingent liabilities and financial commitments

The company has committed itself to invest £20.8 million of equity and subordinated debt (2008: £13.3 million) in the undertakings in which it has taken an interest. These commitments fall due as follows:

	2009 £000	2008 £000
Within one year	16,886	-
Between one and two years	7,838	13,345
Between two and five years	-	-
	24,724	13,345

## Notes (continued)

### 15 Related party transactions

As a wholly owned subsidiary of Carillion plc the company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the Carillion group. Note 16 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:

	2009 £000	2008 £000
Interest receivable		
The Hospital Company (Oxford John Radcliffe) Holdings Limited	-	243
Town Hospitals (North Staffordshire) Holdings Limited	-	(2)
Ravensbourne Health Services Holdings Limited	-	94
	<hr/>	<hr/>
	-	335
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There were no related party transactions during the year and no balances due from participating interests at 31 December 2009.

### 16 Controlling and parent company

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.