

PFI CAMDEN (HOLDINGS) LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2012**

Registered Number 5751341

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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DIRECTORS AND ADVISORS

Directors

A S Mickleburgh (resigned 18th January 2012)
M T Smith (resigned 31 January 2013)
K M Hill
A G Charlesworth (appointed 18th January 2012) (resigned 20 June 2012)
V L Everett (appointed 18th January 2012)
J Pritchard (appointed 20 June 2012)
A G Bremner (appointed 31 January 2013)

Company secretary and registered office

M Lewis
1 Kingsway
London
WC2B 6AN

Auditor

Deloitte LLP
Chartered Accountants
London

Principal bankers

Bank Of Scotland plc (division of Lloyds Banking Group plc)
Bishopsgate Exchange, 155 Bishopsgate
London
EC2M 3YB

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2012

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption under section 415A of the Companies Act 2006

The company is owned and jointly controlled by Palio (No 8) Limited and BOS Infrastructure (No 3) Limited and therefore has no parent or ultimate parent undertaking

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company operates principally as a holding company to Partners for Improvement in Camden Limited, which is principally engaged in a PFI contract with London Borough of Camden. The Company will continue to operate as such for the foreseeable future

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. More information is provided in Note 1

FUTURE DEVELOPMENTS

PFI Camden (Holdings) Limited will continue to hold the investments in Partners for Improvement in Camden Limited

Partners for Improvement in Camden Limited will continue to provide services to five tower blocks until the end of the concession on 30 April 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's exposure to inflationary risk is mitigated by having an index linked unitary contract with Camden Borough Council

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the Directors consider that all risk has been transferred out

AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006

PFI CAMDEN (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served throughout the year are shown on page 1

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 12

AUDITOR

Deloitte LLP were appointed on 13 December 2012, and have indicated their willingness to be reappointed for another term. Appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

On behalf of the Board



V L Everett
Director
30 July 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

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). 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. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PFI CAMDEN (HOLDINGS) LIMITED

We have audited the financial statements of PFI Camden (Holdings) Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and Company balance sheet, consolidated cashflow statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies in the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 December 2012 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.



Jacqueline Holden FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

30 July 2013

PFI CAMDEN (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	2,660	2,143
Cost of sales		(2,092)	(1,869)
Operating profit	3	568	274
Net interest receivable	6	268	27
Profit on ordinary activities before taxation		836	301
Tax on profit on ordinary activities	7	(205)	(80)
Profit for the financial year	15	631	221

All items in the profit and loss account relate to continuing operations

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents

All gains and losses are recognised in the profit and loss account in both the current and preceding year, and therefore no separate statement of total recognised gains and losses has been presented

PFI CAMDEN (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £'000	2011 (Restated) £'000
Current assets			
Debtors		56,203	60,949
- due within one year	10	12,393	12,441
- due after more than one year	10	43,810	48,508
Cash at bank and in hand		3,461	2,631
		59,664	63,580
Current liabilities			
Creditors amounts falling due within one year	11	(16,094)	(15,188)
Net current assets		43,570	48,392
Total assets less current liabilities		43,570	48,392
Creditors amounts falling due after more than one year	11	(43,288)	(48,542)
Net assets / (liabilities)		282	(150)
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	281	(151)
Shareholders' funds / (deficit)	15	282	(150)

The presentation of certain cash balances have been reclassified to financial assets Please refer to Note 10

The presentation of unamortised debt issue costs as at 31 December 2011 have been reclassified from debtors to creditors Please refer to Notes 10 and 11

The presentation of certain debtors balances as at 31 December 2011 due after more than one year have been reclassified to debtors due within one year Please refer to Note 10

The presentation of certain creditors balances as at 31 December 2011 have been reclassified from creditors falling within one year to creditors falling after more than one year Please refer to Note 11

These restatements had no impact on net assets or results for either the current or prior year

The consolidated financial statements of PFI Camden (Holdings) Limited, registered number 5751341, were approved by the Board of Directors and authorised for issue on 30 July 2013 They were signed on its behalf by



V L Everett
Director
30 July 2013

PFI CAMDEN (HOLDINGS) LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments	9	1	1
Current assets			
Debtors		7,656	7,904
- due within one year	10	243	-
- due after more than one year	10	7,413	7,904
Current liabilities			
Creditors amounts falling due within one year	11	-	-
Net current assets		<u>7,656</u>	<u>7,904</u>
Total assets less current liabilities		7,657	7,905
Creditors amounts falling due after more than one year	11	(7,656)	(7,904)
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	13	<u>1</u>	<u>1</u>
Shareholders' funds	15	<u>1</u>	<u>1</u>

The financial statements of PFI Camden (Holdings) Limited, registered number 5751341, were approved by the Board of Directors and authorised for issue on 3 July 2013. They were signed on its behalf by



V L Everett
Director

3 July 2013

PFI CAMDEN (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Net cash outflow from operating activities	17	8,327	7,196
Returns on investments and servicing of finance			
Interest received		193	115
Interest and other financing costs paid		(3,019)	(3,486)
Net cash outflow from returns on investments and servicing of finance		(2,826)	(3,371)
Taxation		(31)	-
Equity dividends paid		(199)	-
Net cash inflow before use of liquid resources and financing		5,271	3,825
Financing			
Repayment of secured loan		(4,441)	(4,265)
Net cash outflow from financing		(4,441)	(4,265)
Increase/(decrease) in cash in the year	19	830	(440)

Notes to the financial statements for the year ended 31 December 2012

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current and preceding year, is shown below

Company

The Company exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Group

The current economic conditions create some uncertainty, including with respect to

- (a) the ability of key sub-contractors to continue to meet contractual commitments,
- (b) the ability of the debt provider to continue to meet its contractual commitments, and
- (c) the ability of the SWAP provider to continue to meet their commitments

The Directors have also considered the ability of government authorities to continue to pay unitary fees due to the Company and do not consider this to be a material risk.

The Group's forecasts and projections, taking account of reasonably possible changes in counterparty performance, show that the Company expects to be able to continue to operate.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December each year. The Company made a profit before tax of £199,000 (2011 - £nil) for the financial year. During the year the Company paid a dividend of £199,000 (2011 - £nil). As permitted by s408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company. A reconciliation of movements in equity shareholders' funds is given in note 15.

b) Investments

Fixed asset investments are shown at cost less provision for impairment. Income from investments is included in the profit and loss account as declared.

c) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS19 'Deferred Tax', 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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are not discounted.

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 ACCOUNTING POLICIES (continued)

d) Turnover

Turnover is derived from concession unitary fees and is derived entirely in the United Kingdom and is net of VAT

e) Finance debtor

The Group is an operator under a PFI contract. Under the terms of the contract, substantially all the risks and rewards of ownership of the property asset remain with London Borough of Lambeth. The underlying asset is therefore not a fixed asset of the Group under FRS5 Application Note F and SSAP 21.

f) Finance debtor and income recognition

During the construction phase of the project, all attributable expenditure including finance costs is included in amounts recoverable on contracts and turnover. Upon the asset becoming operational, the costs are transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and turnover using a constant operating margin on costs. The remainder of the PFI income will be allocated to the finance debtor.

g) Operating costs

Operating costs are added to amounts recoverable on contract during the construction period. Following commissioning, regular operating, maintenance and central costs will be expensed to the profit and loss account as incurred.

h) Interest payable

Interest costs on borrowings are added to amounts recoverable on contract during the construction phase of the contract, and then written off to the profit and loss account over the period of concession. These costs are included in the finance debtor, which is amortised, using a finance debtor rate of 5.05%, over the concession.

i) Financial Instruments

The subsidiary uses financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purpose.

j) Bank Borrowings

Interest-bearing bank loans and overdraft are recorded at the proceeds received, net of direct issue costs. Finance Charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

k) Cash

Cash comprises of cash at bank and in hand and short term deposits with original maturity of less than three months.

l) Government Grants

Grants received have been capitalised and a property specific rate has been used to generate a constant release over the life of the contract.

Notes to the financial statements for the year ended 31 December 2012 (continued)

2 TURNOVER

	Group 2012 £'000	Group 2011 £'000
Turnover in the year is analysed as follows		
Service fee revenue	2,533	2 143
Other revenue	127	-
	<u>2,660</u>	<u>2 143</u>

3 OPERATING PROFIT

	Group 2012 £'000	Group 2011 £'000
Operating profit is stated after charging		
Fees payable to the Company's auditor for the audit of the Company	2	2
Fees payable to the Company's auditor for the audit of the Company's immediate undertaking	6	6
Other operating costs	1,444	1 231
Other overhead and administrative costs	640	630

4 DIRECTORS REMUNERATION

Directors' Fees' of £60 000 were paid to the shareholders as remuneration for services to the Company during the current year (2011 - £58 000)
The Group is managed by secondees under a management services contract

5 STAFF NUMBERS

The Company had no employees during the year (2011 - nil)

6 NET INTEREST RECEIVABLE

	Group 2012 £'000	Group 2011 £'000
Interest receivable and similar income		
Interest receivable on bank deposits	171	116
Interest receivable on finance debtor	2,573	2 788
Other interest receivable	769	650
	<u>3,513</u>	<u>3 554</u>
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	(2,191)	(2 440)
Amortised debt issue costs	(40)	(40)
Commitment fee on undrawn loan facility	(35)	(35)
Interest payable to parent undertakings	(978)	(1 012)
	<u>(3,245)</u>	<u>(3 527)</u>
Net interest receivable	<u>268</u>	<u>27</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Group 2012 £'000	Group 2011 £'000
<u>Analysis of tax charge for the year</u>		
Current tax		
UK corporation tax	(205)	-
UK corporation tax at 20% on non trade financial profit	-	(23)
Total current tax	<u>(205)</u>	<u>(23)</u>
Deferred tax		
Tax losses recognised	-	(57)
Total deferred tax	<u>-</u>	<u>(57)</u>
Total tax charge on profit on ordinary activities	<u>(205)</u>	<u>(80)</u>

PFI CAMDEN (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the current year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax are as follows

	Group 2012 £'000	Group 2011 £'000
Profit on ordinary activities before taxation	836	301
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%) - see note below	(205)	(80)
Effects of		
Accelerated capital allowances	-	80
Tax on non trade financial profit at 20%	-	(23)
Total current tax charge for the year	(205)	(23)

For the year ended 31 December 2012 the blended UK rate of 24.5% is applied due to the change in the UK corporation tax rate from 26% to 24% with effect from 1 April 2012

8 DIVIDENDS

	Group 2012 £'000	Group 2011 £'000
Equity shares		
- Interim and final dividend paid of £199.16 (2011: £nil) per share	(199)	-

9 INVESTMENTS

	Shares in group undertaking £'000
Cost	
At 1 January 2012	1
At 31 December 2012	1
Net book value	
At 31 December 2011	1
At 31 December 2012	1

PFI Camden (Holdings) Ltd holds 100% of the nominal value of the ordinary share capital of Partners For Improvement in Camden Ltd which is registered in England and provides refurbishment works, repairs and housing management services to council-owned properties

In the opinion of the Directors the aggregate value of the investment is not less than the amount stated in the balance sheet

10 DEBTORS

	Group		Company	
	2012	2011 (Restated)	2012	2011
Due within one year	£'000	£'000	£'000	£'000
Finance debtor	4,866	4,638 *	-	-
Amounts owed from subsidiary undertaking	-	-	243	-
Deferred tax asset	-	86	-	-
Financial assets	6,752	6,105 ***	-	-
Prepayments and accrued income	975	1,612 **	-	-
	12,393	12,441	243	-
Due after more than one year				
Finance debtor	43,810	48,198 *	-	-
Prepayments and accrued income	-	310	-	-
Amounts owed from subsidiary undertaking	-	-	7,413	7,904
	43,810	48,508	7,413	7,904

*£4,638,000 of certain Finance Debtor balances due after more than one year restated in 2011 to Finance Debtor due within one year

Financial assets include amounts held within deposit accounts with a maturity of not less than 3 months from the initial deposit

**£350,100 of certain Prepayments and accrued income balances due within one year restated in 2011 to Unamortised debt issue costs due within one year and after more than one year

***£6,105,000 of cash restated in 2011 to Financial Assets

The amounts owed from subsidiary undertaking in the current and prior year are repayable in line with repayments schedules. Interest is charged at agreed arms length interest rates

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 CREDITORS

	Group		Company	
	2012	2011 (Restated)	2012	2011
	£'000	£ 000	£'000	£ 000
Amounts falling due within one year				
Bank loans (note 12)	4,165	3 950	-	-
Less unamortised debt issue costs	(40)	(40) **	-	-
Amounts owed to parent undertakings	243	368	-	-
Trade creditors	46	-	-	-
Other taxation and social security	280	283 *	-	-
Corporation tax	112	23	-	-
Other creditors	719	742 * ***	-	-
Accruals and deferred income	10,569	9 862 *	-	-
	<u>16,094</u>	<u>15 188</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year				
Bank loans (note 12)	29,698	33,863	-	-
Less unamortised debt issue costs	(270)	(310) **	-	-
Other Creditors	6,447	7 454 ***	-	-
Amounts owed to parent undertakings	7,413	7 535	7,656	7 904
	<u>43,288</u>	<u>48 542</u>	<u>7,656</u>	<u>7 904</u>
Analysis of debt				
Debt can be analysed as falling due				
In one year or less	4,165	3 950	-	-
Between one and two years	4,303	4 165	-	-
Between two and five years	13,373	13 175	-	-
In five years or more	18,435	24 059	7,656	7 904
	<u>41,276</u>	<u>45 349</u>	<u>7,656</u>	<u>7 904</u>
Less unamortised debt issue costs	(310)	(350)	-	-
	<u>40,966</u>	<u>44 999</u>	<u>7,656</u>	<u>7 904</u>

*£9,306,000 of certain Other creditors balances as at 31 December 2011 have been restated to Other taxation and social security (£283 000) and Accruals and deferred income (£9 023 000)

**£350 000 of certain Prepayments and accrued income balances due within one year restated in 2011 to Unamortised debt issue costs due within one year and after more than one year

***£7 108 000 of certain Other creditors due within one year restated in 2011 to Other Creditors due after more than one year

The amounts owed to parent undertakings in the current and prior year are repayable in line with repayments schedules. Interest is charged at agreed arms length interest rates

12 LOANS

Partners for Improvement in Camden Limited has a £44 million credit facility provided by a syndicate of banks in order to finance the construction of the project. The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum through to 2020

Interest on the facility is charged at rates linked to LIBOR. Partners for Improvement in Camden Limited has entered into two interest rate swaps to mitigate its interest exposure which have a negative fair value at 31 December 2012 of £5 689 638 (2011 - £6 009 596)

13 CALLED UP SHARE CAPITAL

	Group / Company	
	2012	2011
	£'000	£'000
Allotted, called up and fully paid		
1 000 ordinary shares of £1 each	1	1

14 MOVEMENT IN RESERVES

	Group Profit and loss account £'000
At 1 January 2012	(151)
Profit for the financial year	631
Dividends paid on equity shares (note 8)	(199)
At 31 December 2012	<u>281</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS / (DEFICIT)

	Group		Company	
	2012	2011	2012	2011
	£'000	£ 000	£'000	£'000
Profit for the financial year	631	221	199	-
Dividends paid on equity shares (note 8)	(199)	-	(199)	-
Net addition to shareholder's funds	432	221	-	-
Opening shareholder's funds	(150)	(371)	1	1
Closing shareholder's funds	<u>282</u>	<u>(150)</u>	<u>1</u>	<u>1</u>

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 TRANSACTIONS WITH RELATED PARTIES

There were related party transactions between the Group and the following parties

	2012 £'000	2011 £'000
Total Fees Paid		
Uberor Fund Manager Limited (Part of Lloyds Banking Group Plc)	30	29
JLIF (GP) Limited (Part of John Laing Infrastructure Fund Group)	30	-
Palio (No 8) Limited	682	-
BOS Infrastructure Limited	521	-
Details of payments made to Uberor Fund Manager Limited are as follows		
Directors fees	30	29
Details of payments made to JLIF (GP) Limited are as follows		
Directors fees	30	-
Details of payments made to Palio (No 8) Limited are as follows		
Subordinated debt interest charged	521	-
Management and other fees	161	-
Subordinated debt repayment	92	-
Details of payments made to BOS Infrastructure Limited are as follows		
Subordinated debt interest charged	521	-
Subordinated debt repayment	92	-
Balance payable at 31 December		
Palio (No 8) Limited	121	-
BOS Infrastructure Limited	121	-

On the 17 January 2012 United House Group Holdings Limited sold its interests in PFI Camden (Holdings) Limited to Palio (No 8) Limited a subsidiary of John Laing Infrastructure Fund Limited

The Lloyds Banking Group Plc is the ultimate parent company to both BOS Infrastructure (No 3) Limited which is a 50% shareholder of PFI Camden (Holdings) Limited and BOS Infrastructure Limited which has provided 50% of the subordinated debt facility

All transactions with related parties were at arm's length

17 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Operating profit	588	274
Decrease in debtors	4,724	3,254
Increase in creditors	3,035	3,668
Net cash inflow from operating activities	8,327	7,196

18 RECONCILIATION OF MOVEMENT IN NET DEBT

	At 1 January 2012 £'000	Cash flow £'000	Other non- cash changes £'000	At 31 December 2012 £'000
Cash in hand and at bank	2,631	830	-	3,461
Debt due within one year	(4,318)	4,441	(4,248)	(4,125)
Debt due after one year	(41,399)	-	4,558	(36,841)
Net debt	(43,086)	5,271	310	(37,505)

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2012 £'000
Increase in cash in hand and at bank	830
Cash outflow from decrease in debt	4,441
Other non cash movements	310
Decrease in net debt	5,581
Net debt at 1 January 2012	(43,086)
Net debt at 31 December 2012	(37,505)

20 ULTIMATE PARENT UNDERTAKING

The Company is a joint venture between BOS Infrastructure (No 3) Limited (50%) and Palio (No 8) Limited (50%). The companies are incorporated in Great Britain and registered in England and Wales. The Directors consider there to be no ultimate controlling party or ultimate parent company.