

EQUITIX HOLDINGS LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011**

TUESDAY



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COMPANIES HOUSE

Registered Number: 05972500

EQUITIX HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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EQUITIX HOLDINGS LIMITED

DIRECTORS AND ADVISORS

Directors

H B Crossley
G A Jackson
K J Maddin
N G B Parker

Company secretary and registered office

H B Crossley
Boundary House
91-93 Charterhouse Street
London
EC1M 6HR

Auditor

Deloitte LLP
Chartered Accountants
London

Principal bankers

Royal Bank of Scotland Plc
2 1/2 Devonshire Square
London
EC2M 4XJ

Principal legal advisor

Lovells LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

EQUITIX HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activities of the Group are to bid and develop primary market opportunities available under the Private Finance Initiative. The Group also manages the process of secondary market acquisitions and provides operational support to all investments held by Equitix Fund I LP ("Fund I") and Equitix Fund II LP ("Fund II") via management services agreements. Equitix GP 1 Limited, a wholly owned subsidiary within the Group, is appointed General Partner to Equitix Fund I LP and Equitix GP 2 Limited, a wholly owned subsidiary within the Group is appointed General Partner to Equitix Fund II LP, these companies are liable in the first instance for all the debts of Fund I and Fund II respectively without limitation and binding Fund I and Fund II in all aspects with their acts.

Subsidiaries and associated undertakings principally affecting the profits or net assets of the Group in the year are listed below, and in the business review section.

The principal activity of the Company is to act as parent to Equitix Limited, Equitix Finance Limited, Equitix No 1 Limited, Equitix No 2 Limited, Equitix GP 1 Limited, Equitix GP 2 Limited, Equitix Management Services Limited, Equitix EPS GP Limited, Equitix EPS LP and Equitix Investment Management Limited, all of which are subsidiaries of the Company.

RESULTS AND DIVIDENDS

The retained profit after tax for the year was £3,323,631 (2010 - £165,200 loss)

The Directors do not recommend the payment of a dividend (2010 - £nil)

CAPITAL STRUCTURE

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 20. The Company has three classes of ordinary share, none of which carry any right to fixed income. Only "A" and "C" class shares carry voting rights at one vote per share at general meetings of the Company.

DIRECTORS

The Directors who served throughout the year up to the date of this report, except as noted, are shown on page 1.

AUDITOR

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

- so 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/she ought to have taken as a Director in order to make himself/herself 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 provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

GOING CONCERN

The Group's financial position, cash flows, liquidity position and borrowing facilities together with the factors likely to affect its future performance are set out in the balance sheet, cash flow statement, notes 18 and 23 to the financial statements and in the Directors' Report on pages 2 and 3.

The Directors consider that the Group has the appropriate support from CS Capital Partners III LP as sole subscriber to the Group's loan notes as disclosed in note 18, taking into account the Directors' assessment of their willingness to continue to provide such support including the waiver of covenant breaches of the Group's loan notes as necessary. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance and any current economic uncertainties, show that the Group should be able to operate within the level of this support, and therefore the financial statements have been prepared on the going concern basis.

BUSINESS REVIEW

The Equitix Holdings Limited Group, via Equitix Investment Management Limited, has helped to fully invest all committed capital in Fund I and therefore is fulfilling its obligations under a Forward Investment Agreement with Fund II for all new project developments, as such the Group will offer all opportunities for first refusal to Fund II.

The Group will continue to identify and secure opportunities for reinvestment of Fund I capital, where available, on assets and investments that are already currently held by Fund I until the Investment Period for Fund I expires.

The business review continued overleaf discusses the following areas:

- Primary market activity
- Secondary market activity
- Supplier and customer payment policy
- Key performance indicators
- Financial risk review

EQUITIX HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

PRIMARY MARKET ACTIVITY

The Group was appointed preferred bidder on Greater Gabbard OFTO project in May 2011 and expects to achieve financial close by November 2012

The Group was appointed preferred bidder on West Yorkshire Police PFI Project in December 2011 and expects to achieve financial close by May 2012. Both of these investments are expected to be acquired by Equitix Fund II LP.

The Group achieved financial close on Community Lighting Partnerships (Oldham) and Community Lighting Partnerships (Rochdale) during the year, both investments were acquired by Equitix Fund II LP.

The Group continues to maintain a Forward Investment Agreement with Equitix Fund II LP, an unregulated collective investment scheme which is managed by Equitix Investment Management Limited, a fellow group undertaking. The terms of the Forward Investment Agreement allow Equitix Fund II LP first refusal rights for any project developed that fit its investment criteria.

SECONDARY MARKET ACTIVITY

Secondary market opportunities are targeted in terms of how well they fit into the portfolio of Equitix Fund II LP.

The Group performs rigorous due diligence checks of all project documents and sites utilising the expertise and knowledge of internal staff and external consultants to ensure the price offered for acquisitions reflects a fair value.

The Group recommended the acquisition of 50% of Arden Partnership (Lincolnshire) Holdings Limited, 50% of Arden Partnership (Leicester) Holdings Limited, 50% of Arden Partnership (Derbyshire) Holdings Limited, 100% of Primary Plus Holdings Limited and 60% of E4 Schools Holdings Limited to Equitix Fund II LP, all acquisitions were successfully completed during the year.

SUPPLIER PAYMENT POLICY

The Group policy is to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that all suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2011 were equivalent to 106 days' purchases (2010 - 64 days), based on the average daily amount invoiced by suppliers during the period.

KEY PERFORMANCE INDICATORS

The key performance indicators for the Group are primarily client and financially focused, including those listed below:

- progress of individual primary project bids,
- comparison of actual bid costs to budget,
- value of all secondary market acquisitions held in the Equitix Fund I and Equitix Fund II portfolios, and
- all operational projects, within the Equitix Fund I and Equitix Fund II Groups, and managed by the Group, are performing within the restrictions of all project documentation.

As discussed above, the Group has successfully developed various projects through to financial close for Equitix Fund I LP and Equitix Fund II LP and has a further pipeline of primary projects that fit within the investment criteria of Fund II.

The Group continues to form strong and successful consortia when bidding for primary projects and ensures that deals are not only selected for financial feasibility but also to create balance within the Funds.

The Group has managed all bid costs effectively and all projects are currently performing within budget.

The Group does not hold a portfolio of primary or secondary assets as the Group will enter into a Forward Investment Agreement for each primary project developed to be placed into Equitix Fund II LP, an unregulated collective investment scheme managed by Equitix Investment Management Limited, a fellow group undertaking. However, wherever applicable, the Group will provide staff and management resources to the project SPCs to ensure that all projects are meeting and exceeding the requirements of all project documentation and that the value of each project, primary and secondary, is maintained within the constraints of the Group's control.

FINANCIAL RISK REVIEW

The Group has a deep discounted loan note agreement with CS Capital Partners III LP, to draw-down loan capital on a monthly basis as necessary. The deep discounted loan notes accrue interest on a daily compounded basis until redeemed or ultimately due at a fixed rate of 12%, therefore the Group is not exposed to risks of fluctuations in interest rates. The Group's financial obligations are disclosed under note 18.

The Group has adopted a policy of only dealing with credit worthy counterparties and PFI / PPP concessions are entered into with government or semi-government authorities. The Group insists on contractual agreements with bidding counterparties to share cost dependent upon project stakes and services provided prior to pursuing a bid. Rigorous testing is performed on every new Fund investor to limit the risk of counter-party default in respect of investments that the Group offers to the Fund, these tests include an element of money laundering inspection to mitigate the risk of fraud or use of proceeds of criminal enterprise.

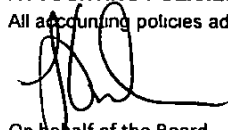
Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

POST BALANCE SHEET EVENTS

All post balance sheet events have been disclosed in note 26.

ACCOUNTING POLICIES

All accounting policies adopted in the current and prior year have been applied consistently throughout.


On behalf of the Board
G A Jackson

Date 30 April 2012

EQUITIX HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 such financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the accounts 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, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Directors' Responsibility Statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and

the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board


Chief Executive Officer
Geoffrey Jackson
Date 30 April 2012


Chief Investment Officer
Hugh Crossley
Date 30 April 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX HOLDINGS LIMITED

We have audited the financial statements of Equitix Holdings Limited for the year ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 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 group's and the parent 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 with 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 of the parent company's affairs as at 31 December 2011 and of the group's profit and the Company's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Ross Howard (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

Date 30 April 2012

EQUITIX HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Revenue	1, 4	12,205,391	7,469,739
Cost of sales*		-	-
Gross profit		12,205,391	7,469,739
Administrative expenses		(7,488,802)	(6,750,440)
Operating profit	6	4,716,589	719,299
Investment revenue	10	94,342	315,422
Finance costs	11	(1,849,683)	(1,345,587)
Income from participating interests	1e	321,630	152,708
Profit / (loss) on ordinary activities before taxation		3,282,878	(158,158)
Tax on profit / (loss) on ordinary activities	12	40,754	(7,042)
Profit / (loss) for the year	21	3,323,631	(165,200)

All items in the consolidated income statement relate to continuing operations

There are no items of comprehensive income in the current or prior year other than those shown above

* Cost of sales for the year ended 31 December 2010 have been restated for the purposes of consistency, turnover for 2010 has been reduced by £1,184,714 which was previously presented as cost of sales

EQUITIX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained	Total
	£	earnings	£
		£	
Balance as at 1 January 2010	1,000	(5,303,350)	(5,302,350)
Profit for the year	-	(165,200)	(165,200)
Balance as at 31 December 2010 and 1 January 2011	1,000	(5,468,550)	(5,467,550)
Profit for the year	-	3,323,631	3,323,631
Issue of share capital	113	-	113
Balance as at 31 December 2011	1,113	(2,144,919)	(2,143,806)


EQUITIX HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
Non-current assets			
Investments in joint ventures	13	116,500	116,500
Investments	13	1,594,777	1,037,698
Property, plant and equipment	14	134,477	166,448
Intangibles	15	5,800,032	4,308,674
Trade and other receivables	16	2,317,679	2,761,168
		<u>9,963,465</u>	<u>8,390,488</u>
Current assets			
Trade and other receivables	16	6,923,753	5,399,921
Amounts owing from participating interests		454,817	181,687
Cash and cash equivalents	16	1,346,832	358,625
		<u>8,725,402</u>	<u>5,940,233</u>
Total assets		<u>18,688,868</u>	<u>14,330,721</u>
Current liabilities			
Trade and other payables	17	(2,504,110)	(2,040,729)
Deferred income	17	-	(3,841,066)
Current tax		(25,642)	(66,396)
		<u>(2,529,753)</u>	<u>(5,948,191)</u>
Net current assets / (liabilities)		<u>6,195,650</u>	<u>(7,958)</u>
Total assets less current liabilities		<u>16,159,115</u>	<u>8,382,530</u>
Non-current liabilities			
Trade and other payables	17	(1,533,477)	(297,000)
Loans from related parties	18	(16,769,443)	(13,553,080)
		<u>(18,302,920)</u>	<u>(13,850,080)</u>
Net liabilities		<u>(2,143,806)</u>	<u>(5,467,550)</u>
Capital and reserves			
Called up share capital	20	1,113	1,000
Profit and loss account	21	(2,144,919)	(5,468,550)
Shareholders' deficit		<u>(2,143,806)</u>	<u>(5,467,550)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2012

They were signed on its behalf by


G A Jackson

EQUITIX HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Year ended 31 December 2011	Year ended 31 December 2010 £
Net cash generated / (used) in operating activities*	22	<u>2,676,895</u>	<u>(1,899,488)</u>
Investing activities			
Interest received	10	5,113	1,422
Interest paid	11	(1)	(7)
Purchase of property, plant and equipment	14	(34,958)	(62,921)
Acquisition of intangibles**		(2,551,875)	(3,504,463)
Acquisition of loans and receivables	13	(557,079)	(434,702)
Acquisition of joint ventures	13	-	(116,500)
Net cash (used) in investing activities		<u>(3,138,800)</u>	<u>(4,117,171)</u>
Financing activities			
Proceeds on issue of deep discounted loan notes	18	1,450,000	3,990,000
Redemption of deep discounted loan notes	18	-	-
Issue of ordinary share capital		113	-
Net cash from financing activities		<u>1,450,112</u>	<u>3,990,000</u>
Net increase / (decrease) in cash and cash equivalents		<u>988,207</u>	<u>(2,026,659)</u>
Cash and cash equivalents at beginning of period		358,625	2,385,284
Cash and cash equivalents at end of period		<u>1,346,832</u>	<u>358,625</u>

* Net cash used in operating activities for the year ended 31 December 2010 has been adjusted to remove the acquisition of intangibles as referred to in note 15, an adjustment has been made in note 22 to this effect

** Acquisition of intangibles for the year ended 31 December 2010 has been adjusted to reflect the gross payments made for intangibles, previously this value had been included in Net cash used in operating activities

Notes to the consolidated financial statements for the year ended 31 December 2011

1 ACCOUNTING POLICIES

a) General information

Equitix Holdings Limited is a company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 2 inclusive of the business review on page 3.

These financial statements are presented in pounds sterling being the currency of the primary economic environment in which the Group operates.

b) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group's financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, the principal accounting policies adopted are set out below.

The financial statements have been prepared on the going concern basis for the reasons set out in the Directors' Report.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

d) Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit and loss account as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) *Business Combinations* are initially recognised at their fair value at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related tax.

Revenue associated to the provision of services is accrued on a time basis over a period to which the delivery of the service is set.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income from participating interests is recognised when the shareholders' rights to receive payment have been established.

Revenue recognised in the current year as shown in note 4 represents income derived from the Equitix Fund I LP and Equitix Fund II LP general partners' shares, which is recognised on a time value basis, net of all discounts, and income derived from recharges of Equitix Fund I LP and Equitix Fund II LP costs which is recognised when the Group achieves the right to recharge these costs to the Funds.

Income related to the development and transfer of primary PFI assets into Equitix Fund I LP and Equitix Fund II LP is accrued on a time basis over the construction period of each project.

Income arising on successfully achieving financial close on primary projects is recognised in full when the Group becomes entitled to recover income, this income is presented net of discounts, VAT and other sales taxes.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are the assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

g) Operating profit

Operating profit is stated after charging restructuring costs and after the share of results of participating interests but before investment income and finance costs

h) Retirement benefit costs

Staff employed by the Group who are entitled to retirement benefits, can choose to be members of a defined contribution stakeholder scheme sponsored by Equitix Limited in conjunction with Legal and General Assurance Society Limited

Retirement benefit costs are recognised as incurred

i) Taxation

The tax expense represents the sum of tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

j) Property, plant and equipment

Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives using the straight-line method, on the following bases

Fixtures and fittings	5 years
Computer and telecommunications equipment	3 years
Other office equipment	3 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement

k) PFI bid costs

PFI bid costs are charged to the profit and loss account until such time as the Company is virtually certain that it will enter into contracts for the relevant PFI project

Virtual certainty is generally achieved at the time the Company is selected as preferred bidder. From the point of virtual certainty, bid costs are capitalised and held in the balance sheet as a debtor prior to achieving financial close. On financial close of PFI projects and financing agreements, the Company recovers capitalised bid costs from the relevant project company. The recovery of bid costs from project companies is recognised in the period of financial close

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

l) Investments

Fixed asset investments are shown at cost less provision for impairment

Investments shown on the balance sheet represent long-term loans to Equitix Fund I LP and Equitix Fund II LP as disclosed in note 13

m) Intangible assets

Intangible assets recognised represent the right to future income from Equitix Fund I LP and Equitix Fund II LP secured through the management service agreement held by Equitix Investment Management Limited as a consequence of expenditure on placement fees. The assets associated to Equitix Fund I LP are being amortised on a straight line basis over the life of Fund I being 25 years to November 2033, the assets associated to Equitix Fund II LP are being amortised on a straight line basis over the life of Fund II being 25 years to November 2035

Further intangible assets recognised represent the right to future income from Equitix Fund I LP and Equitix Fund II LP derived from the development and transfer of primary PFI and PPP projects. These assets are being amortised over each respective project construction period on a straight line basis

n) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material

o) Impairment of financial assets

For trade receivables, assets are not impaired individually and are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 100 days, as well as observable changes in national or local economic conditions that correlate with default of receivables

When a trade receivable is considered uncollectable, it is written off through the income statement

p) Cash and cash equivalents

Cash and cash equivalents comprise on hand and demand deposits and other highly liquid investments with an original maturity period of no more than three months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

q) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either fair value through profit and loss ("FVTPL") or as other financial liabilities, which are recognised at fair value and thereafter held at amortised cost. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

r) Financial risk management

The Group has a loan with CS Capital Partners III LP, the Group's immediate parent, with a fixed interest rate of 12%. This loan, including accrued interest, is repayable when the Group has sufficient surplus cash and falls ultimately due in February 2014

Details of the Group's financial risk management are contained in note 23

The Group does not have any other borrowings, loans or overdrafts that expose the Group to financial risks

s) Assessable risks

Credit risk

The Group is not exposed to significant credit risk as the Group derives revenue from PFI concessions with government departments, local authorities and other public sector clients, and from Equitix Fund I LP and Equitix Fund II LP unregulated collective investment schemes managed by Equitix Investment Management Limited, a group undertaking. Details of the Group's recognition policy regarding these revenues is contained in note 1e

Equitix Fund I LP and Equitix Fund II LP do not represent a significant credit risk to the Group as partners in the Fund are bound to a certain level of commitment under the terms of a Limited Partnership Agreement. Rigorous checks are made prior to the acceptance of new Fund investors to verify financial resources and origins of investment capital

Liquidity risk

The Group adopts a prudent approach to liquidity management and maintains sufficient cash reserves to meet its obligations. The very nature of the Group's activities mean that all counterparties are selected depending upon financial and resource capacity criteria, and that all revenue is derived from investments managed by the Group is sustainable, with all material risk managed and mitigated

Foreign exchange risk

The Group does not currently have any exposure to foreign currency exchange risk, nor does it have any immediate plans to geographically deviate its focus

Notes to the consolidated financial statements for the year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

t) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

u) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Deep Discounted Bonds - Interest Rate

As disclosed in note 23 the Group has an agreement with its immediate parent CS Capital Partners III LP to issue deep discounted loan notes until the redemption date as disclosed in note 18, the Directors believe that the interest rate attached to the deep discounted loan notes reflects the market rate attributable to similar instruments based on a similar business model as the Group, therefore the Directors believe that the deep discounted loan note value in note 23 reflects fair value at the balance sheet date.

2 SIGNIFICANT AGREEMENTS

General Partner Share - Equitix Fund I LP

As the general partner of Fund I, Equitix GP 1 Limited is entitled to receive the General Partner Share, calculated at 0.3% percent per annum of the limited partners' commitments to the Fund, plus 0.95% percent of the total amount of invested commitments (including the total amount the partnership has legally committed to invest but not invested or drawn down), during the investment period.

After the investment period, the General Partner Share shall be 1.25% of the total amount of invested commitments (including the total amount the partnership has legally committed to invest but not invested or drawn down) of Fund I.

The General Partner Share is calculated on a daily basis and is receivable from Fund I half-yearly, during the waterfall payment period. The General Partner Share is shown as gross revenue, however it is subject to subsequent charges as per side letter agreements with Fund I investors.

As EPS Partner to Fund I, if Fund I maintains a return above the hurdle rate throughout the Measurement Period defined in the Limited Partnership Agreement, Equitix GP 1 Limited will be entitled to a 20% share of returns exceeding the hurdle rate for the period in question, but limited to an overall return of 20% by the Limited Partnership, the Group accounts for EPS income only once it is entitled to receive such payments from the realised gains of Fund portfolios with no risk of clawback.

Management Services Agreement - Equitix Fund I LP

Equitix GP 1 Limited has entered into an agreement with Equitix Investment Management Limited ("the Partnership Manager") for management and administration services. Charges are determined by the level, quality and quantity of services provided and are accounted for on an accruals basis.

Notes to the consolidated financial statements for the year ended 31 December 2011

2 SIGNIFICANT AGREEMENTS (continued)

Waterfall distribution rights - Equitix Fund I LP

The waterfall distributions of the Partners are as follows

- first, the General Partner in payment of the General Partner's Share. The General Partner Share is an amount the General Partner shall be entitled to receive in respect of each waterfall period as a first charge on Net Income and Capital Gains,
- second, the Investors pro rata to the amount of their respective commitments until they achieve a fund return of 7.5% hurdle rate,
- third, the Investors to repay their loans, which shall be callable,
- fourth, the Investors, 80% of the returns to the extent that the measurement of the period return exceeds 7.5% but is less than or equal to 20% over the measurement period ending on the relevant waterfall date,
- fifth, to the EPS Partner, 20% of the returns to the extent that the measurement period return exceeds 7.5% but is less than or equal to 20% over the measurement period ending on the relevant waterfall date,
- sixth, the Investors until their measurement period return exceeds 20% over the measurement period ending on the relevant waterfall date, and
- lastly, the Investors' capital contributions, to be repaid with any balances left at the end of the partnership after the payment of all the above distributions

General Partner Share - Equitix Fund II LP

As the general partner of Fund II, Equitix GP 2 Limited is entitled to receive the General Partner Share, calculated at 0.3% percent per annum of the limited partners' commitments to Fund II, plus 0.95% percent of the total amount of invested commitments (including the total amount the partnership has legally committed to invest but not invested or drawn down), during the investment period

After the investment period, the General Partner Share shall be 1.25% of the total amount of invested commitments (including the total amount the partnership has legally committed to invest but not invested or drawn down) of Fund II

The General Partner Share is calculated on a daily basis and is receivable from Fund II half-yearly, during the waterfall payment period. The General Partner Share is shown as gross revenue, however it is subject to subsequent charges as per side letter agreements with Fund II investors

As EPS Partner to Fund II, if Fund II maintains a return above the hurdle rate throughout the Measurement Period defined in the Limited Partnership Agreement, Equitix GP 2 Limited will be entitled to a 20% share of returns exceeding the hurdle rate for the period in question, but limited to an overall return of 20% by the Limited Partnership, the Group accounts for EPS income only once it is entitled to receive such payments from the realised gains of Fund portfolios with no risk of clawback

Management Services Agreement - Equitix Fund II LP

Equitix GP 2 Limited has entered into an agreement with Equitix Investment Management Limited ("the Partnership Manager") for management and administration services. Charges are determined by the level, quality and quantity of services provided and are accounted for on an accruals basis

Waterfall distribution rights - Equitix Fund II LP

The waterfall distributions of the Partners are as follows

- first, the General Partner in payment of the General Partner's Share. The General Partner Share is an amount the General Partner shall be entitled to receive in respect of each waterfall period as a first charge on Net Income and Capital Gains,
- second, the Investors pro-rata to the amount of their respective commitments until they achieve a fund return of 7.5% hurdle rate,
- third, the Investors to repay their loans, which shall be callable,
- fourth, the Investors, 80% of the returns to the extent that the measurement of the period return exceeds 7.5% but is less than or equal to 20% over the measurement period ending on the relevant waterfall date,
- fifth, to the EPS Partner, 20% of the returns to the extent that the measurement period return exceeds 7.5% but is less than or equal to 20% over the measurement period ending on the relevant waterfall date,
- sixth, the Investors until their measurement period return exceeds 20% over the measurement period ending on the relevant waterfall date, and
- lastly, the Investors' capital contributions, to be repaid with any balances left at the end of the partnership after the payment of all the above distributions

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

3 INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - ADOPTION OF NEW AND REVISED STANDARDS

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IFRS 3 (2008) Business Combinations,
IAS 27 (2008) Consolidated and Separate Financial Statements,
IAS 28 (2008) Investments in Associates,
Amendment to IAS 17 Leases,
Amendment to IAS 39 Financial Instruments: Recognition and Measurement,
IFRIC 17 Distributions of Non-cash Assets to Owners, and
IFRS 2 (amended) Group Cash-settled Share-based Payment Transactions

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IAS 24 (amended) - Related Party Disclosures,
IAS 32 (amended) - Classification of Rights Issues,
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments,
IFRIC 14 - Prepayments of a Minimum Funding Requirement,
Improvements to IFRSs (May 2010)
IFRS 9 - Financial Instruments,
IFRS 10 - Consolidated Financial Statements,
IFRS 11 - Joint Arrangements,
IFRS 12 - Disclosure of Interests in Other Entities,
IFRS 13 - Fair Value Measurement

The adoption of IFRS 9 which the Company plans to adopt when endorsed by the EU will impact both the measurement and disclosures of Financial Instruments.

The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Group in future periods.

4 REVENUE

An analysis of the Group's revenue is as follows:

	2011	2010
	£	£
Continuing operations		
Recharge of Equitix Fund I LP costs*	-	103,131
Recharge of Equitix Fund II LP costs	179,390	-
Income derived from Equitix Fund I LP general partner's share	1,292,187	1,116,972
Income derived from Equitix Fund II LP general partner's share	816,837	26,345
Income derived from Equitix Fund I LP PFI companies for success fees	-	2,057,077
Deferred set up income derived from Equitix Fund I LP PFI companies	3,841,066	-
Income derived from Equitix Fund II LP PFI companies for success fees	200,000	-
Income derived from Equitix Fund I LP PFI companies for management services	465,261	447,545
Income derived from Equitix Fund I LP for construction management of primary projects	3,731,645	3,585,521
Income derived from Equitix Fund II LP for construction management of primary projects	1,679,005	133,148
	<u>12,205,391</u>	<u>7,469,739</u>
Investment revenue	<u>94,342</u>	<u>315,422</u>
	<u>12,299,734</u>	<u>7,785,161</u>

* Cost of sales for the year ended 31 December 2010 have been restated for the purposes of consistency, turnover for 2010 has been reduced by £1,184,714 which was previously presented as cost of sales.

Notes to the consolidated financial statements for the year ended 31 December 2011

5 BUSINESS AND GEOGRAPHICAL ANALYSIS CONTINUED

The Group is not required to apply IFRS8 and present segmental data, however the Directors believe that this data serves to enhance the data presented in these financial statements

Geographical analysis

The Group trades solely within the United Kingdom

Business analysis

The Group trades in both the primary market and secondary market of the PFI industry as well as administering private investment funds, thus activity is presented under these three headings as below:

	Primary market 2011	Secondary market 2011	Private investment funds 2011	Total 2011
	£	£	£	£
Income statement				
Operating profit	3,590,068	237,607	2,731,601	6,559,276
Revenues	9,712,273	337,852	3,997,924	14,048,049
Administration expense	(6,122,204)	(100,246)	(1,266,323)	(7,488,773)
Investment income	-	-	-	94,342
Finance costs	-	-	-	(1,849,683)
Income from participating interests	-	-	-	321,630
Profit before taxation	-	-	-	3,282,878
Taxation	-	-	-	40,754
Profit after taxation	-	-	-	3,323,631
Balance sheet				
Assets				
Investments	-	-	1,711,277	1,711,277
Property, plant and equipment	134,477	-	-	134,477
Intangible assets	-	-	5,800,032	5,800,032
Trade and other receivables	350,836	-	8,890,596	9,241,432
Amounts owing from participating interests	-	-	454,817	454,817
Cash and cash equivalents	1,216,640	-	130,192	1,346,832
Liabilities				
Trade and other payables	(1,976,111)	-	(2,061,476)	(4,037,587)
Deferred revenue	-	-	-	-
Corporation tax creditor	(25,642)	-	-	(25,642)
Loans from related parties	(16,769,443)	-	-	(16,769,443)
Net (liabilities) / assets	(17,069,243)	-	14,925,437	(2,143,806)

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

5 BUSINESS AND GEOGRAPHICAL ANALYSIS CONTINUED

The Group is not required to apply IFRS8 and present segmental data, however the Directors believe that this data serves to enhance the data presented in these financial statements

Geographical analysis

The Group trades solely within the United Kingdom

Business analysis

The Group trades in both the primary market and secondary market of the PFI industry as well as administering private investment funds, thus activity is presented under these three headings as below:

	Primary market 2010 £	Secondary market 2010 £	Private investment funds 2010 £	Total 2010 £
Income statement				
Operating profit / (loss)	694,214	(529,803)	554,888	719,299
Revenues	6,122,280	201,921	2,330,252	8,654,453
Cost of sales	-	-	(1,184,714)	(1,184,714)
Administration expense	(5,428,066)	(731,724)	(590,650)	(6,750,440)
Investment income	-	-	-	315,422
Finance costs	-	-	-	(1,345,587)
Income from participating interests	-	-	-	152,708
Loss before taxation	-	-	-	(158,158)
Taxation	-	-	-	(7,042)
Loss after taxation	-	-	-	(165,200)
Balance sheet				
Assets				
Investments	-	-	1,154,198	1,154,198
Property, plant and equipment	166,448	-	-	166,448
Intangible assets	-	-	4,308,674	4,308,674
Trade and other receivables	4,928,845	-	3,232,244	8,161,089
Amounts owing from participating interests	-	-	181,687	181,687
Cash and cash equivalents	283,031	-	75,594	358,625
Liabilities				
Trade and other payables	(1,332,129)	-	(1,005,600)	(2,337,729)
Deferred revenue	(3,841,066)	-	-	(3,841,066)
Corporation tax creditor	(66,396)	-	-	(66,396)
Loans from related parties	(13,553,080)	-	-	(13,553,080)
Net (liabilities) / assets	(13,414,347)	-	7,946,797	(5,467,550)

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

6 PROFIT FOR THE PERIOD	2011	2010
Profit for the period has been arrived at after charging	£	£
Depreciation of property, plant and equipment	66,929	60,023
Amortisation of intangible assets	1,060,517	392,431
Bidding costs	3,418,493	3,016,652
Staff costs (see note 8)	<u>2,892,108</u>	<u>2,763,565</u>

7 AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows

	2011	2010
	£	£
• Fees payable to the Company's auditor for the audit of the Company's accounts	13,000	15,900
• The audit of other group companies pursuant to legislation	25,200	31,720
• Other audit services pursuant to legislation	14,700	18,450
• Tax services	100,150	43,500
• Financial advisory services	<u>95,679</u>	<u>302,652</u>
	<u>248,729</u>	<u>412,222</u>

Tax services shown in the table above relate to the tax advice sought on individual primary and secondary PFI projects the Group is currently bidding for and fees payable for provision of statutory tax services for the year. Financial advisory services shown in the table above relate to the cost of financial advice sought on individual primary PFI projects the Group is currently bidding for. Fees payable to the Company's auditors for other services pursuant to legislation represent amounts charged for the required statutory reporting to regulators.

8 STAFF COSTS

The average number of persons employed by the Company during the period, including the Directors were as follows

2011	2010
No	No
<u>27</u>	<u>23</u>

The aggregate payroll costs of these persons were as follows

	2011	2010
	£	£
Salaries	2,465,308	2,393,084
Social security costs	330,711	283,486
Other pension costs (see below)	<u>96,089</u>	<u>86,995</u>
	<u>2,892,108</u>	<u>2,763,565</u>

Staff employed by the Company who are entitled to retirement benefits, can choose to be members of a defined contribution stakeholder scheme sponsored by Equitix Limited in conjunction with Legal and General Assurance Society Limited. All staff costs shown are for continuing operations.

9 DIRECTORS' REMUNERATION

The Directors of the Company are remunerated for their services to the Group as a whole. One of the Directors, K J Maddin, is not compensated for his services to the Group.

The remuneration of the Company Directors was as follows

	2011	2010
	£	£
<u>All Directors</u>		
Directors' emoluments	626,157	622,201
Directors' pension contribution	<u>35,592</u>	<u>38,535</u>
	<u>661,748</u>	<u>660,736</u>
<u>Highest Paid Director</u>		
Director's emoluments	209,309	199,262
Director's pension contribution	<u>14,346</u>	<u>24,787</u>
	<u>223,655</u>	<u>224,049</u>

The highest paid Director is a member of a defined contribution pension scheme.

Two (2010: two) Directors are members of a non-cooperated defined contribution scheme contributed to by the company.

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

10 INVESTMENT REVENUE

Investment revenue earned on financial assets analysed by category of asset, is as follows	2011 £	2010 £
Interest from related parties	89,229	314,000
Interest on bank deposits	5,113	1,422
	<u>94,342</u>	<u>315,422</u>

Included within interest from related parties is interest income earned on loans with Derbyshire Learning and Community Partnerships Limited and Cambridgeshire Learning and Community Partnerships Limited as disclosed in note 16

11 FINANCE COSTS

	2011 £	2010 £
Bank interest payable	1	7
Interest charges on outstanding trade creditor balances	83,319	45,294
Interest on deep discounted loan notes	1,766,364	1,300,286
	<u>1,849,683</u>	<u>1,345,587</u>

At each close of Equitix Fund I LP and Equitix Fund II LP, Equitix Investment Management Limited incurred a placement fee liability as disclosed in note 17. Interest is charged on outstanding balances until the contractual settlement date at a fixed rate of 7%.

12 TAX

	2011 £	2010 £
Current tax		
UK corporation tax - current year	(25,642)	(66,396)
- prior year	66,396	59,354
Deferred tax		
UK - current year	-	-
	<u>40,754</u>	<u>(7,042)</u>

The charge for the year can be reconciled to the (loss) / profit in the income statement as follows

Profit / (loss) before tax	<u>3,282,878</u>	<u>(158,158)</u>
Tax at the UK corporation tax rate of 26.5% (2010 - 28%)	(868,898)	44,284

Tax effect of non-taxable expenses and non-taxable income	51,924	6,380
Difference between depreciation and capital allowances	(17,736)	(16,806)
Adjustments relating to the previous year	-	59,354
Losses utilised	891,044	-
Losses not utilised	(15,580)	(100,254)
Tax expense for the year	<u>40,754</u>	<u>(7,042)</u>

A deferred tax asset has not been recognised in respect of timing differences relating to carried forward losses and the difference between depreciation and capital allowances as there is insufficient evidence that the asset will be recovered. The maximum potential amount of this deferred tax asset is £466,588 (2010: £1,444,286).

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

13 INVESTMENTS	2011	2010
	£	£
Loans and receivables carried at amortised cost		
Loans to related parties	<u>1,594,777</u>	<u>1,037,698</u>
	2011	2010
	£	£
Investments in joint ventures		
Investments in joint ventures	<u>116,500</u>	<u>116,500</u>

The Group has provided loans to Equitix Fund I LP and Equitix Fund II LP under the terms of two separate Limited Partnership Agreements to fund various investments as developed and identified by the Equitix Holdings Limited Group, the loans are not deemed to be current as they are to be repaid at the Investment Manager's discretion and always subject to the distribution rights as disclosed in note 2, and the Directors believe the value of these loans shown in the financial statements reflect fair value as at the balance sheet date, these loans do not bear any interest and are not secured. Equitix No 1 Limited, a group undertaking has invested £830,785 (2010 - £808,993) in Equitix Fund I LP, Equitix No 2 Limited, a group undertaking has invested £763,993 (2010 - £228,705) in Equitix Fund II LP.

The Group is obliged by the terms of the Limited Partnership Agreements with Equitix Fund I LP and Equitix Fund II LP to invest, as required, up to a total of £1,040,404 (2010 - £1,040,404) and £2,373,737 (2010 - £505,051) respectively.

Included in investments in joint ventures is 67,000 ordinary C shares in Bradford and Airedale (LIFT) Investment Limited and 49,500 ordinary C shares in Tees & Durham (LIFT) Investment Limited held at a historic cost of £67,000 (2010 - £67,000) and £49,500 (2010 - £49,500) respectively.

14 PROPERTY, PLANT AND EQUIPMENT

Cost	Computer equipment	Fixtures and fittings	Total
	£	£	£
At 1 January 2011	193,733	146,036	339,769
Additions	<u>19,884</u>	<u>15,074</u>	<u>34,958</u>
At 31 December 2011	<u>213,617</u>	<u>161,110</u>	<u>374,727</u>
Accumulated depreciation and impairment			
At 1 January 2011	107,152	66,169	173,321
Charge for the period	<u>36,078</u>	<u>30,851</u>	<u>66,929</u>
At 31 December 2011	<u>143,230</u>	<u>97,020</u>	<u>240,250</u>
Carrying amount			
At 31 December 2011	<u>70,387</u>	<u>64,090</u>	<u>134,477</u>
At 31 December 2010	<u>86,581</u>	<u>79,867</u>	<u>166,448</u>

15 INTANGIBLE ASSETS

Cost	£
At 1 January 2011	4,934,463
Additions	<u>2,551,875</u>
At 31 December 2011	<u>7,486,338</u>
Amortisation	
At 1 January 2011	625,789
Charge for the year	<u>1,060,517</u>
At 31 December 2011	<u>1,686,306</u>
Carrying amount	
At 31 December 2011	<u>5,800,032</u>
At 31 December 2010	<u>4,308,674</u>

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

15 INTANGIBLE ASSETS CONTINUED

Intangible assets recognised represent the right to future income from Equitix Fund I LP secured through the management service agreement held by Equitix Investment Management Limited as a consequence of expenditure on placement fees

The Group has also recognised an intangible asset representing the right to future income from Equitix Fund II LP secured through the management services agreement held by Equitix Investment Management Limited as a consequence of expenditure on placement fees. This is amortised over the term of Equitix Fund II LP which ends in December 2035

In addition the Group has recognised an intangible representing the unamortised amounts paid by the Group for bidding costs incurred on Greenwich BSF, Blackpool streetlighting, Bristol Leisure, Essex BSF, Birmingham Highways, Oldham streetlighting and Rochdale streetlighting. These unamortised costs will be expensed through the income statement over the respective project construction term in line with related income recognised for the provision of construction risk management services

16 OTHER FINANCIAL ASSETS	2011	2010
Trade and other receivables	£	£
Due within one year		
Other debtors	291,648	280,622
Deferred primary bid costs	156,083	30,929
Prepayments	6,992	29,516
Receivable indirect tax	27,632	39,943
Accrued income	137,275	102,945
Amounts due from related parties	<u>6,304,123</u>	<u>4,915,966</u>
	6,923,753	5,399,921
Due after one year		
Other debtor	-	27,500
Amounts due from related parties	<u>2,317,679</u>	<u>2,733,668</u>
	2,317,679	2,761,168

Included within amounts due from related parties in the prior year are amounts relating to deferred set up fee loans with Derbyshire Learning and Community Partnerships Limited and Cambridgeshire Learning and Community Partnerships Limited, these loan amounts were repaid in full during the year and no outstanding balance is included in the amounts disclosed for the current year

Included within amounts receivable from related parties are amounts relating to a loan the Group has with Cambridgeshire Learning and Community Partnerships Limited to fund general working capital of £56,903 (2010 - £), this loan has a fixed interest rate of 8% and is repayable when sufficient cash is available. The Directors consider this amount recoverable and therefore have not adjusted the value of this receivable

The Group enters into Memoranda of Understanding ("MoU") with consortium partners when bidding for projects under which all external bid costs incurred by each party are recharged at relative project stakes between all respective parties. There is an amount within other debtors for recharged consortium partner bid costs, the Group performs rigorous checks on all consortium partners before entering into an MoU with a consortium partner to ensure they have not only the capacity to deliver their bid solutions, but also that they have the financial resources available to meet all bid costs during the development phase

Included within amounts due from related parties are outstanding fees relating to the provision of construction management services, receivable at the successful completion of project construction programmes, these amounts are receivable from subsidiary undertakings of Equitix Fund I LP and Equitix Fund II LP as disclosed in note 25

Ageing of past due debtors but not impaired	2011	2010
	£	£
Less than 30 days	88,119	146,064
31 - 60 days	50,325	71,701
61 - 90 days	32,091	12,500
91 - 120 days	11,973	-
121 days +	<u>118,399</u>	<u>50,357</u>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. No provision has been made for bad or doubtful debts

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

16 OTHER FINANCIAL ASSETS CONTINUED

Cash and cash equivalents	2011 £	2010 £
Cash and cash equivalents	<u>1,346,832</u>	<u>358,625</u>

Cash and cash equivalents comprise cash on hand and at bank held by the Group and short term bank deposits with an original maturity date of three months or less. The carrying amount of these assets approximates their fair value.

17 TRADE AND OTHER PAYABLES

	2011 £	2010 £
<u>Due within one year</u>		
Trade creditors and accruals	1,142,121	1,369,925
Accrued liabilities	1,361,996	670,804
Deferred income	-	3,841,066
	<u>2,504,116</u>	<u>5,881,795</u>
<u>Due after one year</u>		
Trade creditors and accruals	1,533,477	-
Accrued liabilities	-	297,000
	<u>1,533,477</u>	<u>297,000</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average period taken for trade purchases is disclosed in the business review section of the Directors' report. The Group has financial risk management policies in place to ensure that all payables are satisfied within the relevant credit period. Included within accrued liabilities is the amount owing under the placement contracts between Evercore Partners Limited and Equitix Investment Management Limited which are payable in five equal semi-annual installments from the date that each placement takes place.

18 BORROWINGS

Unsecured borrowing at amortised cost	2011 £	2010 £
Loans from related parties - deep discounted bond	<u>16,769,443</u>	<u>13,553,080</u>
Total borrowings	<u>16,769,443</u>	<u>13,553,080</u>
Amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	<u>16,769,443</u>	<u>13,553,080</u>
		£
Balance at 1 January 2011		13,553,080
Drawn down during the year		1,450,000
Repaid during the year		-
Accrued interest during the year		1,766,363
Balance at 31 December 2011		<u>16,769,443</u>

Equitix Finance Limited (a group undertaking) has a deep discounted loan note agreement with CS Capital Partners III LP, a related party, to draw capital as and when agreed between the parties up to a nominal value of £40 million. The drawing as at 31 December 2011 had a realisable value as shown above, if the drawings were held until ultimately payable in February 2014 the realisable value of these drawings would be £21,324,940 (2010 - £19,303,017), including accrued interest.

The key financial covenant on these loan notes is that no company within the Group should be in a net liability position during the year.

Equitix Finance Limited breached this covenant within the loan note agreement with CS Capital Partners III LP during the current and previous year. Cabot Square Capital LLP acting as manager of CS Capital Partners III LP have provided a waiver of their right to redeem any part of the outstanding loan which has been in continuous effect covering both the current and preceding financial years, accordingly the loan notes have been presented as due after one year.

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

19 SUBSIDIARIES

A list of the significant investments in subsidiaries, including the subsidiary name, country of incorporation, proportion of ownership interest is given in on page 30

20 SHARE CAPITAL

	2011	2010
	£	£
Issued and fully paid up		
100,000 ordinary "A" class shares of £0.005 each	500	500
100,000 ordinary "B" class shares of £0.005 each	500	500
22,500 ordinary "C" class shares of £0.005 each	113	-
	<u>1,113</u>	<u>1,000</u>

The Company has three classes of ordinary shares as outlined above, neither of which carry any rights to fixed income

The Company issued 22,500 ordinary C shares during the year at £0.005 each for a total consideration of £113

During the year, Cabot Square Capital Nominee Limited, a related party of CS Capital Partners III LP, transferred 4,000 "B" class shares at par value to certain Directors of the Group. During the year, the authorised share capital of the Company was increased to £1,113 (2010 - £1,000) and a new class of "C" ordinary shares created. On the same date, 22,500 "C" class ordinary shares were issued at par value to certain Directors of the Group.

The three classes of shares rank pari passu except for the following differences.

- only "A" and "C" shares carry the right to vote,
- except for winding up or realisation (defined as a sale or disposal of the majority of the assets of the Company) amounts distributed as income or capital are first paid to the "B" shareholders up to the amount on each "B" share, with the remainder paid to the "A" shareholders. "C" shareholders are not entitled to receive any distributions,
- upon winding up of the Company the "A" shareholders are paid with the "B" and "C" shareholders only entitled to the amount paid up on their shares, and
- upon a realisation the "A" shareholders are paid first up to the point all indebtedness is settled and the target return is made with the remaining surplus repaying the share capital contribution of the "C" class shareholder with the remaining surplus being paid to the "B" shareholders.

21 RETAINED EARNINGS

	2011
	£
Balance at 1 January 2011	(5,468,550)
Net profit for the period	3,323,631
Balance at 31 December 2011	<u>(2,144,919)</u>

22 NOTES TO THE CASH FLOW STATEMENT

	2011	2010
	£	£
Profit / (loss) for the year	3,323,631	(165,200)
Adjustments for		
Investment revenues	(94,342)	(315,422)
Finance costs	1,849,683	1,345,587
Depreciation of property, plant and equipment	66,929	60,023
Amortisation of intangibles	1,060,517	392,430
Tax expense	(40,754)	7,042
Operating cash flows before movements in working capital	<u>6,165,665</u>	<u>1,324,460</u>
Increase in receivables*	(1,788,906)	(1,731,686)
Decrease in payables	(1,699,864)	(1,492,262)
Net cash from operating activities	<u>2,676,895</u>	<u>(1,899,488)</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

* Increase in receivables for the year ended 31 December 2010 has been adjusted to remove the acquisition of intangibles which is now shown on the face of the cash flow statement.

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

23 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises borrowings as disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 20 and 21. The Group aims to deliver objectives by investing available cash and using financial leverage whilst maintaining sufficient liquidity to meet on-going expenses and dividend payments.

Externally imposed capital requirements

Within the Group, Equitix Investment Management Limited is authorised and regulated by the Financial Services Authority (UK), and as such has a requirement to maintain a certain level of capital adequacy. To ensure that this capital adequacy level is met, the matter is discussed and verified at each Group level board meeting as well as at all board meetings for the entity itself. The Financial Services Authority require quarterly reports from Equitix Investment Management Limited, one of which focuses upon capital adequacy, therefore this matter is given the proper amount of weighting in board discussions on a regular basis.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Categories of financial instruments

	2011	2010
	£	£
Financial assets		
Loans and receivables		
Trade and other receivables	9,241,432	8,161,089
Cash and cash equivalents	<u>1,346,832</u>	<u>358,625</u>
Financial liabilities		
Trade and other payables	(4,037,593)	(2,337,729)
Current tax liabilities	(25,642)	(66,396)
Loans from related parties	<u>(16,769,443)</u>	<u>(13,553,080)</u>

FINANCIAL RISK MANAGEMENT

Risk management objectives

The Directors provide advice to the Company and Group on all risks faced and manage the financial risks relating to the operations of the Group through internal risk reports which analyse the exposures faced by degree and magnitude of risk consequences. These risks include market risk, credit risk and liquidity risk.

The Group seeks to minimise exposure to risk via the use of derivative financial instruments where possible. The use of derivative financial instruments is governed by the Group's policies which provide written principles on interest rate risk, credit risk and the use of financial derivatives and non-financial derivatives, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it partially to certain market risks including potential government public spending cuts that could lead to a reduction in the volume of suitable PFI primary projects coming to market for development. The Group mitigates this risk by seeking opportunities away from the open primary market by entering into projects that are already in a preferred bidder status where a current equity provider is not in a position to make its equity subscriptions. The Group has also widened its focus on primary projects to include emerging infrastructure markets such as energy solutions, student accommodation and waste, the directors feel that because the government has strict targets on these projects that this new market will present the Group with a sustainable pipeline for development.

The Group has only one single class of fixed rate borrowings as disclosed in note 18.

Interest rate risk management

The Group has limited exposure to interest rate risk as the underlying borrowings within the Group are fixed rate loans. Therefore the Group is not exposed to cash flow risk due to changes in interest rates over variable rate borrowings. The fixed rate borrowings are carried at amortised cost and hence not exposed to fair value movements due to changes in interest rates.

Interest rate sensitivity analysis

The Group has no exposure to interest rate risk because it has a single loan with CS Capital Partners III LP which has a fixed interest rate of 12%.

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

23 FINANCIAL INSTRUMENTS (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults.

The Group only transacts with creditworthy PFI / PPP concession companies that have a cash flow derived from projects in agreement with government or semi-government authorities, and with an unregulated collective investment scheme that is managed by the Group's subsidiary Equitix Investment Management Limited, authorised and regulated by the FSA (UK). Rigorous testing is performed on every new investor to the Fund to limit the risk of counter-party default in respect of investments that the Group offers to Fund I and Fund II. The Group also limits its receivables to these counterparties to mitigate the risk of counterparty default resulting in financial loss to the Group.

Investment management fees are charged semi-annually in advance based on the value of drawdown invested funds, this income is received within 10 business days of the Manager issuing a draw down notice to all fund partners.

Where the Group forms a consortium with project stakeholders, rigorous checks are performed to ensure that all exposure to credit risk is mitigated, and that all project partners have the capacity and resources to afford the costs associated to the entire bid process and to meet their relative deliverables.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

As disclosed in note 18, the Group's long term borrowings are provided by CS Capital Partners III LP under a loan note agreement and is able to draw on this facility, when agreed between the two parties, up to a nominal value of £40 million.

Fair value of financial instruments

The fair value of financial assets and liabilities are determined as follows:

The fair value of non-derivative financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of other non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Except where detailed below, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

Financial assets	2011	2010
	£	£
Loans and receivables	9,241,432	8,161,089
Financial liabilities		
Loans from related parties	16,769,443	13,553,080

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

23 FINANCIAL INSTRUMENTS (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up on undiscounted cash flows of financial liabilities based on the earliest date the Group could be required to satisfy borrowing repayments. The table includes principal repayment and assumed interest cash flows.

Liabilities

	Less than 1 year	1-2 years	2-5 years	5+ years	Total
	£	£	£	£	£
2011					
Loans from related parties	-	-	21,324,940	-	21,324,940
	-	-	21,324,940	-	21,324,940
2010					
Loans from related parties	-	-	19,303,017	-	19,303,017
	-	-	19,303,017	-	19,303,017

Loans from related parties comprise a deep discounted loan note agreement entered into between Equitix Finance Limited, a group undertaking, and CS Capital Partners III LP, a related party at a fixed interest rate of 12%. The Group has determined that were a loan entered into by a group undertaking under similar conditions and circumstances that the loan principles would not materially deviate from current loan conditions, thus the carrying value of the loan notes represents the current fair value.

The following table details the Group's expected maturity for its non-derivative financial assets. The table below has been drawn based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

Assets

	Less than 1 year	1-2 years	2-5 years	5+ years	Total
	£	£	£	£	£
2011					
Cash and cash equivalents	1,346,832	-	-	-	1,346,832
	1,346,832	-	-	-	1,346,832
2010					
Cash and cash equivalents	358,625	-	-	-	358,625
	358,625	-	-	-	358,625

24 OPERATING LEASE ARRANGEMENTS

The Group as a lessee

Land and buildings

	2011	2010
	£	£
Minimum lease payments under operating leases recognised as an expense during the period	75,000	75,000

Other

	2011	2010
	£	£
Minimum lease payments under operating leases recognised as an expense during the period	-	-

During the year the Group extended its head office floor space and replaced all office equipment which was purchased outright rather than leased. Previously leased equipment was returned to the lessor at the end of its minimum term. The Group has signed up to a lease for its extended office space that ends on the same day as its previous office lease.

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, expiring as follows:

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

24 OPERATING LEASE ARRANGEMENTS (continued)

Land and buildings

	2011	2010
	£	£
Within one year	75,000	75,000
In the second to fifth years inclusive	75,000	75,000

Other

	2010	2010
	£	£
Within one year	-	-
In the second to fifth years inclusive	-	-

The Group has no operating lease arrangements where the Group serves as the lessor

25 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

The Group transacted with Equitix Fund I LP during the current year, which is a related party by virtue of a Limited Partnership Agreement between Equitix No 1 Limited and Equitix Fund I LP and Equitix EPS LP and that Equitix GP 1 Limited is the General Partner of the Fund.

The Group transacted with Equitix Fund II LP during the current year, which is a related party by virtue of a Limited Partnership Agreement between Equitix No 2 Limited and Equitix Fund II LP and Equitix EPS LP and that Equitix GP 2 Limited is the General Partner of the Fund.

Loans from related parties

	2011	2010
	£	£
Loans from CS Capital Partners III LP	16,769,443	13,553,080

CS Capital Partners III LP is the immediate and ultimate parent of Equitix Holdings Limited, the loan from CS Capital Partners is part of a deep discounted loan note agreement between Equitix Finance Limited (a group undertaking and subsidiary of the Company) and CS Capital Partners III LP. The loan has a daily compounded interest coupon fixed at 12% per annum and is recorded at the outstanding value at the balance sheet date. The loan notes are ultimately due in February 2014 when the current balance would be worth £19,303,017 (2010 - £21,324,940), see note 18.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of the highest paid director is provided in note 9.

	2011	2010
	£	£
Short-term employee benefits	626,157	622,201
Post employment benefits	35,592	38,535
	661,748	660,736

There are no other transactions with Directors or other members of key management personnel that meet the requirements of Schedule 6 of the Act and IAS 24.

For the year ending 31 December 2011	Investment revenue	Share of participating interests	Turnover	Total
Equitix Education Limited	-	-	2,464,365	2,464,365
Equitix Healthcare Limited	-	-	173,357	173,357
Equitix Highways Limited	-	-	275,741	275,741
Equitix Highways II Limited	-	-	1,812,153	1,812,153
Equitix Leisure Limited	-	-	818,182	818,182
Derbyshire Learning and Community Partnerships Limited	72,263	-	3,375,408	3,447,671
Cambridgeshire Learning and Community Partnerships Limited	16,414	-	793,067	809,481
Equitix Healthcare (Lancaster) Limited	-	-	18,743	18,743
Equitix Healthcare (Surrey) Limited	-	-	833	833
Leeds PFI SPV 2 Limited	-	-	118,276	118,276
Equitix Fund I LP	-	258,135	1,471,577	1,729,712
Equitix Fund II LP	-	63,495	1,016,837	1,080,332
	88,677	321,630	12,338,539	12,748,847

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

25 RELATED PARTY TRANSACTIONS CONTINUED

	Investment revenue	Share of participating interests	Proceeds of investment disposal	Turnover	Total
For the year ending 31 December 2010					
Equitix Education (Cambridgeshire) Limited	-	-	-	2,057,077	2,057,077
Equitix Education Limited	-	-	-	2,761,744	2,761,744
Equitix Healthcare Limited	-	-	-	14,446	14,446
Equitix Highways Limited	-	-	-	229,785	229,785
Equitix Highways II Limited	-	-	-	133,148	133,148
Equitix Leisure Limited	-	-	-	613,636	613,636
Equitix Education (Derbyshire) Limited	-	-	-	19,955	19,955
Derbyshire Learning and Community Partnerships Limited	277,678	-	-	191,781	469,459
Cambridgeshire Learning and Community Partnerships Limited	36,322	-	-	100,708	137,030
Equitix Healthcare (Lancaster) Limited	-	-	-	57,241	57,241
Equitix Healthcare (Surrey) Limited	-	-	-	15,455	15,455
Leeds PFI SPV 2 Limited	-	-	-	129,225	129,225
Equitix Fund I LP	-	156,174	-	1,149,602	1,305,776
Equitix Fund II LP	-	(3,466)	-	26,346	22,880
	314,000	152,708	-	7,500,149	7,966,857

	Debtor	Investments	Total
For the year ending 31 December 2011			
Equitix Education Limited	4,241,108	-	4,241,108
Equitix Healthcare Limited	187,804	-	187,804
Equitix Highways Limited	505,526	-	505,526
Equitix Highways II Limited	1,945,301	-	1,945,301
Equitix Leisure Limited	1,397,727	-	1,397,727
Derbyshire Learning and Community Partnerships Limited	21,239	-	21,239
Cambridgeshire Learning and Community Partnerships Limited	118,247	-	118,247
Equitix Healthcare (Lancaster) Limited	16,548	-	16,548
Equitix Healthcare (Surrey) Limited	16,748	-	16,748
Leeds PFI SPV 2 Limited	72,421	-	72,421
Equitix Fund I LP	270,910	831,554	1,102,464
Equitix Fund II LP	-	762,963	762,963
	8,793,580	1,594,517	10,388,097

	Debtor	Investments	Total
For the year ending 31 December 2010			
Equitix Education (Cambridgeshire) Limited	3,731,687	-	3,731,687
Equitix Education Limited	766,254	-	766,254
Equitix Healthcare Limited	23,447	-	23,447
Equitix Highways Limited	32,846	-	32,846
Equitix Highways II Limited	2,100	-	2,100
Equitix Leisure Limited	9,640	-	9,640
Equitix Education (Derbyshire) Limited	35,837	-	35,837
Cambridgeshire Learning and Community Partnerships Limited	1,776,743	-	1,776,743
Equitix Healthcare (Lancaster) Limited	14,446	-	14,446
Equitix Healthcare (Surrey) Limited	229,785	-	229,785
Leeds PFI SPV 2 Limited	133,148	808,987	942,135
Equitix Fund I LP	613,636	228,710	842,346
Equitix Fund II LP	7,369,570	1,037,697	8,407,267

Included in investment revenue with Derbyshire Learning and Community Partnerships Limited and Cambridgeshire Learning and Community Partnerships Limited is interest accrued on working capital loan facilities and deferred set up loans with Equitix Limited as disclosed in note 16

Share of participating interests with Equitix Fund I LP and Equitix Fund II LP represents the share of fund results via limited partnership investments with Equitix No 1 Limited and Equitix No 2 Limited respectively

Turnover with Equitix Education Limited, Equitix Healthcare Limited, Equitix Highways Limited, Equitix Highways II Limited and Equitix Leisure Limited represents construction management services with Equitix Limited as disclosed in note 4

Included within turnover with Derbyshire Learning and Community Partnerships Limited, Cambridgeshire Learning and Community Partnerships Limited, Equitix Healthcare (Lancaster) Limited, Equitix Healthcare (Surrey) Limited and Leeds PFI SPV 2 Limited is turnover relating to management revenue with Equitix Limited for business administration services

Included within turnover with Derbyshire Learning and Community Partnerships Limited and Cambridgeshire Learning and Community Partnerships Limited is deferred success fees that are recognised when outstanding LEP deferred set up loans are settled by Derbyshire County Council and Cambridgeshire County Council respectively

During the year, the Company issued "C" class ordinary shares to three of the directors of the Company, N G B Parker, H B Crossley and G A Jackson as disclosed in note 20

EQUITIX HOLDINGS LIMITED

Notes to the consolidated financial statements for the year ended 31 December 2011

25 RELATED PARTY TRANSACTIONS CONTINUED

Included within turnover with Equitix Fund I LP and Equitix Fund II LP is income related to the General Partner's Share as disclosed in note 2 and success fees for reaching financial close on investment transactions as disclosed in note 4

Included in debtors with Equitix Education Limited, Equitix Healthcare Limited, Equitix Highways Limited, Equitix Highways II Limited and Equitix Leisure Limited are outstanding fees relating to the provision of construction management services which is receivable at the successful completion of project construction programmes

Debtors with Derbyshire Learning and Community Partnerships, Equitix Healthcare (Lancaster) Limited, Equitix Healthcare (Surrey) Limited and Leeds PFI SPV 2 Limited represents outstanding fees relating to the provision of business administration services, fees are receivable monthly

Debtors with Cambridgeshire Learning and Community Partnerships represents outstanding fees relating to the provision of business administration services and the outstanding balance of a working capital loan facility with Equitix Limited as disclosed in note 16

Debtors with Equitix Fund I LP represents outstanding recharged administration expenses with Equitix Limited and Equitix GP 1 Limited

Investments with Equitix Fund I LP and Equitix Fund II LP represents invested partnership capital with Equitix No 1 Limited and Equitix No 2 Limited as disclosed in note 13

26 EVENTS AFTER THE BALANCE SHEET DATE

The Group has no events to report after the balance sheet date

EQUITIX HOLDINGS LIMITED

PRINCIPAL SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2011


Company name	Class and percentage of shares held		Principal activity	Country of incorporation
Equitix Limited	100%	2 ordinary £1 shares	Bid and development of primary and secondary market PFI opportunities	Great Britain
Equitix Finance Limited	100%	2 ordinary £1 shares	Financing company of Equitix Group	Great Britain
Equitix GP 1 Limited	100%	10,000 ordinary £1 shares	Guernsey Financial Services Commission authorised and regulated entity general partner to Equitix Fund I LP, a UK limited partnership	Guernsey
Equitix Investment Management Limited	100%	10 000 ordinary £1 shares	FSA regulated entity serving as administrative body of potential Equitix Group fund launch	Great Britain
Equitix No 1 Limited	100%	2 ordinary £1 shares	Investee company and partner in Equitix Fund I LP	Great Britain
Equitix Management Services Limited	100%	2 ordinary £1 shares	Management services administration provider	Great Britain
Equitix GP 2 Limited	100%	10,000 ordinary £1 shares	Guernsey Financial Services Commission authorised and regulated entity general partner to Equitix Fund II LP, a UK limited partnership	Guernsey
Equitix No 2 Limited	100%	2 ordinary £1 shares	Investee company and partner in Equitix Fund II LP	Great Britain
Equitix EPS GP Limited	100%	2 ordinary £1 shares	General Partner to Equitix EPS LP, a UK limited partnership	Great Britain

EQUITIX HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments		30,204	30,204
Current assets			
Debtors		944	945
- due within one year	4	<u>944</u>	<u>945</u>
Cash at bank and in hand		288	93
		<u>1,232</u>	<u>1,038</u>
Current liabilities			
Creditors amounts falling due within one year	5	<u>(30,520)</u>	<u>(30,408)</u>
Net current liabilities		<u>(29,288)</u>	<u>(29,370)</u>
Total assets less current liabilities		<u>916</u>	<u>834</u>
Net assets		<u>916</u>	<u>834</u>
Capital and reserves			
Called up share capital	6	1,113	1,000
Profit and loss account		(196)	(166)
Shareholders' funds	7	<u>916</u>	<u>834</u>

The financial statements of Equitix Holdings Limited, registered number 05972500, were approved by the Board of Directors on 30 April 2012 and were signed on its behalf by


 G.A. Jackson
 Director

EQUITIX HOLDINGS LIMITED

Notes to the Company financial statements for the year ended 31 December 2011

1 ACCOUNTING POLICIES

a) Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

b) Investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

2 LOSS FOR THE PERIOD

In accordance with section 408 of the Companies Act 2006, no separate profit and loss account has been prepared for the Company. For the year ended 31 December 2011 the Company reported a loss of £30 (2010 - £101). The Directors do not recommend the payment of a dividend for the period (2010 - £nil).

The auditors' remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

3 STAFF NUMBERS

The Company had no employees during the current year (2010 - none).

4 DEBTORS

	2011	2010
	£	£
<u>Due within one year</u>		
Amounts owed by group undertakings	<u>944</u>	<u>945</u>

5 CREDITORS

	2011	2010
	£	£
<u>Due within one year</u>		
Amounts owed to group undertakings	<u>30,520</u>	<u>30,408</u>
	<u>30,520</u>	<u>30,408</u>

6 CALLED UP SHARE CAPITAL

	2011	2010
	£	£
Allotted, called up and fully paid:		
100,000 "A" class ordinary shares at £0.005 each	500	500
100,000 "B" class ordinary shares at £0.005 each	500	500
22,500 "C" class ordinary shares at £0.005 each	<u>113</u>	<u>-</u>
	<u>1,113</u>	<u>1,000</u>

The company has three classes of ordinary share as outlined above, none of which carry any right to fixed income.

The Company issued 22,500 ordinary C class shares for £0.005 each for total consideration of £113.

EQUITIX HOLDINGS LIMITED

Notes to the Company financial statements for the year ended 31 December 2011

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Loss for the financial period	(30)	(101)
Opening shareholders' funds	834	935
Issue of share capital	113	-
Closing shareholders' funds	<u>916</u>	<u>834</u>

8 TRANSACTIONS WITH RELATED PARTIES

The Company has provided a loan to its subsidiary Equitix Limited for £944 and has received an upstream loan of £30,000 from Equitix Limited. Both transactions have been provided at zero interest coupon and can be redeemed on demand by either party.

9 ULTIMATE PARENT UNDERTAKING

The Company's parent and controlling entity is CS Capital Partners III LP which owns 80% of the issued share capital. The majority of the remaining shares are owned by three directors of the Company: H B Crossley, G A Jackson and N G B Parker and further employees of the Group.