

# **EQUITIX INVESTMENT MANAGEMENT LIMITED**

**DIRECTORS' REPORT  
AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2008**

**Registered Number: 06273020**

**WEDNESDAY**



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## **EQUITIX INVESTMENT MANAGEMENT LIMITED**

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### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

<b>CONTENTS</b>	<b>Page</b>
Directors and advisors	1
Directors' report	2
Operating and business review	3 - 4
Statement of Directors' responsibilities	5
Independent auditors' report to the members of Equitix Investment Management Limited	6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 11

**DIRECTORS AND ADVISORS**

**Directors**

H B Crossley

K J Maddin

J D Harris (appointed 7 November 2008)

G A Jackson (appointed 7 November 2008)

N G B Parker (appointed 7 November 2008)

**Company secretary and registered office**

H B Crossley

Boundary House

91-93 Charterhouse Street

London

EC1M 6HR

**Auditors**

Deloitte LLP

Chartered Accountants

London

**Principal bankers**

Barclays Bank Plc

Level 28

1 Churchill Place

Canary Wharf

London

E14 5HP

## DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2008. In accordance with regulations handed down from the Financial Services Authority (UK) the Company has prepared an enhanced business review on pages 3 and 4 including all elements of compliance.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is to manage fund investments on behalf of the Equitix Group. The Company is FSA regulated and performs all control functions concerning investments made by the Group. The Company was appointed by Equitix GP 1 Limited to be the manager of Equitix Fund I LP, an unregulated collective investment scheme.

## REVIEW OF THE YEAR

The Company was appointed as manager to Equitix Fund I LP. The Company signed a management services agreement with Equitix Limited for the provision of staff and management advice falling outside of the scope of FSA compliance management, which the Company has retained. The Company signed a deed of adherence with each partner of Equitix Fund I LP. The Company issued 999,999 ordinary shares during the year for £9,999.99.

## FUTURE DEVELOPMENTS

The Directors of the Company are not aware of any circumstances by which the principal activity of the company would alter or cease.

## GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and market position are set out in the Business Review on pages 3 to 4. The financial position of the Company, its cash flows, liquidity position and borrowings are described by the Directors in the notes to these financial statements on pages 9 to 11; included within this section are a brief description of the Company's objectives, capital management policies and financial risk management.

The Company has substantial financial resources together with long-term contracts with a number of fellow group undertakings from the Equitix Holdings Limited Group. As a consequence, the Directors believe that the group is well placed to manage its business risks successfully despite any current uncertainties and economic outlooks.

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

## RESULTS AND DIVIDENDS

The profit after tax for the year amounted to £3,325 (2007 - £1 loss) which was transferred to retained earnings.

The Directors do not recommend the payment of a dividend (2007- £nil).

## DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1.

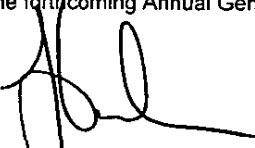
## AUDITORS

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 auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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



On behalf of the Board  
G A Jackson  
24 April 2009

## BUSINESS REVIEW

To the members of Equitix Investment Management Limited.

### Cautionary statement:

This business review has been prepared solely to provide additional information to the shareholders to assess the Company's strategies and the potential for those strategies to succeed. The business review should not be relied on by any other party for any other purpose.

The business review has been prepared for the Company as a whole and therefore gives greater emphasis to those matters which are significant to Equitix Investment Management Limited when viewed as a whole rather than concentrate on individual sites or business activities.

The business review discusses the following areas:

- Regulated activities
- Regulated officers
- System controls

## REGULATED ACTIVITIES

The Company is authorised by the Financial Services Authority ("FSA") to perform the following regulated activities:

- Advising on investments (except on Pension Transfers and Pension Opt Outs);
- Agreeing to carry on a regulated activity;
- Arranging (bringing about) deals in investments;
- Arranging safeguarding and administration of assets;
- Dealing in investments as an agent;
- Establishing, operating or winding up an unregulated collective investment scheme;
- Making arrangements with a view to transactions in investments;
- Managing investments; and
- Safeguarding and administration of assets (without arranging).

## REGULATED OFFICERS

The Company has appointed the following company officers to perform functions listed:

<u>Officer name</u>	<u>Controlled function</u>	<u>FSA Ref No.</u>
Hugh B Crossley	Company Director Compliance Oversight Money Laundering Reporting Investment Management	HXC01194
John D Harris	Investment Director Chief Executive Apportionment and Oversight Investment Management	JDH01075
Geoffrey A Jackson	Investment Director	GAJ01047
Keith J Maddin	Company Director Investment Management	MXK01147
Nicholas G B Parker	Investment Director	NGP01030

## SYSTEMS CONTROLS

The Company utilises advice from IMS Consulting Limited concerning the support and management of the Company's internal controls to ensure the Company remains compliant with all appropriate current and future regulations enforced by the FSA; and to ensure the Company utilises client's funds effectively whilst maintaining internal investment protocol and structure.

**BUSINESS REVIEW**

To the members of Equitix Investment Management Limited

**Cautionary statement:**

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The business review has been prepared for the Company as a whole and therefore gives greater emphasis to those matters which are significant to Equitix Investment Management Limited when viewed as a whole rather than concentrate on individual sites or business activities.

**BUSINESS ACTIVITIES**

The Company's primary business activity is acting as the investment manager of Equitix Fund I LP, an unregulated collective investment scheme focusing on primary PFI and PPP projects. Under the terms of a Limited Partnership Agreement with the investors of Equitix Fund I LP the Company selects primary market projects and secondary market acquisitions for investment from those developed and identified by Equitix Limited, a fellow group undertaking. The Company employs the use of a fund investment committee to analyse all aspects of each possible investment to ensure that only opportunities that will meet the return requirements of all fund investors.

**BUSINESS OBJECTIVES AND KEY PERFORMANCE INDICATORS**

The key elements to the Company key strategies are listed below:

- achievement of sustainable long-term investment growth for Equitix Fund I LP;
- targeted investments in suitable secondary market acquisitions creating well balanced portfolio growth; and
- delivery of strict rate of return criteria.

We have made significant progress with the delivery of our three key strategies during the period with two secondary market acquisitions for Equitix Fund I LP during the year to 31 December and a further acquisition completed shortly after the balance sheet date. Portfolio valuations for Equitix Fund I LP show a well balanced sustainable group of investments that are all budgeted to perform within return criteria.

**BUSINESS RISKS AND UNCERTAINTIES**

There are a number of potential risks and uncertainties, which could result in a material impact on the Company's long-term performance and cause results to differ materially from expected and historical results.

The Company's risk management policies and procedures are discussed below:

Issue	Risk	Mitigation
Investment	The Company may recommend the acquisition of a secondary market opportunity that does not perform to plan and does not produce the rate of return inherent in the acquisition price.	The Company employs the use of external experts to perform rigorous due diligence checks on all opportunities before agreeing to recommend as investments.
Compliance	The Company may fail to meet obligations handed down by the Financial Services Authority (UK) and as a result lose its licence to operate as an investment manager.	The Directors are all regulated individuals and regularly update personal training plans to ensure awareness of all compliance requirements.
Financial	The Company may fall into financial and liquidity difficulty.	The Company only deals with Equitix Fund I LP, whom ensure that all investors are screened to ensure their credit worthiness and capacity for investment. The Company only borrows from Equitix Limited, a fellow group undertaking, at a fixed interest rate and thus reduces its exposure to interest movements. The Company deals solely in £Sterling and thus reduces its exposure to exchange movements.

Given the resources available, the Directors have formed the judgement that the Company is well positioned mitigate the majority of risks that could have a potentially material impact on the primary business activities and key objectives.

**GOING CONCERN BASIS**

After making various enquiries, the Directors believe at the time of approving these accounts that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For the reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

## 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 financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Principle (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITIX INVESTMENT MANAGEMENT LIMITED**

We have audited the financial statements of Equitix Investment Management Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the Directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion:

- the financial statements give a fair and true view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Debitte LP*

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

24 April 2009



**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	Year ended 31 December 2008 £	Period from 7 June 2007 to 31 December 2007 £
Turnover	1	23,405	-
Cost of sales		-	-
<b>Gross profit</b>		<b>23,405</b>	<b>-</b>
Administrative expenses		(16,274)	(1)
<b>Operating profit / (loss)</b>	2	<b>7,131</b>	<b>(1)</b>
Net interest payable	5	(3,806)	-
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>3,325</b>	<b>(1)</b>
Tax on profit / (loss) on ordinary activities	6	-	-
<b>Profit / (loss) on ordinary activities after taxation</b>		<b>3,325</b>	<b>(1)</b>
<b>Retained profit / (loss) for the year transferred from reserves</b>	10	<b>3,325</b>	<b>(1)</b>

A reconciliation of movement in shareholders' funds is given in note 11.

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

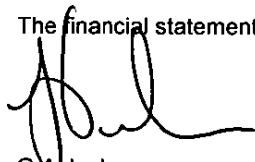
All gains and losses are recognised in the profit and loss account in the current and prior period, and therefore no separate statement of total recognised gains and losses has been presented.

**EQUITIX INVESTMENT MANAGEMENT LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2008**

	Notes	2008 £	2007 £
<b>Current assets</b>			
Trade debtors	7	23,405	-
Prepayments and accrued income	8	883,726	-
- due within one year		180,000	-
- due after one year		703,726	-
Cash at bank and in hand		235,016	9,999
		<u>1,142,147</u>	<u>9,999</u>
<b>Current liabilities</b>			
Creditors: Amounts due within one year	8	(408,823)	(10,000)
		<u>(408,823)</u>	<u>(10,000)</u>
<b>Net current assets / (liabilities)</b>		<u>733,324</u>	<u>(1)</u>
<b>Total assets less current liabilities</b>		<u>733,324</u>	<u>(1)</u>
<b>Creditors: amounts falling due after more than one year</b>	8	(720,000)	-
<b>Net assets / (liabilities)</b>		<u>13,324</u>	<u>(1)</u>
<b>Capital and reserves</b>			
Called up share capital	9	10,000	-
Profit and loss account	10	3,324	(1)
<b>Shareholders' funds</b>	11	<u>13,324</u>	<u>(1)</u>

The financial statements were approved by the Board of Directors on 24 April 2009 and were signed on its behalf by:

  
G A Jackson  
Director

**Notes to the financial statements for the year ended 31 December 2008**

**1 ACCOUNTING POLICIES**

a) Basis of preparation of accounts

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

The Company is a wholly-owned subsidiary undertaking of Equitix Holdings Limited and as such is exempt under FRS 1 (revised 1996) from the requirement to prepare its own cash flow statement.

b) Turnover

All Turnover is derived entirely in the United Kingdom and is net of VAT.

Turnover is derived from Equitix GP 1 Limited, a fellow group undertaking, for management services rendered and is recognised on an accruals basis.

c) Taxation

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

In accordance with FRS 19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

d) Going concern

The financial statements have been prepared on a going concern basis for reasons explained in the Directors' Report and Business Review.

**2 OPERATING PROFIT BEFORE TAXATION**

The turnover and operating profit before taxation of the Company are attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee of £4,140 (2007 - £4,000) for Equitix Investment Management Limited will be borne by Equitix Limited, who will not seek compensation from the Company.

**3 DIRECTORS' REMUNERATION**

No Directors received any remuneration for services rendered to the Company during the current year (2007 - £nil). The Company is managed by secondees from group undertakings under a management services agreement. No recharge has been made for services rendered during the year.

**4 STAFF NUMBERS**

The Company had no employees during the year (2007 - nil).

**EQUITIX INVESTMENT MANAGEMENT LIMITED**

**Notes to the financial statements for the year ended 31 December 2008**

**5 NET INTEREST PAYABLE**

	2008 £	2007 £
<b>Interest payable and similar charges</b>		
Interest payable on current borrowings	<u>(3,823)</u>	<u>-</u>
<b>Interest receivable and similar income</b>		
Interest receivable on cash balances	<u>17</u>	<u>-</u>
<b>Net interest payable</b>	<u><u>(3,806)</u></u>	<u><u>-</u></u>

**6 TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES**

	2008 £	2007 £
Taxation is based on the profit for the year and comprises of:		
UK corporation tax at a rate of 28.5% (2007 - 30%) of taxable profit		
- Current tax	<u>-</u>	<u>-</u>

*Factors affecting the tax charge for the current year*

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit for the year are as follows:

	2008 £	2007 £
Profit / (loss) on ordinary activities before tax	<u>3,325</u>	<u>(1)</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007 - 30%).	<u>(948)</u>	<u>-</u>
<b>Effects of:</b>		
Group relief claimed, not surrendered	<u>948</u>	<u>-</u>
<b>Total current tax charge for the year</b>	<u><u>-</u></u>	<u><u>-</u></u>

**7 DEBTORS**

	2008 £	2007 £
<u>Due within one year</u>		
Amounts owed by group undertakings	<u>23,405</u>	<u>-</u>
	<u>23,405</u>	<u>-</u>

**8 CREDITORS**

	2008 £	2007 £
<b>Amounts falling due within one year</b>		
Trade creditors	<u>405,000</u>	<u>-</u>
Amounts owing to group undertaking	<u>(3,823)</u>	<u>(10,000)</u>
	<u>(408,823)</u>	<u>(10,000)</u>
<b>Amounts falling due after one year</b>		
Amounts owing to group undertaking	<u>(225,000)</u>	<u>-</u>
Trade creditors	<u>(495,000)</u>	<u>-</u>
	<u><u>(720,000)</u></u>	<u><u>-</u></u>

On the first close of the Fund, the Company incurred a placement fee liability of £900,000, which will be settled over the forthcoming three years, with £450,000 falling due within the next year. The cost of this obligation has been deferred and is included as an asset within prepayments and accrued income on the balance sheet. This asset will be released to the profit and loss account over the next five years, in line with the investment drawdown period for the investors to the Fund. As at 31 December 2008, £16,274 of this amount had been released to the income statement, leaving an asset of £883,726 within prepayments and accrued income at year end.

The Company entered into a short term loan of £225,000 with a fixed interest rate of 12.5% with Equitix Limited, a fellow group undertaking during the year. The loan is considered to be non-current as Equitix Limited do not intend to recall the loan within the next year.

# EQUITIX INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the year ended 31 December 2008

## 9 CALLED UP SHARE CAPITAL

	2008 No.	2007 No.
<b>Authorised:</b>		
Ordinary Shares at £0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
	£	£
<b>Allotted, called up and fully paid:</b>		
1,000,000 (2007 : 1) Ordinary Shares at £0.01 each	<u>10,000</u>	<u>-</u>

During the year 999,999 ordinary shares of £0.01 with a total nominal value of £9,999.99 were allotted.

## 10 MOVEMENT IN RESERVES

	Profit and loss account £
At 31 December 2007	(1)
Retained profit for the year	3,325
At 31 December 2008	<u>3,324</u>

## 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £
Profit for the financial year	3,325
New shares issued	10,000
Opening shareholders' funds	(1)
Closing shareholders' funds	<u>13,324</u>

## 12 TRANSACTIONS WITH RELATED PARTIES

As a greater than 90% subsidiary of Equitix Holdings Limited, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the Equitix Holdings Limited group. Note 13 gives details of how to obtain a copy of the published financial statements of Equitix Holdings Limited.

## 13 ULTIMATE PARENT

The Company's immediate parent company is Equitix Holdings Limited, a company incorporated in Great Britain. The Company's ultimate parent and controlling company, and the largest and smallest group in which its results are consolidated is Equitix Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated accounts of Equitix Holdings Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.