SEMPERIAN

PPP INVESTMENT PARTNERS

Semperian PPP Investment Partners Limited

(formerly Trillium PPP Investment Partners Limited)

Annual Report &
Consolidated Financial Statements
for the year ended 31 March 2009

Registered Number: 6335776

Semperian PPP Investment Partners Limited
(formerly Trillium PPP Investment Partners Limited)

Contents

Semperian PPP Investment Partners Limited
(formerly Trillium PPP Investment Partners Limited)

Directors and advisors

Directors

W R Doughty

A C M Rhodes

A E Birch

D J Ellis

Company Secretary

K M Clear

Registered Office

140 London Wall
London
EC2Y 5DN

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Investment Advisor and Operator

Semperian Capital Management Limited ("SCM")
(formerly Land Securities Trillium (Capital Management) Limited)

Report of the Directors

The Directors present their report and the audited consolidated and separate financial statements of Semperian PPP Investment Partners Limited (formerly Trillium PPP Investment Partners Limited) (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2009.

Principal Activities

Semperian PPP Investment Partners Limited is a leading investor in the Public Private Partnership ("PPP") market with a diversified portfolio predominantly based in the United Kingdom, but with two investments situated within Western Europe. The portfolio comprises of a wide range of partnerships with public and private sector organisations covering six main sectors; health (including community health), education, accommodation, secure accommodation, utilities and transport.

Review of the Business

During the year the company continued to invest in PPP assets and acquired £301.3m of new or incremental investments. The company funded the acquisitions primarily through the drawdown of £80.8m under its banking facilities and through £217.5m of loans from its parent company.

The Group continued to use an investment agreement between Land Securities Trillium Limited and the Company's parent entity to source investments. All investments made during the year and detailed in Note 18 were acquired from the Land Securities Trillium Group of Companies ("LST"). In January 2009 the Group acquired interests in a portfolio of entities for a combined consideration of £202.2m. The Company's parent entity, Semperian PPP Investment Holdings Limited, also acquired Semperian Capital Management Limited ("SCM") and Semperian Asset Management Limited, which provide advisory and asset management services to the Group and the Company. The investment agreement with LST was then terminated. On 2 February 2009 the Company changed its name to Semperian PPP Investment Partners Limited as part of a re-branding exercise following the ending of its association with LST.

Further details of the activities of the project companies owned by the Group are provided in Note 27 to the financial statements. All projects are fully operational and have delivered services revenue of £224.9m (2008: £74.2m), income from finance receivables of £97.0m (2008: £37.6m) and dividends from investments held at fair value of £5.7m (2008: £11.8m), offset by direct services costs of £198.8m (2008: £68.8m).

Valuation of the financial assets and liabilities of the Group at the year end resulted in the recording of gains / (losses) in associate investments held at fair value through the income statement of £(5.4)m (2008: £11.8m), compounded by the net revaluation of interest rates and RPI swaps of £(206.5)m (2008: £(50.4)m). The swaps hedge the variable element of the Group's borrowings, but because the Group has not adopted hedge accounting, the change in fair value of the derivatives is reflected in the Consolidated income statement. Swaps valuations were provided by an independent third party valuer.

SCM is responsible for carrying out the fair market valuation of the Group's investments using discounted cash flow methodology. This methodology is industry-standard.

Restatement

After a review of the accounting treatment for financial instruments, the directors have identified two material prior period adjustments required for the Group and Company.

For the Group and Company, a zero coupon bond received from its holding company was initially recorded at its nominal value in prior period accounts. On initial recognition, a zero coupon bond is required to be recorded at its fair value. The zero coupon bond has been re-valued and prior period results restated, as disclosed in Note 3.

For the Company, interest rate swaps were not recorded at their fair value. The interest rate swap was however correctly recorded in the Group accounts. The swaps have been re-valued in the Company and prior period results restated, as disclosed in Note 3.

Future Outlook

The Group has acquired a substantial investment portfolio with gross assets exceeding £3.5bn. The Group pursues an active management approach to its assets and will continue to develop the efficiency and quality of its investment and asset management. The Group will continue to review investment opportunities available in the PPP/PFI market and will selectively invest in those that provide quality returns. It is expected that short term level of investment will be reduced compared to 2008 and 2009.

Although the economy is experiencing a significant downturn the Group is in a good position to deliver the expected return margin in excess of RPI. The Group's net income has a strong correlation to RPI and the current inflation rate will reduce nominal yields during the next few years. It has long term funding in place to match the long-term contracts (Note 27) with local and government authorities. The interest rates on borrowings held by the Group have materially fixed the rate of borrowing for the term of each service concession arrangement.

Operating performance remains in line with expectations. The underlying project entities continue to perform strongly as they are broadly insensitive to the current market environment other than through the inflation rate. The portfolio continues to benefit from its diversity, long term correlation with inflation and strong recurrent yield generation.

Principal Risks and Uncertainties

The identification, assessment and management of risks and uncertainties are integral to the running of the business. The Company is an investment company and outsources key services to the Investment Advisor and Operator ("SCM") as well as to other service providers. Reliance is placed on these service providers' own systems and controls.

SCM reviews and considers the Group's principal risks and uncertainties on a regular basis and has established internal controls to manage those risks. An integral part of the risk management process is the "Watch List" which is presented to the Board by SCM on a regular basis. The Watch List is used to highlight those projects within the Group's portfolio where increased management resources have been allocated to correct or prevent failure and where there is an expected possibility of loss and/or impact on the portfolio returns. The Watch List is reviewed regularly and any projects identified for inclusion remain on the list until satisfactory performance has been established for an appropriate duration. The risk management process has been designed to manage rather than eliminate material risks to the achievement of business and strategic objectives while also recognising that any such process only provides reasonable and not absolute, assurance against material misstatement or loss.

A description of the principal risks and uncertainties identified that could have a material adverse effect on the business are listed and discussed below. Not all of these factors are controllable. In addition, other factors besides those listed may affect the Company and the Group.

Management risks

The Group outsources key services to SCM as well as to other service providers. The Group is reliant on SCM for day-to-day management, as well as the other service providers who support SCM. Failure by these service providers may have an impact on the performance of the Group.

Investment risks

The Group's investments include co-investments with third parties. Such investments involve additional risks which may not be present in investments which do not involve a co-investor, including the possibility that a co-investor may at any time have economic or business interests or goals that are not consistent with the Group, may be in a position to take or block action in a manner inconsistent with the Groups' objectives, may have financial difficulties and may become insolvent or default on their obligations.

Report of the Directors (continued)

Making additional investments to the Group's portfolio entails certain risks. Detailed due diligence, including but not limited to legal, financial and taxation, insurance and technical due diligence is undertaken on potential acquisitions to mitigate aspects of these risks. Investment decisions are then subject to the review and approval by the Semperian Partners' Supervisory Board. The due diligence process may fail to identify risks and expected results may not subsequently be achieved.

Financial

The Group relies on both equity and debt finance to fund the Group's activities. The availability of debt finance on acceptable terms can affect the Group's ability to acquire additional investments. The Group relies on its financial counterparties to provide various facilities such as debt funding, hedges, deposit facilities and insurance. Failure of financial counterparties to provide such services could have a material effect on the Group.

Project Termination

The Group invests in projects that deliver concession requirements in accordance with a Project Agreement. The possibility exists that a concession may terminate due to failure to deliver to agreed service levels. The concession may also terminate for other reasons including, but not limited to, client default, corrupt gifts, force majeure and voluntary termination. Representatives of the Group manage each concession arrangement in varying capacities to ensure performance, compliance and other relevant issues are appropriately addressed.

Subcontractor Risk

Project entities within the Group's investment portfolio rely on subcontractors to deliver services to enable the project companies to meet their concession requirements. Failure of subcontractors to provide agreed levels of service would affect the project companies' ability to fulfil their service concession requirements, impacting the Group's reputation and also exposing the Group to potential financial penalties. Mitigation activities include securing agreements to transfer risks to an insurer or relevant subcontractor where possible as well as regular review and assessment of subcontractor performance. Contingency plans have been developed to procure alternative suppliers, where appropriate.

Life cycle costs

During the period of a concession, the underlying project assets will incur various costs including repair, refurbishment, replacement and insurance. Changes in anticipated project lifespan, project costs or inflation may result in life cycle costs being different than anticipated. Components of these risks are mitigated by transfer to an insurer or relevant subcontractors. Each project's performance is monitored to minimise cost over-runs and to maximise potential savings.

Inflation and deflation

Due to the long term nature of concession arrangements, much of the project companies' revenues and expenditures are subject to indexation. Increases above and decreases below the expected inflation assumption would result in a respective beneficial or detrimental affect on investor returns. Mitigation activities include matching by the project companies of their indexation of contractual revenues to their indexation of contractual costs where possible.

Interest rate risks

The Group's borrowings and cash deposits are exposed to interest rate fluctuations. The majority of the Group's borrowings are economically hedged to minimise interest volatility. Rate fluctuations on cash deposits are partially mitigated through deposit term, however this economic risk is inherent and mitigation options are limited.

Insurance

Project companies within the Group's portfolio may be responsible under their individual Project Agreements for maintaining insurance cover, including but not limited to, buildings, contents and third party cover. Typically, the Project entity takes the risk that the cost of maintaining the insurance may be greater than expected and that in some circumstances it may not be able to obtain the necessary insurance. Where insurance is not obtainable, the Public Sector Client may, in certain circumstances, arrange to insure the relevant risks itself. The Group has in place a pooled insurance programme to mitigate the insurance risks.

Changes in taxation law or practice and general law

The Group's investments are long-term concessions and can be affected by changes in local legislation, regulatory frameworks, economic factors and taxation. Where possible, components of these risks are mitigated through individual Project Agreements. In instances where this may not be possible, changes may have an adverse impact on the Group's financial performance.

Financial instruments

The financial risk management objectives and policies of the Group and the exposure of the Group to interest rate risk, inflation risk, currency risk, credit risk and liquidity risk are provided in Note 5 to the financial statements.

Results and Distributions

The results for the year are set out in the Consolidated income statement. Total income for the year was £342.2m (period 7 August 2007 to 31 March 2008: £143.5m) and loss before tax was £(293.0)m (period 7 August 2007 to 31 March 2008: £(55.3)m). The Directors do not recommend payment of a dividend.

Key Performance Indicators ("KPIs")

The investment portfolio was initially expected to deliver a nominal equity IRR of at least 9% and an average annual cash yield of greater than 8% for the first five years, in each case net of fees. As at 31 March 2009, the portfolio returned a nominal IRR of 8.68% and an average annual cash yield to date of 7.79%, despite the challenging economic environment.

Directors

The directors who held office during the year as well as subsequent appointments are given below:

W R Doughty		
A C M Rhodes	(appointed	1 August 2008)
R Shah	(resigned	15 August 2008)
A E Birch	(appointed	31 December 2008)
D A Ramroop	(resigned	31 December 2008)
D J Ellis	(appointed	7 April 2009)

Directors' indemnities

Qualifying third party indemnity provisions were in force for the directors during the financial year ended 31 March 2009 and at the date of this report, are in force for the benefit of the current directors in relation to certain losses and liabilities which they may incur (or may have incurred) to third parties in the course of their professional duties.

Charitable Donation

During the year the Company made a charitable donation of £30,000 (2008: nil) to the Norfolk Heart Trust.

Report of the Directors (continued)

Employees

The Group and Company have no employees. SCM recharges the Group and Company for advisory, management and other services performed.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 234ZA of the Companies Act 1985 the following applies:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the loss of the Group for that year.

In preparing those 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 that the financial statements comply with IFRSs as adopted by the European Union.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office as auditors.

By order of the Board

D J Ellis
Director

Date: 28 October 2009

Semperian PPP Investment Partners Limited
(formerly Trillium PPP Investment Partners Limited)

Independent auditors' report to the members of Semperian PPP Investment Partners Limited

We have audited the Group and Company financial statements (the "financial statements") of Semperian PPP Investment Partners Limited for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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.

Independent auditors' report to the members of Semperian PPP Investment Partners Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of the group's loss and cash flows for the year then ended;
- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 March 2009 and of the Company's cash flows for the year then ended;
- 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
28 October 2009

Semperian PPP Investment Partners Limited

(formerly Trillium PPP Investment Partners Limited)

Consolidated income statement
for the year ended 31 March 2009

Group	Note	Year ended 31 March 2009 £million	Restated 7 August 2007 to 31 March 2008 £million
Services revenue		**224.9**	74.2
Interest from investments	6	**19.0**	7.6
Income from finance receivables		**97.0**	37.6
Income and movement on associate investments	7	**1.3**	24.1
Total income		**342.2**	143.5
Services costs	8	**(198.8)**	(68.8)
Administrative expenses	9	**(53.3)**	(16.8)
Profit before net finance costs and tax		**90.1**	57.9
Finance costs			
- change in fair value of financial derivatives	10	**(206.5)**	(50.4)
- other finance costs	10	**(184.0)**	(68.9)
Finance income	10	**7.4**	6.1
Loss before tax		**(293.0)**	(55.3)
Income tax	11	**76.9**	15.4
Loss for the year / period		**(216.1)**	(39.9)
Attributable to:			
Equity holders of the parent		**(217.2)**	(40.3)
Minority interests		**1.1**	0.4
		(216.1)	(39.9)

All results are derived from continuing operations. The accompanying notes are an integral part of these consolidated financial statements.

Semperian PPP Investment Partners Limited
(formerly Trillium PPP Investment Partners Limited)

Balance sheets
as at 31 March 2009

	Note	Group 2009 £million	Group Restated 2008 £million	Company 2009 £million	Company Restated 2008 £million
Non-current assets					
Intangible assets	12	**609.8**	486.0	-	-
Property, plant and equipment	14	**105.6**	100.5	-	-
Net investment in finance leases	13	**62.2**	50.4	-	-
Trade and other receivables	19	**2,058.0**	1,462.2	-	-
Associate equity investments	15	**369.6**	216.3	-	-
Associate loan investments	15	**185.6**	166.9	-	-
Investment in subsidiary undertakings	17	-	-	**1,145.9**	844.6
Other investments	16	**80.9**	80.3	-	-
Deferred tax assets	11	-	0.7	**1.3**	-
Financial derivatives	23	**2.0**	2.8	-	-
Total non-current assets		**3,473.7**	2,566.1	**1,147.2**	844.6
Current assets					
Net investment in finance leases	13	**1.2**	1.1	-	-
Trade and other receivables	19	**62.9**	62.5	**94.3**	81.9
Cash and cash equivalents	20	**235.7**	187.9	**5.0**	35.8
Total current assets		**299.8**	251.5	**99.3**	117.7
Total assets		**3,773.5**	2,817.6	**1,246.5**	962.3
Current liabilities					
Short term borrowings	22	**(213.7)**	(66.6)	-	-
Trade and other payables	21	**(144.0)**	(89.3)	**(62.3)**	(32.3)
Current tax liabilities		**(1.8)**	(6.3)	-	-
Total current liabilities		**(359.5)**	(162.2)	**(62.3)**	(32.3)
Non-current liabilities					
Borrowings	22	**(2,836.0)**	(2,248.6)	**(1,120.1)**	(902.9)
Financial derivatives	23	**(370.2)**	(109.5)	**(107.7)**	(26.0)
Trade and other payables	21	**(12.7)**	(8.2)	-	-
Deferred tax liabilities	11	**(345.1)**	(286.6)	-	(3.0)
Total non-current liabilities		**(3,564.0)**	(2,652.9)	**(1,227.8)**	(931.9)
Total liabilities		**(3,923.5)**	(2,815.1)	**(1,290.1)**	(964.2)
Net (liabilities) / assets		**(150.0)**	2.5	**(43.6)**	(1.9)
Shareholders' equity					
Ordinary share capital	24	-	-	-	-
Cumulative translation reserve		**9.6**	3.7	-	-
Zero coupon bond reserve		**74.0**	26.5	**74.0**	26.5
Retained reserves		**(246.8)**	(37.4)	**(117.6)**	(28.4)
Total equity attributable to equity holders of the parent		**(163.2)**	(7.2)	**(43.6)**	(1.9)
Minority interests		**13.2**	9.7	-	-
Total equity		**(150.0)**	2.5	**(43.6)**	(1.9)

The accompanying notes are an integral part of these consolidated financial statements. The financial statements were approved by the Board of Directors on 28 October 2009 and signed on its behalf by:

D J Ellis
Director

Semperian PPP Investment Partners Limited
(formerly Trillium PPP Investment Partners Limited)

Statements of changes in shareholders' equity for the year ended 31 March 2009

Group		Attributable to equity holders of the parent				Minority interests	Total equity
	Note	Share capital £million	Cumulative translation reserve £million	Zero coupon bond reserve £million	Retained reserves £million	£million	£million
Loss for the period as previously stated		-	-	-	(37.4)	0.4	(37.0)
Exchange movements		-	3.7	-	-	-	3.7
Total recognised income and expense for the period		-	3.7	-	(37.4)	0.4	(33.3)
Minority share of acquired businesses		-	-	-	-	9.3	9.3
Ordinary shares issued	24	-	-	-	-	-	-
Shareholders' equity at 31 March 2008		**-**	**3.7**	**-**	**(37.4)**	**9.7**	**(24.0)**
Prior period adjustment	3	-	-	29.4	(2.9)	-	26.5
Transfer to zero coupon bond reserve		-	-	(2.9)	2.9	-	-
Restated shareholders' equity at 31 March 2008		**-**	**3.7**	**26.5**	**(37.4)**	**9.7**	**2.5**
Loss for the year		-	-	-	(217.2)	1.1	(216.1)
Fair value adjustment of additional zero coupon bonds		-	-	55.3	-	-	55.3
Transfer to zero coupon bond reserve		-	-	(7.8)	7.8	-	-
Exchange movements		-	5.9	-	-	-	5.9
Total recognised income and expense for the year		**-**	**9.6**	**74.0**	**(246.8)**	**10.8**	**(152.4)**
Minority share of acquired businesses		-	-	-	-	2.4	2.4
Shareholders' equity at 31 March 2009		**-**	**9.6**	**74.0**	**(246.8)**	**13.2**	**(150.0)**

Semperian PPP Investment Partners Limited
(formerly Trillium PPP Investment Partners Limited)

Statements of changes in shareholders' equity for the year ended 31 March 2009 (continued)

Reconciliation of restated loss for period ending 31 March 2008

Group	Note	**Attributable to equity holders of the parent**	**Minority interests**	**Total equity**
		Retained reserves		
	Note	£million	£million	£million
Loss for the period as previously stated		(37.4)	0.4	(37.0)
Prior period adjustment	3	(2.9)	-	(2.9)
Restated loss for the period		**(40.3)**	**0.4**	**(39.9)**

Company		**Attributable to equity holders of the parent**			
		Share capital	**Zero coupon bond reserves**	**Retained reserves**	**Total equity**
	Note	£million	£million	£million	**£million**
Loss for the period as previously stated		-	-	(9.7)	(9.7)
Shareholders' equity at 31 March 2008		**-**	**-**	**(9.7)**	**(9.7)**
Prior period adjustment	3	-	29.4	(2.9)	26.5
Interest rate swap fair value equity adjustment	3	-	-	(18.7)	(18.7)
Transfer to zero coupon bond reserve		-	(2.9)	2.9	-
Restated shareholders' equity at 31 March 2008		**-**	**26.5**	**(28.4)**	**(1.9)**
Loss for the year		-	-	(97.0)	(97.0)
Fair value adjustment of additional zero coupon bonds		-	55.3	-	55.3
Transfer to zero coupon bond reserve		-	(7.8)	7.8	-
Shareholders' equity at 31 March 2009		**-**	**74.0**	**(117.6)**	**(43.6)**

Cash flow statements
for the year ended 31 March 2009

	Note	Group Year ended 31 March 2009 £million	Group Restated 7 August 2007 to 31 March 2008 £million	Company Year ended 31 March 2009 £million	Company Restated 7 August 2007 to 31 March 2008 £million
Cash flows from operating activities					
Loss before tax		**(293.0)**	(55.3)	**(123.4)**	(39.8)
Adjustments for:					
Interest from investments		**(19.0)**	(7.6)	-	-
Gains and dividends from investments		**(1.3)**	(24.1)	-	-
Gains on finance receivables		**(97.0)**	(37.6)	-	-
Interest payable and similar charges	10	**184.0**	68.9	**64.4**	47.7
Changes in fair value of derivatives	10	**206.5**	50.4	**81.7**	-
Finance income	10	**(7.4)**	(6.1)	**(54.8)**	(17.5)
Amortisation & impairment		**21.0**	9.2	**0.6**	-
Depreciation of property, plant and equipment	14	**3.7**	1.5	-	-
Operating cash flow before changes in working capital		**(2.5)**	(0.7)	**(31.5)**	(9.6)
Changes in working capital					
(Increase) / decrease in receivables		**7.2**	16.6	**0.4**	(3.3)
Increase / (decrease) in payables		**(3.0)**	(4.0)	**24.2**	19.3
Cash flow from operations		**1.7**	11.9	**(6.9)**	6.4
Interest received from investments		**19.0**	7.6	**1.6**	1.8
Interest received on bank deposits		**7.4**	3.6	**1.1**	0.5
Cash received from finance receivables		**135.2**	45.8	**40.7**	-
Interest paid		**(176.8)**	(42.4)	**(49.8)**	(4.6)
Corporation tax (paid) / received		**(4.5)**	0.6	-	-
Net cash from operating activities		**(18.0)**	27.1	**(13.3)**	4.1
Cash flows from investing activities					
Acquisition of investments		**(1.7)**	(0.2)	**(306.0)**	-
Receipts from investments		**31.0**	2.4	**6.0**	-
Dividend income from associate investments	7	**5.7**	11.8	-	-
Acquisition of subsidiaries net of cash acquired	18	**(267.3)**	(725.2)	-	(851.7)
Net cash used in investing activities		**(232.3)**	(711.2)	**(300.0)**	(851.7)
Cash flows from financing activities					
Proceeds from issue of loans and borrowings		**500.4**	1,783.8	**307.3**	939.7
Repayment of loans and borrowings		**(203.5)**	(912.5)	**(24.8)**	(57.2)
Payments received on derivatives		-	-	-	0.9
Capital repayment from finance leases		**0.7**	0.3	-	-
Net cash from financing activities		**297.6**	871.6	**282.5**	883.4
Net increase / (decrease) in cash and cash equivalents		**47.3**	187.5	**(30.8)**	35.8
Cash and cash equivalents at beginning of year / period		**187.9**	-	**35.8**	-
Exchange movements		**0.5**	0.4	-	-
Cash and cash equivalents at end of year / period		**235.7**	187.9	**5.0**	35.8

Notes to the consolidated financial statements for the year ended 31 March 2009

1. Reporting entity

The consolidated financial statements as at and for the year ended 31 March 2009, comprise of the Company and its subsidiaries (together referred to as "the Group"). The principal activity of the Company is investing in partnerships and companies that provide property partnerships with public and private sector organisations encompassing property outsourcing and Public Private Partnership ("PPP") markets, primarily in the United Kingdom but with two investments in Western Europe. The Company financial statements present information about the Company as a separate entity.

2. Key accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the Companies Act 1985 applicable to companies reporting under International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the European Union in response to the IAS regulation (EC 1606/2002), using the historical cost convention modified to include revaluation of certain financial instruments and investments held at fair value as described below. The consolidated financial statements are presented in sterling, which is the Company's functional currency.

The preparation of financial statements in conformity with IFRS requires the Directors and SCM to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The accounting policies have been applied consistently in the current year and will be applied in future years. Note 4 describes the key accounting judgements and estimates.

(b) Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries up to 31 March 2009. Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

Associates are those entities over which the Company has significant influence. Investments in such entities are designated upon initial recognition to be accounted for at fair value through the income statement. See parts (d)(i) and (f) below for the accounting policy for investments in these entities.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with subsidiaries are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, to the extent there is no evidence of impairment. All business combinations are accounted for using the purchase method. Goodwill represents the difference between the cost of acquisition and the share of the fair value of identifiable net assets (including intangible assets) of a subsidiary at the date of acquisition. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

2. Key accounting policies (continued)

(c) Recent Accounting Developments

The following standards, amendments and interpretations have not yet been applied to these financial statements. The adoption of the standards, amendments and interpretations listed below in future years are not expected to have a material impact on the Group's consolidated results or assets and liabilities. The Group will determine an appropriate implementation date for the following standards, amendments and interpretations after they have been adopted by the European Union:

IFRS 8: 'Operating Segments' issued in November 2006 (effective from 1 January 2009). The Company will adopt this standard from 1 April 2009. The new standard sets out the disclosure information required about an entity's segments and requires segment information to be prepared on the same basis as information reported to management for decision-making purposes. It is not anticipated that this standard will have a material impact on the financial statements of the Company.

IFRS 3 (Revised): 'Business combinations' issued in January 2008 (effective from 1 July 2009). Implementation of this standard makes several changes to the accounting for business combinations, including the recognition of contingent consideration, acquisition costs and goodwill on acquisition. However, it will only affect the accounting of business combinations completed after 1 April 2010 and, therefore, will not affect results previously published.

IFRS 1 (Revised): 'Presentation of financial statements' issued in November 2008 (effective from 1 January 2009). This is a comprehensive revision of the presentation of financial statements, including a statement of comprehensive income. The revision changes the structure, whilst retaining the substance of the previously issued version.

IFRIC 15: Agreements for the construction of real estate issued in July 2008 (effective from 1 January 2009). The interpretation clarifies the circumstances under which 'IAS 11: Construction Contracts' should be applied in a real estate transaction and those circumstances when the accounting treatment in 'IAS 18: Revenue' should be adopted.

IFRIC 16: Hedges of a net investment in a foreign operation issued in July 2008 (effective from 1 October 2008). The interpretation clarifies certain aspects of net investment hedging. The Company does not apply hedge accounting.

IFRIC 17: Distribution of non-cash assets to owners issued in November 2008 (effective from 1 July 2009). The interpretation requires such distributions to be measured at the fair value of the asset and any difference between the carrying amount of the asset and its fair value to be recognised in profit or loss.

IFRIC 18: Transfers of assets from customers issued in January 2009 (effective from 1 July 2009). Addresses arrangements whereby an entity receives items of property, plant and equipment or cash which the entity must use to connect customers to a network or provide access to a supply of goods or services, or both.

Amendments to IAS 23: Borrowing costs' was issued in March 2007 (effective from 1 January 2009). The amendment removes the option of immediately expensing borrowing costs relating to the acquisition, construction or production of assets that take a considerable time to complete, whether for the Company's continuing use or for sale. Retrospective adoption is not required and, consequently, there will be no changes to numbers already recognised in the financial statements. The adoption of this policy is not anticipated to have a material impact on the results of the Group as it does not have any assets in the course of construction.

2. Key accounting policies (continued)

Amendments to IAS 27: Consolidated and separate financial statements issued in January 2008 (effective from 1 July 2009). The standard requires that all transactions with non-controlling interests are recorded in equity if there is no consequential change in control. It also specifies the accounting treatment when control of an entity is lost.

Amendment to IAS 39: Financial Instruments: Recognition and measurement on eligible hedged items issued in July 2008(effective from 1 July 2009). The amendment prohibits designating inflation as a hedgeable component of an instrument, unless cash flows relating to the separate inflation component are contractual and also prohibits the designation of a purchased option in it entirety as the hedge of a one-sided risk in a forecast transaction.

Amendment to IAS 39: Financial Instruments: Recognition and measurement: Reclassification of Financial Assets issued in November 2008 (effective from 1 July 2008). The amendment clarifies the effective date and transition requirement of an earlier amendment to IAS 39 issued in Oct 2008 relating to the reclassification of financial assets.

Amendment to IFRS 7: 'Financial Instruments – Disclosure (effective from 1 January 2009). The amendment improves disclosures about financial instruments issued in March 2009. The amendment enhances disclosures about fair value and liquidity risk.

Amendments to IAS 39 and IFRIC 9: Embedded derivatives issued March 2009 (effective from 1 July 2008). The amendments require reassessment of whether an embedded derivative should be separated out if a financial asset is reclassified out of the fair value through profit or loss category.

Amendments to IFRS 2009: Improvements to IFRS 2009 issued April 2009 (effective from 1 January 2010). Contains amendments to various existing standards.

Amendment to IFRS 2: Share-based payments issued June 2009 (effective from 1 January 2010). Clarifies the definition of vesting conditions and the accounting treatment of cancellations. Vesting conditions are defined as either service conditions or performance conditions. Cancellations by employees are accounted for in the same way as cancellations by the company.

(d) Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial instruments: Recognition and measurement'.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise of investments in equity and debt securities, finance receivables, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. .

Non-derivative financial instruments are recognised initially at fair value with directly attributable transaction costs, except for financial instruments measured at fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise of cash balances, deposits held at call with banks and other short-term, highly liquid investments with original maturities of six (2008: three) months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statements.

2. Key accounting policies (continued)

Investments at fair value through the income statement:

- Fair values are determined using the income approach which discounts the expected future cash flows attributed to each asset at an appropriate rate to arrive at fair values. In determining the appropriate discount rate, regard is had to risk free rates, the specific risks of each investment and the evidence of recent transactions. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred.

- Refer to Note 2 (k) (ii) for the accounting policy for finance receivables.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses. The effective interest method calculates the amortised cost of the non-derivative financial instrument and allocates the interest over the period of the instrument.

Borrowings are recognised initially at the fair value of the consideration received, less transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(ii) Derivative financial instruments

The Group's operating subsidiaries hold derivative financial instruments to economically hedge their interest rate and RPI risk exposures. All derivatives are recognised initially at fair value with attributable transaction costs recognised in profit or loss as incurred. Thereafter, derivatives are measured at fair value with changes recognised in profit or loss as part of finance costs. Fair value is based on valuations provided by an independent third party valuer. The Group does not apply hedge accounting.

(e) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Subsidiaries acquired in a single transaction are accounted for as a portfolio.

Goodwill is included in intangible assets, tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement. Subsequent reversals of impairment losses for goodwill are not recognised.

Gains and losses on the disposal of an entity include the carrying value of goodwill relating to the entity sold.

(ii) Other intangible assets

The group has recognised intangible assets acquired as part of a business combination, being the fair value of service concessions acquired as at the date of acquisition in the operating subsidiaries. Fair values were determined using the income approach which discounts the expected future cash flows attributable to the service portion of the service concessions acquired at an appropriate rate to arrive at fair values. In determining the appropriate discount rate, regard is had to risk free rates and the specific risks of each project. These assets are being amortised over the life of the concessions concerned on a straight-line basis.

2. Key accounting policies (continued)

(f) Investment in associates

Investments in associates are not accounted for using the equity method but upon initial recognition are designated as investments at fair value through the income statement because of the Company's status as an investment fund using the exemption provided by IAS 28. See Note 2(d)(i).

(g) Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation and any recognised impairment losses.

Depreciation is provided on operating properties by estimating the depreciable amount of the relevant assets by equal annual instalments over the term of the respective concession, ranging from 5 to 53 years. The assets' residual values are reviewed and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(h) Leases

Assets leased out under finance leases are recognised as a receivable in the balance sheet at the present value of the lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(i) Impairment

(i) ***Financial assets***
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

(ii) ***Non-financial assets***
The carrying amounts of the Group's non-financial assets are stated at cost and reviewed at each reporting date to determine whether there is any evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its net selling price and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reviewed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

2. Key accounting policies (continued)

(j) Revenue

Services revenue comprises rental and service income which relate to the operating subsidiaries. Service income is determined according to the service contracts policy set out below.

Gains on investments include interest, dividends, fees and other operating income relating to investments. Interest income arising on investments at fair value through profit or loss is recognised in the income statement as it accrues, using the effective interest rate of the instrument concerned as calculated at the acquisition or origination date. The effective interest rate is that rate that exactly discounts estimated cash payments or receipts through the expected life of the financial instrument to the relevant asset's carrying amount. Interest income includes the unwinding of the fair value adjustment on initial recognition of finance receivables. Interest income on debt instruments classified as at fair value through profit or loss is accrued using the original effective interest rate.

Dividends are recognised when the Group's rights to receive payment have been established. That part of the dividend which has already been recognised in the fair value of investments is deducted from the carrying amount of the relevant investment. Fees and other operating income are recognised when the Group's rights to receive payment have been established.

(k) Service contracts

(i) Service concessions
The Group has applied the appropriate treatment of Private Finance Initiative and similar contracts in accordance with IFRIC 12 and other applicable IFRS provisions. Service concessions which fall within the scope of IFRIC 12 conform to the following policies based on the rights to the service concession's consideration:

Finance receivables:
Service concessions are determined to be finance receivables to the extent that the Group, as operator, has an unconditional contractual right to receive cash or another financial asset from, or at the direction of, the grantor. The cash receivable in respect of the service concession is allocated to the finance receivable using the effective interest method, giving rise to interest income which is recognised in the income statement and a residual cash amount to reflect repayment of the finance receivable. See below for the accounting policy for subsequent accounting of finance receivables.

Intangible assets:
Service concessions are determined to be intangible assets to the extent that the Group, as operator, has a contractual right to charge users of the public services. The intangible asset is amortised to estimated residual value over the remaining life of the service concession and tested each year for impairment.

(ii) Subsequent accounting – finance receivables
Finance receivable 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 finance receivable asset to that asset's net carrying amount.

(iii) Revenue recognition
Revenue is measured at the fair value of the consideration receivable and is recognised by allocating a proportion of total cash receivable to construction income and service income. The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable. In the operational stage of the contract, cash received in respect of the service concessions is allocated to service revenue based on its fair value, with the remainder being allocated between capital repayment and interest income using the effective interest method.

2. Key accounting policies (continued)

(l) Income tax

Income tax on the profit/loss for the year of the Company and Group comprises of current and deferred tax. Current tax is the tax payable on the taxable income for the year. Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and laws that have been, or substantially, enacted at the reporting date.
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 Company and its subsidiaries intend to settle their current tax assets and liabilities on a net basis.

(m) Foreign currencies

The Company's presentational currency is sterling. The results and financial position of all subsidiaries and associates that have a functional currency different from sterling are translated into sterling as follows:

- Assets and liabilities are translated at the rate of exchange at the date of the balance sheet;
- Income and expenses are translated at average exchange rates for the year; and
- All resulting exchange differences are recognised as a separate component of equity.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Foreign exchange gains and losses on financial assets and liabilities are recognised at fair value through the Consolidated income statement.

(n) Life cycle

The underlying project assets will incur various costs including repair, refurbishment, replacement and insurance over the anticipated project lifespan. These costs are accounted for in accordance with the underlying concession arrangement and are recognised in the income statement as they accrue.

(o) Expenses

All expenses are accounted for on an accruals basis. Investment management and administration fees, finance costs (including interest on long-term borrowings) and all other expenses are charged through the income statement.

3. Prior period adjustments

After a review of the accounting for financial instruments, the directors have identified two material prior period adjustments required for the Group and Company.

Group and Company
A zero coupon bond was initially recorded at its nominal value in prior period accounts. On initial recognition, a zero coupon bond should be recorded at its fair value. The fair value of a zero coupon bond is the present value of the expected future payments discounted using the market rate of interest of a similar bond. The zero coupon bond has now been re-valued and prior period results restated.

The net Group and Company impact of the prior period adjustment is an increase in the prior period loss of £2.9m. The adjustment comprises of an increase in finance costs of £4.0m and a £1.1m increased income tax credit. Borrowings have decreased by £36.8m and a deferred tax liability of £10.3m was raised on the fair value adjustment. The net result of the fair value adjustment is shown in the statement of changes in shareholders equity.

Company
Movements on the fair value of interest rate swaps were not recorded in prior period accounts. On initial recognition, interest rate swaps must be recorded at fair value. The fair value of a swap is the present value of the expected future payments discounted using the market rate of interest of a similar swap. The swaps have now been re-valued and prior period results restated.

The net Company impact of the prior period adjustment is an increase in the prior period loss of £18.7m. The adjustment comprises of an increase in finance costs of £26.0m and a £7.3m increased income tax credit. Borrowings have decreased by £26.0m and a deferred tax liability of £7.3m was raised on the fair value adjustment. The net result of the fair value adjustment has been taken directly to profit and loss.

4. Critical accounting estimates and assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances that affect reported assets and liabilities, disclosure of contingent assets and liabilities and reported revenues and expenses during the reporting year. Actual results may differ from these estimates. Estimates and assumptions made that caused material adjustments to carrying amounts of assets and liabilities in the current year and which have a significant risk of causing adjustments within the next financial year are outlined below.

Going concern
In the year ended 31 March 2009, the Group recorded a post-tax loss of £(216.1)m (2008: £(39.9)m) and had net (liabilities) /assets of £(150.0)m (2008: £2.5m). The Company recorded a post-tax loss of £(97.0)m (2008: £(31.4)m) and had net liabilities of £(43.6)m (2008: £(1.9)m).

The financial statements have been prepared on the going concern basis because the loss in the year has largely been caused by accounting for the net downward movement in the fair values of interest rate and RPI swaps which impacted the consolidated income statement £206.5m (2008: 50.4m). The interest rate swaps represent an economic hedge of a portion of the Group's senior borrowings, which are recognised in the consolidated balance sheet at amortised cost. Had the Group adopted hedge accounting policies, the impact of the revaluation of swaps would have been offset by an equivalent reduction in the carrying value of the hedged liabilities.

4. Critical accounting estimates and policies (continued)

The Group and Company reported an operating cash inflow / (outflow) of £(18.0)m and £(13.3)m, (2008: £27.1m and £4.1m) respectively, for the year ended 31 March 2009 and internal forecasts support the ongoing profitability of both the Group and Company. Hence, the going concern assumption of the Group and Company has been applied.

Nevertheless, if the going concern basis were not to be an appropriate basis for the preparation of the financial statements, it would be necessary to provide for the expenses of realising the Group's assets, and to state the assets at their recoverable amount.

Impairment
Goodwill is tested annually for impairment. The recoverable amounts of the net assets are determined based on discounted cash flow methodology. These calculations require the use of estimates, including projected future cash flows and other future events. In determining the discount rate, regard is had to risk free rates, specific risks and evidence of recent transactions.

See Note 12 for further information regarding impairment of goodwill.

Investments at fair value through the income statement
By virtue of the Company's status as an investment fund and the exemption provided by IAS 28.1, investments in associates are designated upon initial recognition to be accounted for at fair value through the income statement.

Fair values are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to risk free rates, specific risks and the evidence of recent transactions.

The carrying amount of investments would be an estimated £28.2m (2008: £16.0m) higher or £26.0m (2008: £14.8m) lower if the discount rate used in the cash flow analysis were to differ by 50 basis points from that used in the fair value calculation. The weighted average discount rate for the portfolio as at 31 March 2009 was 8.50% (2008: 8.08%).

Financial derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Company does not apply hedge accounting and consequently, changes in fair value are recognised immediately in the income statement.

Zero coupon bond
The Company has received various zero coupon bonds from its parent company that carry no interest, but which are repayable at their face value on maturity or earlier at the option of the Company. On initial recognition, such zero coupon bonds are recorded at their fair values. The fair value is estimated using a discounted cash flow valuation. Under this method, the fair value is estimated as the present value of all future cash outflows that the company expects to make discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. At initial recognition the difference between the fair value and the nominal value of the zero coupon bond is taken to equity. The loan is amortised through the income statement using the effective interest method.

5. Financial risk management

The objective of the Group's financial risk management is to manage and control the risk exposures of its investment portfolio. The Board of Directors has overall responsibility for overseeing the management of financial risks. The review and management of financial risks are delegated to SCM, which has documented procedures designed to identify, monitor and manage the financial risks to which the Group is exposed. This note presents information about the Group's exposure to financial risks, its objectives, policies and processes for managing risk and the Investment Group's management of its financial resources. The Group owns a portfolio of investments predominantly in the subordinated loan notes and ordinary equity of project finance initiative companies. These companies are structured at the outset to minimise financial risks of acquiring and holding the investment. SCM primarily focuses its risk management on the direct financial risks of acquiring and holding the portfolios, but continues to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the Boards of the project companies and the receipt of regular financial and operational performance reports.

Interest rate risk
The Group invests in subordinated loan notes of project companies, usually with fixed interest rate coupons. Where floating rate debt is owned the primary risk is that the Group's cash flows will be subject to variation depending upon changes to base interest rates. The portfolio's cash flows are continually monitored and re-forecasted both over the near future (five year time horizon) and the long-term (over the whole period of projects' concessions) to analyse the cash flow returns from investments. The Group has made use of borrowings to finance the acquisition of investments and the forecasts are used to monitor the impact of changes in borrowing rates against cash flow returns from investments as increases in borrowing rates will reduce net interest margins.

The Group's policy is to ensure that interest rates are sufficiently hedged to protect the Investment Group's net interest margins from significant fluctuations when entering into material term borrowings.

The Group has an indirect exposure to changes in interest rates through its investment in project companies, which are in part financed by senior debt. Senior debt financing of project companies is generally either through floating rate debt or fixed rate bonds. Where senior debt is floating rate, the projects typically have concession length hedging arrangements in place, which are monitored by the project companies' managers, finance parties and boards of directors. Floating rate debt is hedged using interest rate swaps.

The carrying amount of interest rate swaps would change by £160.4m (2008: £61.8m) if rates changed by 50 basis points.

Inflation risk
The Group's project companies are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation where possible to minimise the risks of a mismatch between income and costs due to movements in inflation indexes. The Group's overall cash flows are estimated to partially vary with inflation. The effects of these inflation changes do not always immediately flow through to the Group's cash flows, particularly where a project's loan note debt carries a fixed coupon and the inflation change flows through by way of dividends.

The carrying amount of RPI swaps would change by £17.0m (2008: £17.7m) if rates changed by 50 basis points.

Currency risk
The projects in which the Group invests, all conduct their business and pay interest, dividends and principal in sterling, other than two investments, which conduct their business and pay interest, dividends and principal in Euros. The Group monitors its foreign exchange exposures using its near term and long term cash flow forecasts. Its policy is to use foreign exchange hedging to provide protection to the level of sterling distributions that the Group aims to pay over the medium term, where considered appropriate.

5. Financial risk management (continued)

Credit risk

Credit risk is the risk that a counterparty of the Group will be unable or unwilling to meet a commitment that it has entered into with the Group. The Group's direct counterparties are the project companies in which it makes investments. The Group's near term cash flow forecasts are used to monitor the timing of cash receipts from project counterparties. Underlying the cash flow forecasts are project company cash flow models, which are regularly updated by project companies and provided to the SCM, for the purposes of demonstrating the projects' ability to pay interest and dividends based on a set of detailed assumptions. Many of the Group's investment and subsidiary entities generally receive revenue from government departments, public sector or local authority clients. Therefore a significant portion of the Group's revenue arises from counterparties of good financial standing.

The Group is also reliant on the projects' subcontractors continuing to perform their service delivery obligations such that revenues to projects are not disrupted. SCM has a subcontractor counterparty monitoring procedure in place. The credit standing of subcontractors is reviewed and the risk default estimated for each significant counterparty position. Monitoring is ongoing and period end positions are reported to the Board on a quarterly basis.

Cash investments and derivative transactions are limited to financial institutions of a suitable credit quality.

No classes within trade and other receivables contain impaired assets. The maximum exposure to credit risk over financial assets is the carrying value of those assets in the balance sheet. As at 31 March 2009, the Group recorded overdue, but not impaired, balances of £4.1m (2008: £2.4m). Of these balances £1.7m (2008: £1.4m) is less than three months old and £0.6m (2008: £0.3m) is more than 12 months old. The balances more than 12 months old have been passed on to suppliers, which is common practice in the industry and a corresponding trade payable is recorded in the financial statements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation. The Group's investments are predominately funded by long term funding.

The Group's investments are generally in private companies in which there is no listed market and, therefore, such investment would take time to realise and there is no assurance that the valuations placed on the investments would be achieved from any such sale process.

The Group's investment companies have borrowings which rank senior to the Group's own investments in the companies. The senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the projects. Debt raised by the investment companies from third parties is without recourse to the Group.

The Group's investments may include obligations to meet future subscription amounts. These obligations will typically be supported by standby letters of credit, issued by the Group's bankers in favour of the senior lenders to the Investment companies. Such subscription obligations are met from the Group's financial resources when they fall due. Refer to Note 26.

The Group's banking facilities are currently arranged on an uncommitted basis, except the standby letter of credit facility, which is provided until the subscription it supports is due. The facilities are of sufficient size to meet the Group's foreseeable funding requirement. Current banking facilities would only be utilised on a short term bridging basis to be refinanced from long term funding. Alternative financing arrangements are kept under review for adoption if required.

5. Financial risk management (continued)

The table below analyses the consolidated Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts in the table are the contracted undiscounted cash flows.

31 March 2009 £million	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**
Bank borrowings	**104.1**	**105.3**	**311.0**	**1,970.8**
Trade and other payables	**144.0**	**6.4**	**2.2**	**4.1**
Notes	**30.5**	**30.6**	**96.2**	**403.0**
Listed bonds	**18.9**	**16.3**	**50.0**	**324.3**
Interest accrual	**29.9**	**-**	**-**	**-**
Financial derivatives	**16.0**	**15.7**	**43.9**	**133.8**

31 March 2008 £million	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**
Bank borrowings	86.1	90.0	271.5	1,853.7
Trade and other payables	89.3	2.5	1.5	4.1
Notes	29.7	31.1	94.9	434.4
Listed bonds	22.4	21.4	64.1	335.8
Interest accrual	25.8	-	-	-
Financial derivatives	13.6	17.4	50.6	140.8

Capital management
The capital structure of the Group consists of loans and borrowings, cash and cash equivalents and equity attributable to members of the Company, comprising issued capital, reserves and retained earnings.

The Board's policy when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to sustain the future development of the business. In order to maintain or adjust the capital structure, the Group may issue new shares or raise medium/long term third party debt. Any changes will be considered in the light of the impact they have on shareholders' return on their equity. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Fair value estimation
The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Non-derivative financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to risk free rates, the specific risks of each investment and the evidence of recent transactions.

Derivative financial instruments
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

Note 2 discloses the methods used in determining fair values on a specific asset/liability basis. Where applicable, further information about the assumptions used in determining fair value is disclosed in the notes specific to that asset or liability.

5. Financial risk management (continued)

Group - Classification of financial instruments

	2009 £million	2008 £million
Financial assets		
Designated at fair value through the income statement:		
Investments in associates at fair value through the income statement	**555.2**	383.2
Financial derivatives	**2.0**	2.8
Financial assets at fair value	**557.2**	386.0
Loans and receivables:		
Other investments	**80.9**	80.3
Net investment in finance lease	**63.4**	51.5
Trade and other receivables	**2,120.9**	1,524.7
Cash and cash equivalents	**235.7**	187.9
Financial assets at amortised cost	**2,500.9**	1,844.4
Financial liabilities		
Designated at fair value through the income statement:		
Financial derivatives	**(370.2)**	(109.5)
Financial liabilities at fair value	**(370.2)**	(109.5)
At amortised cost:		
Trade and other payables	**(156.7)**	(97.5)
Loans and borrowings	**(3,049.7)**	(2,315.2)
Financial liabilities at amortised cost	**(3,206.4)**	(2,412.7)

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

6. Interest from investments

	Year ended 31 March 2009 £million	7 August 2007 to 31 March 2008 £million
Interest from investments at fair value	**11.4**	4.7
Interest from other investments	**5.0**	1.6
Interest from finance lease	**2.5**	1.3
Sundry income	**0.1**	-
Interest from investments	**19.0**	7.6

7. Income and movement on associate investments

	Year ended 31 March 2009 £million	7 August 2007 to 31 March 2008 £million
Dividend income from associate investments	**5.7**	11.8
Fees and other operating income	**1.0**	0.5
Movement on fair valuation of associate investments (see note 15)	**(5.4)**	11.8
Income and movement on associate investments	**1.3**	24.1

8. Service costs

	Year ended 31 March 2009 £million	7 August 2007 to 31 March 2008 £million
Service costs	**(179.5)**	(61.5)
Amortisation of intangible assets (see Note 12)	**(19.3)**	(7.3)
Service costs	**(198.8)**	(68.8)

9. Administrative expenses

	Year ended 31 March 2009 £million	7 August 2007 to 31 March 2008 £million
Auditors fees for the audit of subsidiary accounts	**(0.4)**	(0.7)
Exchange differences	**(9.2)**	(7.3)
Management fees	**(15.6)**	(2.5)
Investment fees	**(7.1)**	(2.7)
Depreciation (see Note 14)	**(3.7)**	(1.5)
Impairment of intangible assets (see Note 12)	**-**	(1.9)
Other fees	**(17.3)**	(0.2)
Administration fees	**(53.3)**	(16.8)

The audit fee has been paid on the Group's behalf by SCM, which is then recharged.

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

10. Net finance costs

	Year ended 31 March 2009 £million	7 August 2007 to 31 March 2008 £million
Interest expense:		
Interest on bank loans and overdrafts [(2)]	**(130.8)**	(50.4)
Interest on other loans [(2)]	**(44.3)**	(16.3)
Interest on swaps [(2)]	**(2.9)**	-
Other interest payable and finance costs [(2)]	**(6.0)**	(2.2)
Change in fair value of RPI swaps [(1)]	**-**	(5.4)
Change in fair value of interest rate swaps [(1)]	**(213.3)**	(45.0)
Total interest expense	**(397.3)**	(119.3)
Interest income:		
Interest on bank deposits [(3)]	**7.4**	3.6
Change in fair value of RPI swaps [(1)]	**6.8**	-
Interest on swaps [(3)]	**-**	2.5
Total finance income	**14.2**	6.1
Net finance costs	**(383.1)**	(113.2)
Net finance costs summary:		
(1) Change in fair value of financial derivatives	**(206.5)**	(50.4)
(2) Other finance costs	**(184.0)**	(68.9)
(3) Finance income	**7.4**	6.1
Net finance costs	**(383.1)**	**(113.2)**

11. Taxation

11a. Income tax expense

	Year ended 31 March 2009 £million	7 August 2007 to 31 March 2008 £million
Current tax:		
UK Corporation tax on profits for the year / period	-	(1.8)
Deferred tax:		
Origination and reversal of temporary differences	**76.9**	17.2
Total income tax income in the income statement	**76.9**	15.4

Subsidiaries in the UK have provided for UK corporation tax at 28% (2008: 30%) and deferred tax at the rate of 28% (2008: 28%). Overseas subsidiaries provided for taxation at the appropriate rates in the countries in which they operate.

11b. Reconciliation of effective tax rate

	Year ended 31 March 2009 £million	7 August 2007 to 31 March 2008 £million
Loss before taxation	**(293.0)**	(55.3)
Tax at 28% (2008: 30%)	**82.0**	16.5
Losses for which no deferred income tax asset was recognised	**(6.3)**	(6.9)
Dividend income	**1.5**	3.6
Other income not subject to income tax	**12.8**	4.1
Goodwill impairment not deductible for tax	-	(0.6)
Other expenses not deductible for tax	**(13.1)**	(0.6)
Impact of change in UK corporation tax rate	-	(0.7)
Total income tax income in the income statement	**76.9**	15.4

Semperian PPP Investment Partners Limited
(formerly Trillium PPP Investment Partners Limited)

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

11. Taxation (continued)

11c. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributed to the following:

Group	Finance receivables £million	Finance leases £million	PP&E £million	Intangible assets £million	Loans & borrowings £million	Other financial liabilities £million	Tax losses £million	Other £million	Total £million
Acquired	(236.1)	(2.0)	(15.9)	(104.2)	10.3	13.3	46.3	(2.2)	(290.5)
(Charge)/credit to income statement	(8.8)	-	(0.1)	2.0	1.0	16.6	6.5	-	17.2
Zero coupon bond reserve	-	-	-	-	(11.4)	-	-	-	(11.4)
Exchange movements	-	-	(1.2)	-	-	-	-	-	(1.2)
At 31 March 2008	**(244.9)**	**(2.0)**	**(17.2)**	**(102.2)**	**(0.1)**	**29.9**	**52.8**	**(2.2)**	**(285.9)**
Deferred tax assets	-	-	-	-	-	-	0.7	-	0.7
Deferred tax liabilities	(244.9)	(2.0)	(17.2)	(102.2)	(0.1)	29.9	52.1	(2.2)	(286.6)
At 31 March 2008	**(244.9)**	**(2.0)**	**(17.2)**	**(102.2)**	**(0.1)**	**29.9**	**52.8**	**(2.2)**	**(285.9)**
(Charge)/credit to income statement	6.1	0.3	0.4	5.4	(0.4)	57.3	2.4	5.4	76.9
Acquisitions	(145.5)	(0.7)	(1.1)	(18.6)	33.0	10.2	9.4	(0.1)	(113.4)
Zero coupon bond reserve	-	-	-	-	(21.5)	-	-	-	(21.5)
Other	-	-	-	-	-	-	-	(1.2)	(1.2)
At 31 March 2009	**(384.3)**	**(2.4)**	**(17.9)**	**(115.4)**	**11.0**	**97.4**	**64.6**	**1.9**	**(345.1)**
Deferred tax assets	-	-	-	-	11.0	97.4	64.6	1.9	174.9
Deferred tax liabilities	(384.3)	(2.4)	(17.9)	(115.4)	-	-	-	-	(520.0)
At 31 March 2009	**(384.3)**	**(2.4)**	**(17.9)**	**(115.4)**	**11.0**	**97.4**	**64.6**	**1.9**	**(345.1)**

The Group has not recognised deferred income tax assets of £13.2m (2008: £6.4m) in respect of losses amounting to £47.1m (2008: £23.0m) that can be carried forward against future taxable income.

All deferred tax balances fall due after more than one year.

Company	Finance receivables £million	Finance leases £million	PP&E £million	Intangible assets £million	Loans & borrowings £million	Other financial liabilities £million	Tax losses £million	Other £million	Total £million
Acquired	-	-	-	-	-	-	-	-	-
(Charge)/credit to income statement	-	-	-	-	1.2	7.3	-	-	8.5
Zero coupon bond reserve	-	-	-	-	(11.5)	-	-	-	(11.5)
At 31 March 2008	-	-	-	-	**(10.3)**	**7.3**	-	-	**(3.0)**
Deferred tax assets	-	-	-	-	-	7.3	-	-	7.3
Deferred tax liabilities	-	-	-	-	(10.3)	-	-	-	(10.3)
At 31 March 2008	-	-	-	-	**(10.3)**	**7.3**	-	-	**(3.0)**
(Charge)/credit to income statement	-	-	-	-	3.0	22.8	-	-	25.8
Zero coupon bond reserve	-	-	-	-	(21.5)	-	-	-	(21.5)
At 31 March 2009	-	-	-	-	**(28.8)**	**30.1**	-	-	**1.3**
Deferred tax assets	-	-	-	-	-	30.1	-	-	30.1
Deferred tax liabilities	-	-	-	-	(28.8)	-	-	-	(28.8)
At 31 March 2009	-	-	-	-	**(28.8)**	**30.1**	-	-	**1.3**

The Company has not recognised deferred income tax assets of £6.4m (2008: £0.5m) in respect of losses amounting to £22.7m (2008: £2.0m) that can be carried forward against future taxable income.

All deferred tax balances fall due after more than one year.

12. Intangible assets

Group	Goodwill £million	Other intangible assets £million	Total £million
Cost			
Acquisitions	122.4	372.2	494.6
Exchange movements	0.6	-	0.6
Balance as at 31 March 2008	123.0	372.2	495.2
Provisional fair value adjustments	1.8	-	1.8
Transfer from associates	7.7	-	7.7
Acquisitions	64.3	68.6	132.9
Exchange movements	0.7	-	0.7
Balance as at 31 March 2009	**197.5**	**440.8**	**638.3**
Amortisation & Impairment			
Impairment	(1.9)	-	(1.9)
Amortisation for the period	-	(7.3)	(7.3)
Balance as at 31 March 2008	(1.9)	(7.3)	(9.2)
Impairment	-	-	-
Amortisation for the year	-	(19.3)	(19.3)
Balance as at 31 March 2009	**(1.9)**	**(26.6)**	**(28.5)**
Carrying amounts			
At 31 March 2009	**195.6**	**414.2**	**609.8**
At 31 March 2008	121.1	364.9	486.0

For the purposes of the impairment review, a weighted average discount rate of 7.65% (2008: 8.08%) has been used to discount the cash flows of the operations, being the weighted average cost of capital ("WACC") (2008: market rate) determined by SCM. A long term growth rate in income of 3.0% (2008: 3.0%) has been used to estimate the growth in contract cash flows caused by RPI within the individual concession arrangements.

In addition to growth and discount rates, other key assumptions in determining the recoverable amount of goodwill include growth of facilities management costs and other operating costs, risks associated with lifecycle costs (often assumed by the operating sub-contractor), changes in tax rates and changes in senior, equity and subordinated debt funding. The latter is normally established at the outset of the project.

Sensitivity analysis around the assumptions has indicated that if the WACC discount rate taken at 7.65% (2008: 8.08% using market rate) increased by 50 basis points, goodwill would potentially be impaired by £59.6m (2008: £37.5m).

Other intangible assets relate to the customer contracts for the operating subsidiary projects and are primarily attributable to the service portion of the project contracts. Intangibles are amortised on a straight line basis over the remaining life of the concessions concerned (ranging from between 4 and 53 years). Amortisation of £19.3m (2008: £7.3m) is included within service cost expenses in the consolidated income statement.

Provisional fair value adjustments represent liabilities allocated to prior period acquisitions that were not previously identified at the time of the original assessment of goodwill.

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

13. Net investment in finance leases

Group	2009 £million	2008 £million
Non-current		
Finance leases – gross receivables	**99.4**	87.1
Unearned finance income	**(37.2)**	(36.7)
	62.2	50.4
Current		
Finance leases – gross receivables	**6.4**	5.2
Unearned finance income	**(5.2)**	(4.1)
	1.2	1.1
Net investment in finance leases	**63.4**	51.5
Gross receivables from finance leases		
Not later than one year	**6.4**	5.2
Later than one year but not more than five years	**28.6**	21.2
More than five years	**70.8**	65.9
	105.8	92.3
Unearned future finance income		
Not later than one year	**(5.2)**	(4.1)
Later than one year but not more than five years	**(19.8)**	(14.8)
More than five years	**(17.4)**	(21.9)
	(42.4)	(40.8)
Net investment in finance leases	**63.4**	51.5

The Group has leased out property under finance leases which terminate between 2025 and 2032 (2008: single finance lease terminating in 2025). The fair value of the Group's finance lease receivables approximate to their carrying amounts.

14. Property, plant and equipment

Group	Operating properties £million	Other property, plant & equipment £million	Total £million
Cost			
Acquisitions	94.3	0.5	94.8
Exchange movements	7.1	0.1	7.2
Balance as at 31 March 2008	101.4	0.6	102.0
Acquisitions	-	-	-
Exchange movements	8.7	0.1	8.8
Balance as at 31 March 2009	**110.1**	**0.7**	**110.8**
Depreciation			
Depreciation for the period	(1.4)	(0.1)	(1.5)
Balance as at 31 March 2008	(1.4)	(0.1)	(1.5)
Depreciation for the year	(3.6)	(0.1)	(3.7)
Balance as at 31 March 2009	**(5.0)**	**(0.2)**	**(5.2)**
Carrying amounts			
At 31 March 2009	**105.1**	**0.5**	**105.6**
At 31 March 2008	100.0	0.5	100.5

15. Associate investments at fair value

Group	Equity investments £million	Debt investments £million	Total £million
Acquisitions	200.6	172.8	373.4
Movement on valuation	19.4	(7.6)	11.8
Other movements	(3.7)	1.7	(2.0)
Carrying amount at 31 March 2008	216.3	166.9	383.2
Acquisitions	162.5	69.8	232.3
Disposal on becoming subsidiaries	(11.4)	(35.8)	(47.2)
Transfer to goodwill	-	(7.7)	(7.7)
Movement on valuation	2.2	(7.6)	(5.4)
Carrying amount at 31 March 2009	**369.6**	**185.6**	**555.2**

SCM has carried out fair market valuations of the investments in associates as at 31 March 2009. The valuation has been prepared using discounted cash flows methodology, which is the PFI industry-standard valuation methodology, and which SCM considers to be the most appropriate valuation method. The weighted average discount rate was 8.50% (2008: 8.08%), which is the market rate as determined by SCM.

All investments are held by intermediate holding companies. Details of investments at 31 March 2009 in which the Group held an interest, all of which are registered and operate in Great Britain, were as follows, including selected data from the most recent set of audited financial statements issued by each entity:

Associate	Assets £million	Liabilities £million	Revenue £million	Profit / (loss) £million	Percentage equity holding
3ED Glasgow Limited (5)	310.3	301.2	24.2	5.1	31%
3ED Holdings 2 Limited (1)	27.3	27.3	-	0.3	31%
3ED Holdings Limited (1)	-	-	-	-	31%
3ED Sisterco Limited (5)	27.3	27.3	-	-	31%
Accommodation Services (Holdings) Limited (1)	23.4	23.3	-	-	19.60%*
Albion Healthcare (Doncaster) Holdings Limited (1)	1.9	2.0	-	-	50%
Albion Healthcare (Doncaster) Limited (4)	18.3	18.0	0.6	-	50%
Albion Healthcare (Oxford) Holdings Limited (1)	5.8	5.8	-	-	50%
Albion Healthcare (Oxford) Limited (4)	45.5	44.3	4.1	0.3	50%
Ayr Environmental Services Limited (9)	81.7	74	13.2	1	25%
BBG Holdco Limited (1)	-	-	-	-	5%*
BBG Lift Accommodation Services Limited (2)	40.5	41.2	1.2	0.4	5%*
Bexley, Bromley and Greenwich Lift Company Limited (1)	1.8	1.4	0.5	0.2	5%*
BHH Holdco Limited (1)	-	-	-	-	5%*
BHH Lift Accommodation Services Limited (2)	26.8	27.9	1.4	(0.5)	5%*
BHH Lift Company Limited (1)	1.7	1.5	1.1	0.1	5%*
Brockhampton Holdings Limited (1)	13.8	1.4	-	4.7	36%
Brockhampton Property Investments Limited (2)	4.0	1.8	0.2	0.4	36%

15. Associate investments at fair value (continued)

Associate	Assets £million	Liabilities £million	Revenue £million	Profit / (loss) £million	Percentage equity holding
Catalyst Healthcare (Worcester) Holdings Limited (1)	3.2	3.2	-	0.9	16.67%
Catalyst Healthcare Worcester Plc (4)	111.0	102.5	22.0	1.9	16.67%
Cheshire Custody Services (Holdings) Limited (1)	2.2	2.1	-	-	24.50%
Cheshire Custody Services Limited (6)	16.9	16.6	2.0	0.3	24.50%
City Airport Rail Enterprises (Holdings) Limited (1)	13.9	9.8	-	-	50%
City Airport Rail Enterprises plc (8)	166.6	168.2	3.1	-1.1	50%
Criterion Healthcare Holdings Limited (1)	-	-	-	-	19.99%
Criterion Healthcare Plc (4)	74.4	75.5	5.8	(0.6)	19.99%
D4E Mulberry (Holdings) Limited (1)	0.8	0.8	-	-	30%
D4E Mulberry Limited (5)	7.3	9.9	1.2	-	30%
Defence Training Services Limited (2)	92.6	90.4	12.4	0.2	50%
e4i Holdings Limited (1)	-	-	-	-	25%
e4i Schools Limited	-	-	-	-	25%
East London Lift Accommodation Services Limited (1)	46.3	47.3	5.8	-	14.70%*
East London Lift Accommodation Services No2 Limited (1)	8.5	8.6	-	-	14.70%*
East London Lift Company Limited (1)	2.4	1.6	0.8	0.2	14.70%*
East London Lift Holdco No2 Limited (1)	-	-	-	-	14.70%*
East London Lift Investments Limited (1)	0.1	0.1	-	-	24.50%
Endeavour SCH Holdings Limited (1)	15.1	15.0	-	-	44%
Endeavour SCH PLC (4)	183.9	171.1	37.4	4.1	44%
ESP (Holdings) Limited (1)	5.1	5.0	-	-	32.86%
Gloucester Healthcare Partnership Limited (4)	37.6	38.0	4.1	(0.2)	50%
Hadfield Healthcare Partnerships Holding Limited (1)	3.2	3.1	-	-	50%
Hadfield Healthcare Partnerships Limited (4)	31.2	31.0	0.6	0.2	50%
Health Management (Carlisle) Holdings Limited (1)	5.9	5.1	-	-	50%
Health Management (Carlisle) plc (2)	86.8	86.5	12.2	1.1	50%
Health Management (UCLH) (Holdings) Limited (1)	28.3	25.9	-	-	33%
Health Management (UCLH) plc (4)	310.5	308.4	31.0	11.9	33%
Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited (1)	1.2	1.0	0.3	-	5%*
Healthcare Providers (Gloucester) Limited (1)	3.6	3.6	-	-	50%
Information Resources (Bournemouth) Limited (3)	15.8	15.1	1.4	0.1	50%
Information Resources (Holdings) Limited (1)	1.5	1.4	0.2	-	50%

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

15. Associate investments at fair value (continued)

Associate	Assets £million	Liabilities £million	Revenue £million	Profit / (loss) £million	Percentage equity holding
Inspired education (East Dunbartonshire) Holdings Limited [1]	-	-	-	-	33%
Inspired education (East Dunbartonshire) Limited [5]	40.3	40.3	-	-	33%
InspirED Education (South Lanarkshire) Holdings Limited [1]	-	-	-	-	33%
InspirED Education (South Lanarkshire) plc	348.3	347.6	107.0	-	33%
Integrated Accommodation Services plc [2]	447.0	429.9	44.0	4.7	19.60%*
Leak-Finder Limited [9]	-	-	-	-	18%
Leicester BSF Company 1 Limited [5]	31.6	31.5	26.6	(0.1)	36%
Leicester BSF Holdings Company 1 Limited [1]	4.5	4.5	-	-	36%
Leicester Miller Education Company Limited [5]	2.0	2.0	10.4	(0.1)	40%
Lift Healthcare Investments Limited [1]	2.0	1.9	-	-	8.33%*
Lochgilphead Healthcare Services (Holdings) Limited [1]	1.7	1.7	-	-	45%
Lochgilphead Healthcare Services Limited [4]	18.3	18.3	0.7	0.1	45%
Miller Consortium Leicester Limited [1]	3.6	3.6	-	-	50%
Northlink M1 Limited [7]	2.9	1.9	0.8	0.8	27%
OCHRE Solutions (Holdings) Limited [1]	8.8	8.8	-	-	9.80%*
OCHRE Solutions Limited [1]	128.7	128.6	54.3	0.1	9.80%*
Octagon Healthcare Funding plc [4]	298.0	298.0	-	-	26.32%
Octagon Healthcare Group Limited [1]	114.1	114.0	-	-	26.32%
Octagon Healthcare Holdings (Norwich) Limited [4]	33.2	31.9	-	-	26.32%
Octagon Healthcare Limited [4]	327.5	320.2	26.5	2.0	26.32%
Portsmouth Water Holdings Limited [1]	4.9	2.3	4.2	4.2	36%
Portsmouth Water Limited [9]	158.2	107.5	35.4	4.1	36%
Road Management Services (Darrington) Holdings Limited [1]	27.1	26.6	-	-	50%
Road Management Services (Darrington) Limited [7]	279.0	274.2	29.2	2.4	50%
Road Management Services (Finance) plc [7]	249.0	249.0	-	-	25%
South Manchester Healthcare (Holdings) Limited [1]	6.7	6.7	-	-	50%
South Manchester Healthcare Limited [4]	86.8	80.6	18.3	2.9	50%
South Downs Capital Limited [1]	-	-	-	-	36%
South Downs Limited [1]	74.9	69.1	-	1.6	36%
STC (Milton Keynes) Holdings Limited [1]	-	-	-	-	50%
STC (Milton Keynes) Limited [5]	28.2	27.4	10.4	0.5	50%

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

15. Associate investments at fair value (continued)

Associate	Assets £million	Liabilities £million	Revenue £million	Profit / (loss) £million	Percentage equity holding
Stobhill Healthcare Facilities (Holdings) Limited (1)	2.0	2.0	-	-	40%
Stobhill Healthcare Facilities Limited (4)	22.5	22.3	0.3	0.8	40%
The Edinburgh Schools Partnership Limited (5)	95.0	92.6	7.8	1.5	32.86%
Total School Solutions Limited (5)	9.0	8.8	1.0	0.3	50%
Total Schools Solutions (Sandwell) Holdings Limited (1)	1.7	1.7	-	-	50%
Total Schools Solutions (Sandwell) Limited (5)	16.2	15.8	1.3	0.1	50%
UK Highways M40 (Holdings) Limited (1)	16.5	12.8	-	-	50%
UK Highways M40 Limited (1)	144.3	133.4	28.0	4.5	50%
United Healthcare (Bromley) Group Limited (1)	55.8	53.7	-	-	50%
United Healthcare (Bromley) Holdings Limited (1)	54.2	53.6	-	3.9	50%
United Healthcare (Bromley) Limited (4)	192.4	188.4	22.1	4.2	50%
United Healthcare (Bromley) Services Limited (4)	40.7	40.7	-	-	50%
Wastewater Management Holdings Limited (1)	7.7	7.7	-	-	25%
Wharfedale SPV (Holdings) Limited (1)	2.1	2.1	-	-	25%
Wharfedale SPV Limited (4)	5.7	4.5	1.9	0.4	25%
Wolverhampton City and Walsall Holdco Limited (1)	-	-	-	-	5%*
Wolverhampton City and Walsall Lift Accommodation Services Limited (2)	12.4	13.5	1.4	(0.3)	5%*
Woolwich Arsenal Rail Enterprises (Holdings) Limited (1)	-	-	-	-	50%
Woolwich Arsenal Rail Enterprises Limited (8)	196.6	198.2	53.7	(1.0)	50%

* The Group considers that it has significant influence over these entities with holdings of less than 20% because it has significant influence over intermediate parent undertakings of those entities.

Nature of business:
(1) Holding company
(2) Property management and services
(3) Library services
(4) Hospital services
(5) School services
(6) Prison accommodation
(7) Road investment
(8) Transport services
(9) Utility services

16. Other investments

Group	2009 £million	2008 £million
Carrying amount at start of year	**80.3**	-
Loans acquired	**3.6**	80.6
Repayments	**(2.6)**	(0.4)
Amortisation	**(0.7)**	(0.1)
Exchange movements	**0.3**	0.2
Carrying amount at end of year	**80.9**	80.3

Other investments primarily represents a 100% senior debt investment in Defence Training Services Limited of £76.7m (2008: £78.5m), which bears interest at LIBOR + 90 basis points and matures in 2029. The remaining balance represents a small portfolio of loan notes with maturities up to 2028 (2008: up to 2009).

17. Investment in subsidiary undertakings

Company	2009 £million	2008 £million
At beginning of year	**844.6**	-
Acquisitions	**-**	305.1
Additions	**301.3**	539.5
At end of year	**1,145.9**	844.6

Additions represents long-term loans advanced to subsidiary undertakings and capitalised interest on loan investments.

A list of the subsidiary undertakings owned by Group companies is included in Note 28.

18. Acquisitions

July 2008 acquisition:

On 6 June 2008 and on 18 July 2008, the Group acquired for cash a portfolio of entities investing in companies that provide property partnerships with public sector organisations, encompassing Public Private Partnership ("PPP") markets in the United Kingdom. The total consideration for the acquired equity and loan note interests amounted to £107.2m. The entities acquired are registered and operate in Great Britain.

Included within the acquisition on 18 July 2008 are holding companies that were not treated as a business combination. The Directors judge that holding companies that have no real business activities or material balances other than the investments they hold are not a business combination and the consideration paid is therefore allocated between the companies' individual assets and liabilities based on its fair values at the date of acquisition.

The James Cook University Hospital, South Tees Hospitals

This Private Finance Initiative contract relates to the development, construction of new facilities and part operation of related facilities management services of the enlarged hospital. Completion occurred in July 2003. The Group acquired an additional 8.33% interest in the ordinary shares and loan notes of the project's holding company, Endeavour SCH Holdings Limited on 6 June 2008, increasing the Group's interest in the project from 35.5% to 43.83%. The project company, Endeavour SCH Plc, is a wholly owned subsidiary of the project holding company. Consideration of £6.2m was paid for the acquired interests. The disclosure of the acquisition for the additional interest acquired has been included with the 18th July 2008 acquisition as shown below.

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

18. Acquisitions (continued)

Haringey Schools

This contract relates to the development, funding and construction of eight schools as well as the operation of related facilities management services on behalf of London Borough of Haringey. Construction was completed in June 2004. The Group acquired a 100% equity and loan note interest in the project company, Haringey Schools Services Limited. Consideration totalling £6.1m was paid for the acquired interests.

Nuffield Orthopaedic Centre, Oxford

This contract relates to the design, construction and operation of related facilities management services for a specialist orthopaedic hospital in Oxford. All outstanding construction was completed in 2008. The Group acquired an additional 25% interest in the ordinary shares and loan notes of the project's holding company, Albion Healthcare (Oxford) Holdings Limited, increasing the Group's interest in the project from 25% to 50%. The project company, Albion Healthcare (Oxford) Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £4.7m was paid for the acquired interests.

St Catherine's Hospital Mental Health Unit, Doncaster

This contract relates to the design, construction and operation of related facilities management services for an elderly mental health unit in Doncaster. The project became operational in May 2005. The Group acquired a 50% interest in the ordinary shares and loan notes of the project's holding company, Albion Healthcare (Doncaster) Holdings Limited. The project company, Albion Healthcare (Doncaster) Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £3.5m was paid for the acquired interests.

Daventry Community Hospital

This contract relates to the design, construction and operation of related facilities management services for a community hospital in Daventry. All phases of the project were completed in 2007. The Group acquired a 100% interest in the ordinary shares and loan notes of the project's holding company, Danetre PFI Holding Company Limited. The project company, Danetre PFI Project Company Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £9.6 m was paid for the acquired interests.

Walkergate Park Hospital, Newcastle

This contract relates to the design, construction and operation of related facilities management services for a community hospital in Newcastle upon Tyne. All phases of the project were completed in February 2007. The Group acquired a 100% interest in the ordinary shares and loan notes of the project's holding company, Walkergate PFI Project Company Limited. The project company, Walkergate PFI Holding Company Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £8.7m was paid for the acquired interests.

Wharfedale Hospital, West Yorkshire

This contract relates to the construction and operation of related facilities management services of Wharfedale Hospital. The Group acquired a 25% interest in the ordinary shares of the project's holding company, Wharfedale SPV (Holdings) Limited. The project company, Wharfedale SPV Limited, is controlled by the project holding company. Consideration totalling £1.9m was paid for the acquired interest.

18. Acquisitions (continued)

Northern General Hospital, Sheffield

This contract relates to the development and operation of related facilities management services of a ward block at the Sheffield North General Hospital. All phases of the project were completed in 2008 and the ward block has been operational since 2007. The Group acquired a 50% interest in the ordinary shares and loan notes of the project's holding company, Hadfield Healthcare Partnerships Holding Limited. The project company, Hadfield Healthcare Partnerships Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £4.9m was paid for the acquired interest.

Mid Argyll Hospital, Lochgilphead

This contract relates to the development and operation of related facilities management services of the Mid Argyll Community Hospital. The Group acquired a 45% interest in the ordinary shares and loan notes of the project's holding company, Lochgilphead Healthcare Services (Holdings) Limited. The project company, Lochgilphead Healthcare Services Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £3.4m was paid for the acquired interest.

Stobhill Hospital, Glasgow

This contract relates to the development and operation of related facilities management services of the Stobhill Secure Unit. The Group acquired a 40% interest in the ordinary shares and loan notes of the project's holding company, Stobhill Healthcare Facilities (Holdings) Limited. The project company, Stobhill Healthcare Facilities Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £3.4m was paid for the acquired interest.

Harplands Hospital, Staffordshire

This contract relates to the design, construction and operation of related facilities management services for an acute psychiatric care facility. Construction was completed in August 2001. The Group acquired a 100% equity and loan note interest in the project's holding company, Town Hospitals (North Staffordshire) Holdings Limited. The project company, Town Hospitals (North Staffordshire Combined) Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £14.4m was paid for the acquired interests.

Southern General Hospital, Glasgow

This contract relates to the design, construction and operation of related facilities management services for a new medical facility for the elderly. Construction was completed in 2001. The Group acquired a 100% equity and loan note interest in the project's holding company, Town Hospitals (Southern General) Holdings Limited. The project company, Town Hospitals (Southern General) Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £7.1 m was paid for the acquired interests.

Great Western Hospital, Swindon & Marlborough

This Private Finance Initiative contract relates to the development, construction and operation of related facilities management services of the hospital. Completion occurred in 2002. The Group acquired an additional 66.7% interest in the ordinary shares and loan notes of the project's holding company, The Hospital Company (Swindon & Marlborough) Group Limited, increasing the Group's interest in the project from 33.3% to 100%. The project company, The Hospital Company (Swindon & Marlborough) Limited, is a wholly indirectly owned sub-subsidiary of the project holding company. Consideration totalling £29.8m was paid for the acquired interests.

18. Acquisitions (continued)

Darent Valley Hospital, Dartford

This Private Finance Initiative contract relates to the development and operation of related facilities management services of an acute general hospital. Completion occurred in 2000. The Group acquired an additional 10% interest in the ordinary shares and loan notes of the project's holding company, The Hospital Company (Dartford) Holdings Limited, increasing the Group's interest in the project from 60% to 70%. The project company, The Hospital Company (Dartford) Limited, is a wholly owned sub-subsidiary of the project holding company. Consideration totalling £3.5m was paid for the acquired interests.

The assets and liabilities arising from the acquisitions, provisionally determined, are as follows:

	Book value at acquisition £ million	Fair value adjustments £ million	Provisional fair value acquired £ million
Finance receivables	263.9	74.3	338.2
Intangible assets	-	47.4	47.4
Cash and cash equivalents	21.8	-	21.8
Other assets and receivables	3.9	-	3.9
Current liabilities	(17.6)	-	(17.6)
Deferred tax liabilities	(18.0)	(34.1)	(52.1)
Other non-current liabilities	(267.8)	-	(267.8)
Derivatives at fair value through the income statement	(22.2)	-	(22.2)
Net assets	(36.0)	87.6	51.6
Minority interest	-	0.7	0.7
Reduction in investment in associates	(14.6)	-	(14.6)
Investment in associates at fair value	28.0	-	28.0
Net assets/(liabilities) acquired	(22.6)	88.3	65.7
Goodwill			41.5
Total consideration, satisfied in cash			107.2
Fair value of consideration for equity acquired			35.4
Fair values of consideration for loan notes acquired			71.8
			107.2
Cash acquired			(21.8)
Net cash outflow			85.4

The book value at acquisition of carrying amounts was determined based on IFRS. The values of assets and liabilities recognised on acquisition are their estimated fair values. Fair values were determined using the discounted cash flows methodology, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to risk free rates, the specific risks of each investment and the evidence of recent transactions.

In determining the fair value of finance receivables and intangibles acquired, the Group applied a discount rate of 6.425%.

Provisional goodwill principally arises from deferred taxation liabilities which are not discounted under IFRS. The acquired entities possess significant taxation losses which defer the taxation expense, yet are required to recognise an undiscounted deferred taxation liability under IFRS.

18. Acquisitions (continued)

From the date of acquisition to 31 March 2009, the acquired entities contributed £18.1m to total income and generated a loss of £0.3m before tax. If the Company had acquired the portfolio of entities at the beginning of the year, the acquired portfolio of entities would have contributed an estimated £28.9m to total income and a less than £0.1m profit before tax. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to assume that the fair value adjustments have applied from the acquisition date. This information should not be viewed as indicative of the results of operations that would have occurred if the acquisitions had been made at the beginning of the year.

The values in the table above are provisional, pending finalisation of the fair values attributable and will be finalised in the year ending 31 March 2010.

November 2008 acquisition:

On 13 November 2008, the Group acquired for cash a portfolio of entities investing in companies that provide property partnerships with public sector organisations, encompassing Public Private Partnership ("PPP") markets in the United Kingdom. The total consideration for the acquired equity and loan note interests amounted to £19.9m. The entities acquired are registered and operate in Great Britain.

Newcastle Estate

This Private Finance Initiative contract relates to the redevelopment and operation of related facilities management services of the Newcastle Estate. Redevelopment was completed in 2004, with the final phase of external work completed in 2006. The Group acquired a 50% equity interest in the project's holding company, Newcastle Estate Partnership Holdings Limited, bringing the Group's total equity interest to 80%. Prior to the acquisition, the project was held as an investment at fair value and therefore there is no gain or loss arises as a result of re-measuring the interest held prior to this acquisition. The project company, The Newcastle Estate Partnership Limited, is a wholly owned subsidiary of the project holding company. Consideration of £12.2m was paid for the acquired interest.

North Yorkshire Fire and Rescue Services

This contract relates to the development, funding and construction of a fire station and fire training centre, as well as the operation of related facilities management services. Construction was completed in 2002. The Group acquired a 100% equity and loan note interest in the project holding company, Bandbreeze Limited. Additionally, the group acquired 100% of the mezzanine debt of the project company, LBS (Fire Services) Limited. The project company, LBS (Fire Services) Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £2.8m was paid for the acquired interests and the mezzanine debt.

Gloucestershire Royal Hospital

This contract relates to the development and operation of related facilities management services of the Gloucestershire Royal Hospital. The Group acquired a 50% equity interest and a 100% loan note interest in the project holding company, Healthcare Providers (Gloucester) Limited. The project company, Gloucester Healthcare Partnership Limited, is a wholly owned subsidiary of the project holding company. Consideration of £4.9m was paid for the acquired interests.

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

18. Acquisitions (continued)

The assets and liabilities arising from the acquisitions, provisionally determined, are as follows:

	Book value at acquisition £million	Fair value adjustments £million	Provisional fair value acquired £million
Finance receivables	224.4	74.1	298.5
Intangible assets	-	21.2	21.2
Cash and cash equivalents	39.1	-	39.1
Current liabilities	(34.9)	-	(34.9)
Deferred tax liabilities	(32.9)	(26.7)	(59.6)
Other non-current liabilities	(234.6)	-	(234.6)
Derivatives at fair value through the income statement	(31.2)	-	(31.2)
Net assets	(70.1)	68.6	(1.5)
Minority interest	-	(3.0)	(3.0)
Reduction in investment in associates	-	(3.4)	(3.4)
Investment in associates at fair value	4.9	-	4.9
Net assets acquired	(65.2)	62.2	(3.0)
Goodwill			22.9
Total consideration, satisfied in cash			19.9
Fair value of consideration for equity acquired			17.9
Fair values of consideration for loan notes acquired			2.0
			19.9
Cash acquired			(39.1)
Net cash outflow			(19.2)

The book value at acquisition of carrying amounts was determined based on IFRS. The values of assets and liabilities recognised on acquisition are their estimated fair values. Fair values were determined using the discounted cash flows methodology, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to risk free rates, the specific risks of each investment and the evidence of recent transactions. Minority interests are valued at acquisition based on the fair value of the net assets and liabilities acquired.

In determining that fair value of finance receivables and intangibles acquired, the Group applied a discount rate of 6.215%.

Provisional goodwill principally arises from deferred taxation liabilities which are not discounted under IFRS. The acquired entities possess significant taxation losses which defer the taxation expense, yet are required to recognise an undiscounted deferred taxation liability under IFRS.

From the date of acquisition to 31 March 2009, the acquired entities contributed £18.1m to total income and generated a profit of less than £0.01m before tax. If the Company had acquired the portfolio of entities at the beginning of the year, the acquired portfolio of entities would have contributed an estimated £48.6m to total income and a £0.1m profit before tax. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to assume that the fair value adjustments have applied from the acquisition date. This information should not be viewed as indicative of the results of operations that would have occurred if the acquisitions had been made at the beginning of the year.

The values in the table above are provisional pending, finalisation of the fair values attributable and will be finalised in the year ending 31 March 2010.

18. Acquisitions (continued)

January 2009 acquisition:

On 12 January 2009, the Group acquired for cash a portfolio of entities investing in companies that provide property partnerships with public sector organisations, encompassing Public Private Partnership ("PPP") markets in the United Kingdom. The total consideration for the acquired equity and loan note interests amounted to £202.2m. The entities acquired are registered and operate in Great Britain.

Ilkeston police station, Derbyshire

This Private Finance Initiative relates to the designing, building, financing, operating and maintaining of a fully-serviced police station in the town of Ilkeston. Additionally, the acquisition included a finance lease asset for the lease of two small freehold apartment buildings. The Group acquired a 100% interest in the ordinary shares and loan notes of the project's holding company, Semperian Holdco Limited. The project company, Semperian Borrowerco Limited, is a wholly owned subsidiary of the project holding company. Consideration totalling £0.3m was paid for the acquired interest.

Portsmouth Water

This contract relates to the supply of water in Hampshire and West Sussex through its subsidiary, Portsmouth Water Limited. The Group acquired a 36% interest in the ordinary shares and loan notes in the project holding company, South Downs Capital Limited. The project company, Portsmouth Water Limited, is a wholly owned subsidiary of Brockhampton Holdings Limited. Brockhampton Holdings Limited is a wholly owned subsidiary of South Downs Limited, which is a wholly owned subsidiary of the project's holding company. Consideration of £5.9m was paid for the acquired interests.

Inverclyde Schools Project

This contract relates to the designing, building, financing, operating and maintaining of schools in Inverclyde for the Inverclyde Council. The Group acquired a 25% interest in the ordinary shares in the project holding company, E4i Holdings Limited. The project company, E4i Schools Limited, is a wholly owned subsidiary of the projects holding company. Consideration of £0.5m was paid for the acquired interest.

Riclab research laboratory

This contract relates to the leasing of a research laboratory at Riccarton, Edinburgh. The Group acquired a 100% equity interest in the project company, Riclab Limited. Consideration of £2.6m was paid for the acquired interest.

North Yorkshire Fire and Rescue Service facilities management

This contract relates to the provision of facilities management services to a fire station and fire training centre, for the North Yorkshire Fire and Recue Service. The Group acquired a 100% equity interest in the project holding company, Facilities Management Solutions Limited. Consideration of £0.01m was paid for the acquired interest.

18. Acquisitions (continued)

Leicester BSF Project

This contract relates to the design, building and maintenance of schools within Leicester for Leicester City Council. The Group acquired a 100% interest in the equity and loan notes of G4S IP 2 Limited (formerly GSL IP 2 Limited). G4S JV Limited (formerly G4S JV 2 Limited), is a wholly owned subsidiary of the above holding company and owns 50% of the issued share capital in Miller Consortium Limited. Miller Consortium Limited owns and controls Leicester BSF Holdings Company 1 Limited, which owns the investment in the project entity, Leicester BSF Company 1. Consideration of £2.9m was paid for the acquired interests.

Glen Water

This contract relates to the provision of wastewater treatment services and sludge disposal services. The Group acquired a 100% interest in the equity and loan notes in the project holding company, Semperian SMIF Omega Limited. The project company, Semperian Omega Limited, is a wholly owned subsidiary of the project holding company. Consideration of £16.4m was paid for the acquired interests.

Portfolio of assets

The Group acquired a 100% interest in the equity and loan notes of Semperian PPP Newco 1 Limited, which wholly owns Semperian PPP Newco 3 Limited, which wholly owns Semperian No. 21 Limited. Net consideration of £173.6m was paid for the acquired interests.

Semperian PPP Holdings Limited (formerly AMEC Investments Limited), the wholly owned subsidiary of Semperian No. 21 Limited, holds partial investments in a portfolio of projects which are detailed below.

City Airport DLR

This Private Finance Initiative contract with Docklands Light Railway Limited relates to the designing, building, financing and maintenance of a 4.4 km extension to the Docklands Light Railway from Canning Town to London City Airport. Completion occurred in 2005. The Group acquired a 50% interest in the ordinary shares and loan notes in the project holding company City Airport Rail Enterprises (Holdings) Limited. The project company, City Airport Rail Enterprises plc, is a wholly owned subsidiary of the project holding company.

Woolwich DLR

This contract with Docklands Light Railway Limited relates to the designing, building, financing and maintenance of a 2.5 km extension to the Docklands Light Railway from Woolwich to Arsenal via a tunnel under the River Thames. Completion occurred in 2009. The Group acquired a 50% interest in the ordinary shares and loan notes in the project holding company, Woolwich Arsenal Rail Enterprises (Holdings) Limited. The project company, Woolwich Arsenal Rail Enterprises Limited, is a wholly owned subsidiary of the project holding company.

University College London Hospital

This contract with the University College London Hospital NHS Trust related to the designing, building, financing and operation of a new hospital in London. The first phase of construction was completed in 2005 and final completion occurred in 2008. The Group acquired a 33% interest in the ordinary shares and loan notes in the project holding company, Health Management (UCLH) (Holdings) plc. The project company, Health Management (UCLH) plc, is a wholly owned subsidiary of the project holding company.

18. Acquisitions (continued)

Carlisle Hospital

This contract with the North Cumbria University Hospital NHS Trust relates to the refurbishment of certain existing hospitals, designing and construction of further hospital buildings, management and provision of non-clinical support services at the hospitals. Completion occurred in 2000. The Group acquired a 50% interest in the ordinary shares and loan notes in the project holding company, Health Management (Carlisle) (Holdings) plc. The project company, Health Management (Carlisle) plc, is a wholly owned subsidiary of the project holding company.

South Lanarkshire Schools

This contract with the South Lanarkshire Council relates to the designing, construction, refurbishment, financing and operation of fifteen new build facilities and two refurbished facilities for schools across South Lanarkshire. Completion of several schools has occurred from 2007 to 2008. The Group acquired a 33% interest in the ordinary shares and loan notes in the project holding company, Inspired Education (South Lanarkshire) Holdings plc. The project company, Inspired Education (South Lanarkshire) plc, is a wholly owned subsidiary of the project holding company.

A1 Road (Darrington to Dishforth)

This contract with the Secretary of State for the Environment, Transport and the Regions relates to the designing, building, financing and operation to upgrade a 53 km section of the A1 (M) in Yorkshire from Darrington to Dishforth. The Group acquired a 25% equity interest in the project's holding company, Road Management Service (Darrington) Holdings Limited, bringing the Group's total equity interest to 50%. The project company, Road Management Service (Darrington) Limited, is a wholly owned subsidiary of the project holding company, Road Management Service (Darrington) Holdings Limited.

Ayrshire Waste Water

This contract relates to the designing, constructing, financing and operation of wastewater treatment works at Meadowhead, Stevenston and Inverclyde and a sludge treatment centre at Meadowhead for Scottish Water. The Group acquired a 25% interest in the ordinary shares and loan notes in the project holding company, Wastewater Management (Holdings) Limited. The project company, Ayr Environmental Services Limited, is a wholly owned subsidiary of the project holding company.

East Dunbartonshire Schools Secondary Modernisation Programme

This contract with the East Dunbarton Council relates to the designing, building and financing of six new secondary schools in East Dunbartonshire. The Group acquired a 33% interest in the ordinary shares in the project holding company, Inspired Education (East Dunbartonshire) Holdings Limited. The project company, Inspired Education (East Dunbartonshire) Limited, is a wholly owned subsidiary of the project holding company.

18. Acquisitions (continued)

The assets and liabilities arising from the acquisitions, provisionally determined, are as follows:

	Book value at acquisition £ million	Fair value adjustments £ million	Provisional fair value acquired £ million
Finance lease receivable	10.9	2.8	13.7
Cash and cash equivalents	1.1	-	1.1
Other assets and receivables	1.6	0.4	2.0
Current liabilities	(0.5)	-	(0.5)
Deferred tax liabilities	(1.7)	-	(1.7)
Other non-current liabilities	(10.1)	(0.4)	(10.5)
Derivatives at fair value through the income statement	(1.3)	-	(1.3)
Net assets	-	2.8	2.8
Investment in associates at fair value	199.4	-	199.4
Net assets acquired	199.4	2.8	202.2
Goodwill			-
Total consideration, satisfied in cash			202.2
Net assets			
Fair value of consideration for equity acquired			16.6
Fair values of consideration for loan notes acquired			185.6
			202.2
Cash acquired			(1.1)
Net cash outflow			201.1

The book value at acquisition of carrying amounts was determined based on IFRS. The values of assets and liabilities recognised on acquisition are their estimated fair values. Fair values were determined using the discounted cash flows methodology, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to risk free rates, the specific risks of each investment and the evidence of recent transactions. Minority interests are valued at acquisition based on the fair value of the net assets and liabilities acquired.

In determining that fair value of finance receivables and intangibles acquired, the Group applied a discount rate of 6.215%.

Provisional goodwill principally arises from deferred taxation liabilities which are not discounted under IFRS. The acquired entities possess significant taxation losses which defer the taxation expense, yet are required to recognise an undiscounted deferred taxation liability under IFRS.

From the date of acquisition to 31 March 2009, the acquired entities contributed £10.1m to total income and generated a loss of £4.9m before tax. If the Company had acquired the portfolio of entities at the beginning of the financial period, the acquired portfolio of entities would have contributed an estimated £10.3m to total income and a £5.2m loss before tax. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to assume that the fair value adjustments have applied from the acquisition date. This information should not be viewed as indicative of the results of operations that would have occurred if the acquisitions had been made at the beginning of the year.

The values in the table above are provisional pending finalisation of the fair values attributable, and will be finalised in the year ending 31 March 2010.

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

19. Trade and other receivables

	Group 2009 £million	Group 2008 £million	Company 2009 £million	Company 2008 £million
Non-current				
Finance receivables	**2,058.0**	1,462.2	**-**	-
Current				
Trade receivables	**12.0**	17.7	**-**	0.3
Amounts receivable from subsidiary undertakings	**-**	-	**59.4**	61.8
Finance receivables	**27.8**	25.0	**-**	-
Prepayments and other income	**23.1**	19.8	**34.9**	19.8
	62.9	62.5	**94.3**	81.9
Total trade and other receivables	**2,120.9**	1,524.7	**94.3**	81.9

Company trade receivables of £Nil (2008: £0.3m) represent amounts due from related undertakings.

Management considers that the carrying value of current trade and other receivables approximates the fair value. The fair value of non-current finance receivables at 31 March 2009 is £2,252.5m (2008: £1,538.6m).

20. Cash and cash equivalents

	Group 2009 £million	Group 2008 £million	Company 2009 £million	Company 2008 £million
Bank balances	**188.3**	127.3	**5.0**	23.8
Call deposits	**47.4**	60.6	**-**	12.0
Cash and cash equivalents	**235.7**	187.9	**5.0**	35.8

Cash and cash equivalents include highly liquid investments with maturities of six months or less (2008: three months or less).

At the balance sheet date, £53.5m (2008: £78.0m) of bank balances were subject to contractual restrictions limiting cash usage as follows:

	Group 2009 £million	Group 2008 £million	Company 2009 £million	Company 2008 £million
Debt service reserves	**25.1**	33.9	**-**	-
Lifecycle maintenance reserves	**24.5**	36.7	**-**	-
Other restricted reserves	**3.9**	7.4	**-**	-
Contractually restricted balances	**53.5**	78.0	**-**	-

21. Trade and other payables

	Group 2009 £million	Group 2008 £million	Company 2009 £million	Company 2008 £million
Current				
Trade payables	**(20.9)**	(18.9)	-	(0.3)
Accruals and deferred income	**(20.0)**	(14.2)	**(19.3)**	(13.0)
Other payables	**(103.1)**	(56.2)	**(43.0)**	(19.0)
	(144.0)	(89.3)	**(62.3)**	(32.3)
Non-current				
Accruals and deferred income	**(12.7)**	(8.2)	-	-
Total trade and other payables	**(156.7)**	(97.5)	**(62.3)**	(32.3)

There are no material differences between the carrying value and fair value of trade and other payables as at 31 March 2008 and 31 March 2009.

22. Loans and borrowings

	Group 2009 £million	Group 2008 £million	Company 2009 £million	Company 2008 £million
Non-current liabilities				
Bank borrowings	**(1,808.4)**	(1,228.8)	**(557.2)**	(466.6)
Subordinated debt	**(481.5)**	(461.8)	**(562.9)**	(436.3)
Notes	**(308.0)**	(318.6)	-	-
Secured 3.92% index linked bonds 2029	**(72.3)**	(71.9)	-	-
Secured 3.003% index linked guaranteed bonds 2031	**(134.4)**	(133.9)	-	-
Secured 3.82% index linked bonds 2027	**(31.4)**	(33.6)	-	-
	(2,836.0)	(2,248.6)	**(1,120.1)**	(902.9)
Current liabilities				
Bank borrowings	**(56.9)**	(21.6)	-	-
Subordinated debt	**(106.1)**	(0.8)	-	-
Notes	**(10.0)**	(8.6)	-	-
Secured 3.92% index linked bonds 2029	**(2.7)**	(2.6)	-	-
Secured 3.003% index linked guaranteed bonds 2031	**(5.8)**	(5.5)	-	-
Secured 3.82% index linked bonds 2027	**(2.8)**	(1.7)	-	-
Interest accrual	**(29.4)**	(25.8)	-	-
	(213.7)	(66.6)	-	-
Total loans and borrowings	**(3,049.7)**	(2,315.2)	**(1,120.1)**	(902.9)

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

22. Loans and borrowings (continued)

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

Group **31 March 2009**	**Weighted average effective interest rate**	**Average number of years to maturity**	**Carrying amount** £million	**Fair value** £million
Secured bank borrowings	**4.6%**	**17.5**	**(1,865.3)**	**(1,865.3)**
Secured notes	**6.6%**	**17.1**	**(318.1)**	**(318.1)**
Secured index linked bonds	**3.4%**	**18.7**	**(249.4)**	**(279.4)**
Unsecured subordinated debt	**7.3%**	**17.1**	**(587.6)**	**(587.6)**
	5.3%	**17.4**	**(3,020.4)**	**(3,050.4)**

Group 31 March 2008	Weighted average effective interest rate	Average number of years to maturity	Carrying amount £million	Fair value £million
Secured bank borrowings	6.5%	19.5	(1,249.8)	(1,249.8)
Secured notes	6.6%	18.1	(327.2)	(327.2)
Secured index linked bonds	3.1%	21.9	(249.2)	(301.7)
Unsecured subordinated debt	4.4%	25.9	(499.4)	(499.4)
	5.7%	21.1	(2,325.6)	(2,378.1)

Company **31 March 2009**	**Weighted average effective interest rate**	**Average number of years to maturity**	**Carrying amount** £million	**Fair value** £million
Secured bank borrowings (GBP)	**4.4%**	**26.0**	**(489.5)**	**(489.5)**
Secured bank borrowings (EUR)	**4.4%**	**26.0**	**(67.7)**	**(67.7)**
Unsecured subordinated debt	**7.3%**	**17.0**	**(562.9)**	**(562.9)**
	6.0%	**21.1**	**(1,120.1)**	**(1,120.1)**

Company 31 March 2008	Weighted average effective interest rate	Average number of years to maturity	Carrying amount £million	Fair value £million
Secured bank borrowings (GBP)	6.6%	27.0	(408.3)	(408.3)
Secured bank borrowings (EUR)	5.4%	27.0	(58.3)	(58.3)
Unsecured subordinated debt	7.3%	18.0	(436.3)	(436.3)
	6.7%	22.7	(902.9)	(902.9)

All Group borrowings are denominated in sterling, except for £67.7m (2008: £78.5m) Euro secured bank borrowing.

Bank borrowings are secured by fixed and floating charges over the respective subsidiary companies' assets.

The secured notes are subject to mandatory redemption in part on each interest payment date. If not otherwise redeemed the notes will be redeemed at their principal amount outstanding on the interest payment date falling in 2050. The notes are secured by fixed and floating charges over the assets of various subsidiary undertakings.

22. Loans and borrowings (continued)

The bonds are secured by fixed and floating charges over the assets of the respective subsidiary company. The bonds are indexed at 31 December using RPI figures published by the Office for National Statistics. Interest and indexation of £19.7m (2008: £7.7m) was charged to the Consolidated income statement in respect of secured index linked bonds.

The Group and Company have the following undrawn borrowing facilities at 31 March 2009:

Floating rate:		Group		Company
	2009 £million	2008 £million	**2009 £million**	2008 £million
Secured				
- expiring within one year	**(1.2)**	(3.2)	**(1.2)**	-
- expiring within two to five years	**(1.4)**	(0.3)	**-**	-
- expiring after more than five years	**(13.7)**	(610.2)	**-**	(599.4)
Total undrawn borrowing facilities	**(16.3)**	(613.7)	**(1.2)**	(599.4)

23. Financial derivatives

Group	**2009 £million**	2008 £million
Non-current assets		
Interest rate and RPI swaps	**2.0**	2.8
Non-current liabilities		
Interest rate and RPI swaps	**(370.2)**	(109.5)
Total financial derivatives	**(368.2)**	(106.7)

Company	**2009 £million**	2008 £million
Non-current assets		
Interest rate and RPI swaps	**-**	-
Non-current liabilities		
Interest rate and RPI swaps	**(107.7)**	(26.0)
Total financial derivatives	**(107.7)**	(26.0)

Financial liabilities have been fair valued in accordance with Note 2(d). The loss in fair values of interest rate swaps of £213.3m (2008: £45.0m) and the gain in fair values of RPI swaps of £6.8m (2008: £5.4m loss) for the year ended 31 March 2009 is disclosed within finance costs in the consolidated income statement (see Note 10). In order to manage exposure to movements in interest rates, project companies financed by floating rate debt swap their floating rate exposure for fixed rates using interest rate swaps. The notional amounts of the outstanding interest rate swap contracts at 31 March 2009 were £2,144.9m (2008: £1,925.0m). As at 31 March 2009, the fixed interest rates on the swaps range from 4.53% to 8.29% (2008: 4.53% to 7.78%) and maturities range from 1 to 28 years (2008: 1 to 28 years).

In order to manage exposure to movements in RPI, project companies with service income linked to RPI, swap a part of their variable RPI exposure for fixed RPI rates using RPI swaps. The notional amounts of the outstanding RPI swap contracts at 31 March 2009 was £7.6m (2008: £7.0m). As at 31 March 2009, the fixed RPI on the swaps range from 2.13% to 3.05% (2008: 2.13% to 3.05%) and the maturities range from 15 to 26 years (2008: 16 to 27 years).

24. Share capital

Company	Number of authorised shares	Number of shares issued	Ordinary shares £
At 31 March 2008 and at 31 March 2009	**100**	**1**	**1**

The ordinary shares have a par value of £1 and all authorised issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

25. Related party transactions

Equity investments are held in the Group's ultimate parent entity, Semperian PPP Investment Partners Limited Partnership (formerly Trillium PPP Investment Partners Limited Partnership), by the following entities that have had significant transactions with the Group during the year:

	Percentage equity holding in Semperian PPP Investment Partners LP (formerly Trillium PPP Investment Partners LP)
Uberior Infrastructure Investments (No.2) Limited (part of the BOS plc group ("BOS"))	4.542%
Lloyds TSB Leasing (No.3) Limited (part of the Lloyds TSB Group plc group ("Lloyds TSB"))	10.051%

A multicurrency term and letter of credit facility agreement was entered into on 9 November 2007 jointly (50% each) with a BOS company and a Lloyds TSB company, borrowings from which were used to leverage the Group. Draw downs from this facility amounted to £494.8m and €73.1m (£67.7m) during the period from 9 November 2007 to 31 March 2009.

On 12 January 2009 two of the Group's ultimate parent entity investors, Victorian Funds Management Corporation of Australia and Transport for London Pension Fund, acquired the 10% investment in Semperian held by LST PPP LP Limited (part of the Land securities Group PLC group ("Land Securities")). Additionally, on 12 January 2009 the Group acquired a portfolio of entities from sellers that were part of Land Securities. Details of the acquisitions are provided in Note 18.

Other related party transactions during the year and balances at 31 March 2009 were as follows:

1. **Group Information**

(a) Transactions with entities with joint control

Land Securities

	Transactions during the year £million	Balance at 12 January 2009 £million
Fees and other expenses	(4.9)	(0.3)

Fees and other expenses primarily represent management and consultancy fees payable to Semperian Asset Management Limited (formerly Trillium Asset Management Limited), an entity controlled by Land Securities Group until 12 January 2009.

25. Related party transactions (continued)

BOS

	Transactions during the year £million	Balance at 31 March 2009 £million
Bank borrowings*	(29.4)	(306.1)
Notes*	9.8	(333.3)
Cash and cash equivalents	4.6	42.5
Interest payable (net of interest receivable)	(36.9)	(6.6)
Fees and other expenses	(0.2)	2.7

Lloyds TSB

	Transactions during the year £million	Balance at 31 March 2009 £million
Bank borrowings*	(45.1)	(281.3)
Cash and cash equivalents	(31.9)	10.6
Interest payable (net of interest receivable)	(14.9)	(3.9)
Fees and other expenses	(0.1)	2.7

* Balances exclude unamortised transaction costs.

At 31 March 2009 the Group has undrawn committed borrowing facilities expiring within one year of £0.6m (2008: £52.1m) with BOS and £0.6m (2008: £52.1m) with Lloyds TSB.

(b) Transactions with the Group's parent (Semperian PPP Investment Partners Holdings Limited (formerly Trillium Investment Partners Holdings Limited))

	Transactions during the year £million	Balance at 31 March 2009 £million
Subordinated loan – interest bearing	(30.3)	(311.2)
Subordinated loan – zero coupon	(162.3)	(354.5)
Interest payable	(21.8)	(11.5)

(c) Transactions with associates at fair value through the income statement

The carrying amount of investments in associates at fair value through the income statement in the balance sheet at 31 March 2009 was £555.2m (31 March 2008: £383.2m) as shown in Note 15.

Amounts receivable from fixed assets at fair value through the income statement during the year were as follows:

	Transactions during the year £million
Dividends receivable	5.7
Interest receivable on subordinated debt	11.4
Directors' fees	0.4

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

25. Related party transactions (continued)

(d) Transactions with Directors

The Directors of the Group received fees for their services from a Land Securities entity. As reported in part (a) of this note, management and consultancy fees are paid to a Land Securities entity which cover, among other things, the services of the Directors.

(e) Post balance sheet events with related parties

No post balance sheet events have been identified.

2. Company information

(i) Transactions with entities with joint control

BOS

	Transactions during the period £million	Balance at 31 March 2009 £million
Bank borrowings*	(45.1)	(281.3)
Interest payable (net of interest receivable)	(15.5)	(3.9)
Fees and other expenses	(0.5)	2.7

Lloyds

	Transactions during the year £million	Balance at 31 March 2009 £million
Bank borrowings*	(45.1)	(281.3)
Cash and cash equivalents	(30.8)	5.0
Interest payable (net of interest receivable)	(14.8)	(3.9)
Fees and other expenses	(0.5)	2.7

* Balances exclude unamortised transaction costs.

At 31 March 2009 the Group has undrawn committed borrowing facilities expiring after more than 5 years of £0.6m (2008: £2.4m) with BOS and £0.6m (2008: £2.4m) with Lloyds TSB.

(ii) Transactions with the Company's parent undertaking

	Transactions during the year £million	Balance at 31 March 2009 £million
Subordinated loan – interest bearing	(30.3)	(311.2)
Subordinated loan – zero coupon	(162.3)	(354.5)
Interest payable	(21.8)	(11.5)

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

25. Related party transactions (continued)

(iii) Transactions with subsidiary and associated undertakings

The investment in subsidiary undertakings is £1,145.9m (2008: £844.6m) as shown in Note 17. Amounts due from subsidiary undertakings are £59.4m (2008: £61.8m).

	Transactions during the year £million
Interest on subordinated debt from subsidiaries	(47.6)
Directors' fees from subsidiaries	(0.04)
Directors' fees from associated undertakings	(0.04)

All of the above transactions were undertaken on an arm's length basis.

25. Related party transactions relating to the prior period

Equity investments are held in the Group's ultimate parent entity, Trillium PPP Investment Partners LP, by the following entities that have had significant transactions with the Group during the period:

	Percentage equity holding in Trillium PPP Investment Partners LP
LST PPP LP Limited (part of the Land Securities Group PLC group ("Land Securities"))	10.0%
Uberior Infrastructure Investments (No.2) Limited (part of the HBOS plc group ("HBOS"))	20.1%
Lloyds TSB Leasing (No.3) Limited (part of the Lloyds TSB Group plc group ("Lloyds TSB"))	10.0%

On 31 October 2007 the Group acquired a portfolio of entities from sellers that were part of Land Securities.

On 7 December, 2007, Land Securities Trillium Senior Funding plc issued secured floating rate notes to the value of £344.9m to a company within HBOS. Land Securities Trillium Senior Funding plc was acquired by the Group on 13 December 2007.

A multicurrency term and letter of credit facility agreement was entered into on 9 November 2007 jointly (50% each) with an HBOS company and a Lloyds TSB company, borrowings from which were used to leverage the Group. Draw downs from this facility amounted to £414.0m and €73.1m (£58.3m) during the period from 9 November 2007 to 31 March 2008.

Other related party transactions during the period and balances at 31 March 2008 were as follows:

1. Group Information in respect of the prior period
(a) Transactions with entities with joint control

Land Securities

	Transactions during the period £million	**Balance at 31 March 2008** £million
Fees and other expenses	(1.9)	(0.2)

Fees and other expenses primarily represents management and consultancy fees payable to Trillium Asset Management Limited, an entity controlled by Land Securities Group.

25. Related party transactions relating to the prior period (continued)

HBOS

	Transactions during the period £million	**Balance at 31 March 2008** £million
Bank borrowings*	(276.7)	(276.7)
Notes*	(343.1)	(343.1)
Cash and cash equivalents	37.9	37.9
Interest payable (net of interest receivable)	(13.1)	(5.9)
Fees and other expenses	(0.1)	2.9

Lloyds TSB

	Transactions during the period £million	**Balance at 31 March 2008** £million
Bank borrowings*	(236.2)	(236.2)
Cash and cash equivalents	42.5	42.5
Interest payable (net of interest receivable)	(4.2)	(3.2)
Fees and other expenses	(0.1)	2.8

* Balances exclude unamortised transaction costs.

At 31 March 2008 the Group has undrawn committed borrowing facilities expiring after more than 5 years of £52.1m with HBOS and £52.1m with Lloyds TSB.

(b) Transactions with the Group's parent (Trillium PPP Investment Partners Holdings Limited)

	Transactions during the period £million	**Balance at 31 March 2008** £million
Subordinated loan – interest bearing	(280.9)	(280.9)
Subordinated loan – zero coupon	(192.2)	(192.2)
Interest payable	(5.9)	(5.9)

(c) Transactions with associates at fair value through the income statement

The carrying amount of investments in associates at fair value through the income statement in the balance sheet at 31 March 2008 was £383.2m.

Amounts receivable from fixed assets at fair value through the income statement during the period were as follows:

	Transactions during the period £million
Dividends receivable	11.8
Interest receivable on subordinated debt	4.7
Directors' fees	0.5

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

25. Related party transactions relating to the prior period (continued)

(d) Transactions with Directors

The Directors of the Group received fees for their services from a Land Securities entity. As reported in part (a) of this note, management and consultancy fees are paid to a Land Securities entity which cover, among other things, the services of the Directors.

(e) Post balance sheet events with related parties

On 6 June 2008, 18 July 2008 and 13 November 2008 the Group made acquisitions of entities, or increased the Group's interest in entities, from sellers that were part of Land Securities.

Draw downs from the HBOS and Lloyds multicurrency term and letter of credit facility were made on 11 July 2008 (£53.9m) and 30 October 2008 (£10.0m).

2. Company information in respect of the prior period

(i) Transactions with entities with joint control

HBOS

	Transactions during the period £million	Balance at 31 March 2008 £million
Bank borrowings*	(236.2)	(236.2)
Interest payable (net of interest receivable)	(3.2)	-
Fees and other expenses	(2.8)	-

Lloyds

	Transactions during the period £million	Balance at 31 March 2008 £million
Bank borrowings*	(236.2)	(236.2)
Cash and cash equivalents	35.8	35.8
Interest payable (net of interest receivable)	(3.2)	-
Fees and other expenses	(2.8)	-

At 31 March 2008, the Company has undrawn committed borrowing facilities expiring after more than 5 years of £52.1m with HBOS and £52.1m with Lloyds TSB.

(ii) Transactions with the Company's parent undertaking

	Transactions during the period £million	Balance at 31 March 2008 £million
Subordinated loan – interest bearing	(280.9)	(280.9)
Subordinated loan – zero coupon	(192.2)	(192.2)
Interest payable	(5.9)	-

25. Related party transactions relating to the prior period (continued)

(iii) Transactions with subsidiary and associated undertakings

The investment in subsidiary undertakings is £844.6m as shown in Note 17. Amounts due from subsidiary undertakings are £61.8m.

	Transactions during the period £million
Interest on subordinated debt from subsidiaries	15.2
Directors' fees from subsidiaries	0.3
Directors' fees from associated undertakings	0.3

All of the above transactions were undertaken on an arm's length basis.

26. Guarantees and other commitments

As at 31 March 2009 the Group had commitments to the value of £15.8m (2008: nil).

The Company has issued letters of credit to cover individual obligations and guarantees. Details of the obligations and guarantees of the Group are shown below:

(i) An obligation to subscribe for loan notes to the value of £3.2m on the East Dunbartonshire project to deliver six new secondary schools on behalf of East Dunbartonshire Council.

(ii) An obligation to subscribe for loan notes to the value of £4.3m on the South Lanarkshire project to deliver seventeen new and two refurbished secondary schools on behalf of South Lanarkshire Council.

(iii) An obligation to subscribe for loan notes to the value of £1.7m on the Inverclyde project to design, construct, finance and operate two new primary schools and two new secondary schools on behalf of Inverclyde Council.

(iv) A guarantee to cover the debt service reserve obligation to the value of £0.6m on the Gloucester project to design, construct, finance and operate hospital facilities at the Gloucestershire Royal Hospital.

(v) Guarantees to cover the debt service reserve obligation to the value of £6.0m on the A1 road project to design, build, upgrade, finance and operate with the Secretary of State for Transport, a section of the A1 (M) in Yorkshire.

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

27. Service Concession Arrangements

The Group has service concession arrangements in place in several sectors, including but not limited to the health (including community health), education, accommodation, secure accommodation, utilities and transport sectors. The concessions vary on the obligation required but typically require the financing and operation of an asset during the concession period. All projects are fully operational.

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the provider to terminate the project include poor performance and in the event of force majeure. The operator's rights to terminate include the failure of the provider to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the service company to fulfil its requirements.

Project	Short description of concession arrangements	Contract end date	Break points	Contract term (years)	Total Project capex
Bournemouth Library	Design, construct, operate and maintain a new library in accordance with the terms of an agreement with Bournemouth Borough Council.	2032	-	30	£8m
Bromley Hospital	Design, construct, operate and maintain a hospital for Bromley Hospitals NHS Trust.	2037	-	37	£139m
D&G Hospital	Design, construct, operate and maintain a hospital in accordance with the terms of an agreement with Dartford and Gravesham NHS Trust.	2030	-	30	£119m
Norfolk & Norwich University Hospital	Design, construct, operate and maintain a hospital in accordance with the terms of an agreement with Norfolk & Norwich University Hospital NHS Trust.	2061	Years 25, 40 and 50	60	£181m
South Tees Hospital	Design, construct, operate and maintain a hospital on behalf of South Tees Acute Hospital NHS Trust.	2029	-	30	£122m
Swindon Hospital	Design, construct, operate and maintain a hospital on behalf of Swindon & Marlborough NHS Trust.	2029	-	30	£100m
Falkirk Schools	Design, construct, operate and maintain five secondary schools on behalf of Falkirk Council.	2025	-	25	£69m
Milton Keynes STC	Design, construct, operate and maintain a secure training centre in Milton Keynes.	2029	-	25	£20m
Army Foundation College	Design, construct, operate and maintain a college for The Secretary of State for Defence.	2029	-	29	£65m
Birmingham Hospital	Design, construct, operate and maintain a care centre in Birmingham.	2034	-	29	£33m

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

27. Service concession arrangements (continued)

Project	Short description of concession arrangements	Contract end date	Break points	Contract term (years)	Total Project capex
Bridlington Schools	Design, construct, operate and maintain six schools on behalf of The East Riding of Yorkshire Council.	2028	-	25	£23m
Brighton Schools	Design, construct, operate and maintain two schools on behalf of Brighton & Hove City Council.	2028	-	26	£15m
Debden School	Design, construct, operate and maintain a high school in Loughton, Essex.	2026	-	25	£17m
Kenton School	Design, construct, operate and maintain a school in Kenton, North London.	2027	-	25	£32m
Kirklees Schools	Refurbishment and maintenance of 20 schools in the Kirklees area.	2033	-	27	£45m
Liverpool Schools	Design, construct, operate and maintain 18 schools in the Liverpool area.	2031	-	30	£59m
Richmond Schools	Design, construct, operate and maintain four schools in the Richmond area.	2032	-	30	£22m
Salford SEN Schools	Design, construct, operate and maintain three special needs schools on behalf of Salford City Council.	2030	-	26	£20m
Sunderland School	Design, construct, operate and maintain a community learning centre in Sunderland.	2027	-	25	£17m
Torbay Schools	Design, construct, operate and maintain two schools on behalf of The Council of the Borough of Torbay.	2027	-	27	£14m
UCL Cruciform	Refurbish accommodation for University College London.	2024	-	25	£28m
Wirral Schools	Redevelop and refurbish nine schools on behalf of Metropolitan Borough of Wirral.	2031	-	25	£79m
Sheffield Schools	Design, construct, operate and maintain two schools within the Sheffield area.	2030	-	26	£26m
Newcastle Estates Partnership	Redevelopment and operation of related facilities management services of the Newcastle Estate.	2031	-	25	£235m
Staffs Children's Home	Design, construct, operate and maintain three children's care homes in Stafford, Cannock and Burton.	2027	-	22	£4m
St David's Hospital	Design, construct, operate and maintain a hospital in Cardiff on behalf of Cardiff & Vale NHS Trust.	2030	-	30	£12m

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

27. Service concession arrangements (continued)

Project	Short description of concession arrangements	Contract end date	Break points	Contract term (years)	Total Project capex
M40 Road	Design, construct, operate and maintain one of two main arterial roads between London & Birmingham.	2027	-	30	£73m
Baglan Moor Hospital	Design, construct, operate and maintain a hospital in South Wales on behalf of Bro Morgannwg NHS Trust.	2030	-	30	£70m
Hereford Hospital	Design, construct, finance and operate an acute care facility at Hereford on behalf of Hereford Hospitals NHS Trust.	2029	-	30	£65m
Wolverhampton Hospital	Design, construct, finance and operate a radiology unit in Wolverhampton.	2032	-	30	£11m
Drumglass School	Design, construct, finance and operate a school in Dungannon, Northern Ireland.	2025	-	25	£6m
Agecroft Properties	Leasing of commercial property.	2024	-	26	Nil
Glasgow Schools	Design, construct, finance and operate 30 schools on behalf of Glasgow City Council.	2030	-	30	£225m
Edinburgh Schools	Design, construct, finance and operate 19 schools in Edinburgh on behalf of The City of Edinburgh Council.	2033	-	32	£109m
Mulberry School	Design, construct, finance and operate a school in Tower Hamlets.	2029	-	27	£14m
Staffordshire Schools	Design, construct, finance and operate two schools in Staffordshire.	2026	-	25	£14m
Fazakerley Prison	Design, construct, finance and operate a prison at Fazakerley, Merseyside.	2023	-	28	£72m
Onley Prison	Design, construct, finance and operate a prison at Onley, Rugby.	2026	-	26	£39m
Cookham Wood STC	Design, construct, finance and manage a secure training centre in Kent.	2013	-	16	£9m
Onley STC	Design, construct, finance and operate a secure training centre at Onley, Rugby	2014	-	15	£8m
Manchester Courts	Design, construct, finance and operate serviced accommodation for magistrates' courts in Manchester.	2029	-	28	£29m
New Accommodation Project, Cheltenham	Design, construct, finance, operate and redevelop accommodation in Cheltenham.	2030	-	30	£0.4m

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

27. Service concession arrangements (continued)

Project	Short description of concession arrangements	Contract end date	Break points	Contract term (years)	Total Project capex
North Wiltshire Education	Design, construct, finance and operate three schools in Wiltshire.	2032	-	30	£34m
Cheshire Custody Services - Middlewich	Design, construct, finance and operate a custody facility at Middlewich for Cheshire Police Authority.	2034	-	30	£6m
Cheshire Custody Services - Runcorn	Design, construct, finance and operate custody facilities at Runcorn for Cheshire Police Authority.	2034	-	30	£6m
Cheshire Custody Services - Blacon	Design, construct, finance and operate custody facilities at Blacon for Cheshire Police Authority.	2034	-	30	£5m
Albion Healthcare (Oxford) Limited	Design, construct, finance and operate serviced accommodation in Oxford.	2037	-	35	£40m
East London LIFT - Church Road - Manor Park Centre	Design, construct, finance and operate a care centre in Manor Park, London.	2029	-	26	£3m
East London LIFT - Barking Road - Boleyn Care Centre	Design, construct, finance and operate a healthcare centre in East Ham, London.	2030	-	26	£5m
East London LIFT - Frail Elders - East Ham Care Centre	Design, construct, finance and operate a hospital in East Ham, London.	2031	-	26	£16m
East London LIFT - Barkantine	Design, construct, finance and operate care centre at Westferry Road, London.	2032	-	27	£10m
East London LIFT – Children's Development Centre - Hackney	Design, construct, finance and operate a children's development centre in Hackney, London.	2033	-	27	£7m
East London LIFT - Specialist Addiction Unit at Mile End Hospital, Bancroft Road	Design, construct, finance and operate a specialist addiction unit at Bancroft Road, London.	2031	-	26	£6m
East London LIFT - Vicarage Lane Primary Care Centre	Design, construct, finance and operate a primary care centre in East London.	2033	-	26	£9m
Brent Harrow & Hillingdon LIFT - Monks Park	Design, construct, finance and operate a healthcare centre in the Brent Area.	2031	-	26	£2m
Brent Harrow & Hillingdon LIFT - Health & Social Care Centre	Design, construct, finance and operate a healthcare centre in the Harrow area.	2031	-	26	£5m

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

27. Service concession arrangements (continued)

Project	Short description of concession arrangements	Contract end date	Break points	Contract term (years)	Total Project capex
Brent Harrow & Hillingdon LIFT - Sudbury	Design, construct, finance and operate a healthcare centre in the Brent area.	2032	-	26	£5m
Brent Harrow & Hillingdon LIFT - Mount Vernon	Design, construct, finance and operate a healthcare centre at in the Hillingdon area.	2033	-	27	£13m
Bromley Bexley & Greenwich LIFT - Beckenham Beacon	Design, construct, finance and operate a healthcare centre in the Beckenham area.	2034	-	29	£32m
Bromley Bexley & Greenwich LIFT - Garland Road	Design, construct, finance and operate a healthcare centre in Greenwich.	2031	-	26	£2m
Bromley Bexley & Greenwich LIFT - Lakeside	Design, construct, finance and operate a healthcare centre at Lakeside.	2032	-	26	£6m
Wolverhampton & Walsall LIFT - Phoenix Centre	Design, construct, finance and operate a care centre in Wolverhampton.	2031	-	27	£3m
Wolverhampton & Walsall LIFT - Gem Centre	Design, construct, finance and operate a healthcare centre in Wolverhampton.	2031	-	27	£6m
Oxford Churchill Hospital	Design, construct, finance and operate a hospital for Oxford Radcliffe Hospitals NHS Trust.	2038	-	30	£130m
Royal Hull Hospital	Design, construct, finance and operate a hospital in Kingston upon Hull on behalf of Hull & East Yorkshire Hospitals NHS Trust.	2033	-	30	£23m
South Manchester Hospital	Design, construct, finance and operate a hospital on behalf of South Manchester University Hospital NHS Trust.	2033	-	35	£66m
CHF Oxford	Design, construct, finance and operate a psychiatric unit on behalf of the Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust.	2024	-	25	£8m
Chiltern Securities – Abergavenny	Design, construct, finance and operate a day surgery & endoscopy primary care centre.	2024	-	25	£3m
Chiltern Securities – Marlborough	Design, construct, finance and operate a hospital near Chiltern.	2035	-	30	£5m
Chiltern Securities – Monmouth	Design, construct, finance and operate a hospital near Monmouth.	2036	-	30	£4m
Chiltern Securities – North Kirklees	Design, construct, finance and operate five healthcare facilities in North Kirklees.	2035	-	30	£20m
Chiltern Securities – Redruth Facilities	Design, construct, finance and operate a mental health facility.	2033	-	30	£7m

27. Service concession arrangements (continued)

Project	Short description of concession arrangements	Contract end date	Break points	Contract term (years)	Total Project capex
Chiltern Securities – Withernsea Facilities	Design, construct, finance and operate a community hospital.	2033	-	35	£3m
Berlin Embassy	Design, construct, finance and operate the British Embassy in Berlin.	2030	-	32	€32m
Avon & Wiltshire Community Hospital	Design, construct, finance and operate six mental health facilities for Avon & Wiltshire Mental Health Partnership NHS Trust.	2036	-	32	£64m
Bexley Community Hospital	Design, construct / refurbish, finance and operate six mental health facilities for Oxleas NHS Foundation Trust and Queen Mary's Sidcup NHS Trust.	2025	-	27	£11m
Black Country Community Hospital	Design, construct, finance and operate mental health facilities at Hallam Street Hospital for Sandwell Mental NHS and Social Care Trust.	2025	Year 25	27	£5m
Epping Community Hospital	Design, construct, finance and operate a hospital for West Essex Primary Care Trust.	2035	-	30	£14m
Essex & Herts Community Hospital	Design, construct, finance and operate a hospital for East & North Hertfordshire NHS Primary Care Trust.	2033	-	32	£11m
Hertford Community Hospital	Design, construct, finance and operate a hospital for East & North Primary Care Trust Hertfordshire NHS.	2033	-	30	£9m
Liskeard Community Hospital	Design, construct, finance and operate a hospital for Cornhall and Isles of Scilly NHS Primary Care Trust.	2033	-	30	£7m
Lymington Community Hospital	Design, construct, finance and operate a hospital for Hampshire Primary Care Trust.	2036	-	32	£29m
Redbridge Community Hospital	Design, construct, finance and operate a mental health facility at Goodmayes Hospital for North East London Mental Health Trust.	2032	-	30	£9m
South Essex Community Hospital	Design, construct, finance and operate two mentally infirm homes for South Essex Partnership NHS Foundation Trust.	2033	-	30	£6m
West Mendip Community Hospital	Design, construct, finance and operate a hospital for Somerset Primary Care Trust.	2035	-	30	£7m

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

27. Service concession arrangements (continued)

Project	Short description of concession arrangements	Contract end date	Break points	Contract term (years)	Total Project capex
Worcester Hospital	Design, construct, finance and operate a hospital at Worcester Royal Infirmary on behalf of Worcestershire Acute Hospitals NHS Trust.	2031	-	30	£100m
Gravesham Community Hospital	Provision of healthcare facilities and other services to Dartford and Gravesend NHS Trust.	2036	-	30	£19m
Kingston Community Hospital	Develop, finance, construct and operate accommodation for Kingston University.	2038	-	34	£13m
Northants Community Hospital	Provision of healthcare facilities and associated services to Northamptonshire Healthcare NHS Trust.	2035	-	30	£6m
Rotherham Community Hospital	Provision of healthcare facilities and services related to its operation for the Rotherham Primary Care Trust.	2024	-	25	£2m
Stonehouse Community Hospital	Design, construct, finance and operate a hospital for Kent and Medway NHS and Social Care Trust.	2036	-	29	£10m
Sandwell	Design, construct, finance and operate five schools on behalf of The Borough Council of Sandwell.	2029	-	25	£17m
A1 Road	Design, build, finance, operate and upgrade a section of the A1 (M) in Yorkshire.	2036	-	33	£203m
Bishop Auckland	Design, construct, finance and operate a hospital on behalf of County Durham & Darlington NHS Foundation Trust.	2032	-	33	£60m

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

28. Subsidiary undertakings

Subsidiary undertaking	Principal activity	Ownership % 31 March 2009	Ownership % 31 March 2008
Owned directly by Semperian PPP Investment Partners Limited			
PFI Investments Limited	Intermediate holding company	100%	100%
Semperian (Community Health) Limited (formerly Trillium (Community Health) Limited)	Intermediate holding company	100%	100%
Semperian PPP Investment Partners No.2 Limited (formerly Trillium PPP Investment Partners No.2 Limited)	Intermediate holding company	100%	100%
Owned through intermediate holding companies of the Group			
Abergavenny Facilities Limited	Health Services	100%	100%
API Holdco Limited	Intermediate Holding Company	100%	100%
Agecroft Properties (No.2) Limited	Property Services	100%	100%
Arteos GP Limited & Co. KG [1]	Property Management	100%	100%
Arteos GP Limited	Investment Management	100%	100%
Baglan Moor Healthcare Holdings Limited	Intermediate Holding Company	100%	100%
Birmingham Healthcare Services (Holdings) Limited	Intermediate Holding Company	100%	100%
Birmingham Healthcare Services Limited	Hospital Services	100%	100%
Bridlington Schools Services Limited	School Services	100%	100%
Brighton & Hove City Schools Services (Holdings) Limited	Intermediate Holding Company	100%	100%
Brighton & Hove City Schools Services Limited	School Services	100%	100%
Campus Projects (Drumglass) Limited	Property services	100%	100%
Chiltern Securities Limited	Intermediate Holding Company	100%	100%
Class 06 Limited	Funding Company	100%	100%
Class 98 Limited	School Services	100%	100%
Community Health Facilities (Holdings) Limited	Intermediate Holding Company	100%	100%
Community Health Facilities (Oxford) Limited	Hospital Services	100%	100%
Cruciform Services Limited	Property services	100%	100%
Debden Schools Services Limited	School Services	100%	100%
Drumglass Investments Limited	Intermediate Holding Company	100%	100%
Eccles Special High Schools Company Limited	School Services	100%	100%
Eccles Special High Schools Holding Company Limited	Intermediate Holding Company	100%	100%
ECD (Cookham Wood) Limited	Prison Accommodation	49% [3]	49% [3]
ECD (Onley) Limited	Prison Accommodation	49% [3]	49% [3]
Education Care and Discipline Limited	Intermediate Holding Company	49% [3]	49% [3]
Education Care and Discipline Three Limited	Intermediate Holding Company	49% [3]	49% [3]
Falkirk Group Limited	Intermediate Holding Company	100%	100%
Falkirk Schools Partnership Limited	Intermediate Holding Company	100%	100%
Fazakerley Prison Services Limited	Prison Accommodation	49% [3]	49% [3]

28. Subsidiary undertakings (continued)

Subsidiary undertaking	Principal activity	Ownership % 31 March 2009	Ownership % 31 March 2008
GH Clayhill Holdings Limited	Intermediate Holding Company	100%	100%
GH Clayhill Limited	Investment Management	100%	100%
GH Gravesham Holdings Limited	Intermediate Holding Company	100%	100%
GH Gravesham Limited	Investment Management	100%	100%
GH North Northampton Holdings Limited	Intermediate Holding Company	100%	100%
GH North Northampton Limited	Investment Management	100%	100%
GH Rotherham Limited	Intermediate Holding Company	100%	100%
GH Stone House Limited	Investment Management	100%	100%
GH Stone House Holdings Limited	Intermediate Holding Company	100%	100%
Grosvenor PPP Holdings Limited	Intermediate Holding Company	100%	100%
G4S Investment Partnership Limited Partnership (formerly GSL Investment Partnership Limited Partnership)	Holding Entity	100%	100%
G4S Investments Limited (formerly GSL Investments Limited)	Intermediate Holding Company	49% (3)	49% (3)
G4S Joint Ventures (Fazakerley) Limited (formerly GSL Joint Ventures (Fazakerley) Limited)	Intermediate Holding Company	49% (3)	49% (3)
G4S Joint Ventures (Onley) Limited (formerly GSL Joint Ventures (Onley) Limited)	Intermediate Holding Company	49% (3)	49% (3)
G4S Joint Ventures Limited (formerly GSL Joint Ventures Limited)	Intermediate Holding Company	49% (3)	49% (3)
G4S IP GP Limited (formerly GSLIP GP Limited)	Investment Management	100%	100%
Healthcare Providers Limited	Intermediate Holding Company	49% (3)	49% (3)
Hull Maternity Development Limited	Hospital Services	49% (3)	49% (3)
IMC St. David's Limited	Property management and services	67%	67%
Impregilo Wolverhampton Limited (5)	Hospital Services	80%	80%
Intermediate Care Limited	Intermediate Holding Company	100%	100%
Kenton Schools Services Limited	School Services	100%	100%
Kirklees Schools Investment Company Limited	Intermediate Holding Company	100%	100%
Kirklees Schools Services Limited	School Services	100%	100%
Liverpool Schools Investment Company Limited	Intermediate Holding Company	100%	100%
Liverpool Schools Services Limited	School Services	100%	100%
A1 PPP Infrastructure Holdings Limited (formerly LST A1 Limited)	Intermediate Holding Company	100%	100%
Dundalk PPP Infrastructure Ireland (2) (formerly LST Dundalk Ireland)	Intermediate Holding Company	100%	100%
Marlborough Facilities Limited	Health Services	100%	100%
Mercia Healthcare (Holdings) Limited	Intermediate Holding Company	75%	75%
Mercia Healthcare Limited	Hospital Services	75%	75%
Monmouth Facilities Limited	Health Services	100%	100%
NK Facilities Limited	Health Services	100%	100%
North Wiltshire Schools Limited	Intermediate Holding Company	49% (3)	49% (3)

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

28. Subsidiary undertakings (continued)

Subsidiary undertaking	Principal activity	Ownership % 31 March 2009	Ownership % 31 March 2008
Onley Prison Services Limited	Prison Accommodation	49%(3)	49%(3)
Priorgate Holdings Limited	Intermediate Holding Company	100%	100%
Priorgate Limited	School Services	100%	100%
RBIL Group Limited	Intermediate Holding Company	100%	100%
RBIL Limited	Intermediate Holding Company	100%	100%
Redruth Facilities Limited	Health Services	100%	100%
Richmond Upon Thames School Services (Holdings) Limited	Intermediate Holding Company	100%	100%
Richmond Upon Thames School Services Limited	School Services	100%	100%
Bexley PPP Health Services Limited (formerly Ryhurst (Bexley) Limited)	Investment Management	100%	100%
Black Country PPP Health Services Limited (Ryhurst (Black Country) Limited)	Investment Management	100%	100%
Essex & Herts PPP Health Services Limited (formerly Ryhurst (Essex & Herts) Limited)	Investment Management	100%	100%
Hertford PPP Health Services Limited (formerly Ryhurst (Hertford) Limited)	Investment Management	100%	100%
Liskeard PPP Health Services Limited (formerly Ryhurst (Liskeard) Limited)	Investment Management	100%	100%
New Forest PPP Health Services Limited (formerly Ryhurst (New Forest) Limited)	Investment Management	100%	100%
Redbridge PPP Health Services Limited (formerly Ryhurst (Redbridge) Limited)	Investment Management	100%	100%
South Essex PPP Health Services Limited (formerly Ryhurst (South Essex) Limited)	Investment Management	100%	100%
Epping PPP Maintenance (Health) Services Limited (formerly Ryhurst (St Margaret's) Limited)	Investment Management	100%	100%
West Mendip PPP Health Services Limited (formerly Ryhurst (West Mendip) Limited)	Investment Management	100%	100%
First Priorities PPP Health Services Limited (formerly Ryhurst First Priorities Limited)	Investment Management	100%	100%
Schools Investment Company Limited	Investment Management	100%	100%
Stafford Education Facilities Limited	School Services	100%	100%
Staffordshire Education Facilities Holdings Limited	Intermediate Holding Company	100%	100%
Sunderland CLC Schools Investment Company Limited	Intermediate Holding Company	100%	100%
Sunderland CLC Schools Services Limited	School Services	100%	100%
The Hospital Company (Dartford) Limited	Hospital Services	70%	60%
The Hospital Company (Dartford) 2005 Limited	Hospital Services	70%	60%
The Hospital Company (Dartford) Group Limited	Intermediate Holding Company	70%	60%
The Hospital Company (Dartford) Holdings 2005 Limited	Intermediate Holding Company	70%	60%
The Hospital Company (Dartford) Holdings Limited	Intermediate Holding Company	70%	60%
The Hospital Company (Dartford) Issuer Plc	Hospital Services	70%	60%
Torbay School Services Limited	School Services	100%	100%
Semperian Schools Stafford Limited (formerly Total Schools Solutions (Stafford) Limited)	Intermediate Holding Company	100%	100%

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

28. Subsidiary undertakings (continued)

Subsidiary undertaking	Principal activity	Ownership % 31 March 2009	Ownership % 31 March 2008
Semperian - G4S GP1 Limited (formerly Trillium - GSL GP1 Limited)	Investment Management	100%	100%
Semperian - G4S GP2 Limited (formerly Trillium - GSL GP2 Limited)	Investment Management	100%	100%
Semperian (Community Health) Grosvenor Limited (formerly Trillium (Community Health) Grosvenor Limited)	Intermediate Holding Company	100%	100%
Semperian (St. David's) Limited (formerly Trillium (St. David's) Limited)	Intermediate Holding Company	100%	100%
Semperian (Wolverhampton) Limited (formerly Trillium (Wolverhampton) Limited)	Intermediate Holding Company	100%	100%
Semperian-G4S Holdings Limited (formerly Trillium-GSL Holdings Limited)	Investment Management	100%	100%
Semperian-G4S LP2 Limited (formerly Trillium-GSL LP2 Limited)	Investment Management	100%	100%
Semperian-G4S No. 1 Limited Partnership (formerly Trillium-GSL No. 1 Limited Partnership)	Intermediate Holding Company	100%	100%
Semperian-G4S No. 2 Limited Partnership (formerly Trillium-GSL No.2 Limited Partnership)	Holding Entity	100%	100%
Semperian Newcastle Estates Limited (formerly Trillium Newcastle Estates Limited)	Intermediate Holding Company	100%	100%
Semperian Subholdings M40 Limited (formerly Trillium Subholdings M40 Limited)	Intermediate Holding Company	100%	100%
UK Court Services (Manchester) Holdings Limited	Intermediate Holding Company	49%[3]	49%[3]
UK Court Services (Manchester) Limited	Court Services	49%[3]	49%[3]
White Horse Education Partnership Limited	Schools Services	49%[3]	49%[3]
Wirral Schools Investment Company Limited	Intermediate Holding Company	100%	100%
Wirral Schools Services Limited	School Services	100%	100%
Withernsea Facilities Limited	Health Services	100%	100%
XJ4 Holding Company Limited	Intermediate Holding Company	100%	100%
XJ6 Schools Holdings Limited	Intermediate Holding Company	100%	100%
Semperian Senior Funding plc (formerly Land Securities Trillium Senior Funding plc)	Portfolio financing	0% [4]	0% [4]
Semperian Health Services Limited (formerly Trillium Health Services Limited)	Holding Company	100%	-
Semperian Health Projects Limited (formerly Trillium Health Projects Limited)	Holding Company	100%	-
Danetre PFI Holdings Company Limited	Holding Company	100%	-
Danetre PFI Project Company Limited	Hospital Services	100%	-
Haringey Schools Services Limited	School Services	100%	-
The Hospital Company (Swindon & Marlborough) Group Limited	Holding Company	100%	33%
The Hospital Company (Swindon & Marlborough) Holdings Limited	Holding Company	100%	33%
The Hospital Company (Swindon & Marlborough) Limited	Hospital Services	100%	33%
The Hospital Company (Swindon & Marlborough) 2006 Limited	Hospital Services	100%	33%
Town Hospitals (North Staffordshire) Holdings Limited	Holding Company	100%	-
Town Hospitals (North Staffordshire Combined) Limited	Hospital Services	100%	-
Town Hospitals (Southern General) Holdings Limited	Holding Company	100%	-
Town Hospitals (Southern General) Limited	Hospital Services	100%	-

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

28. Subsidiary undertakings (continued)

Subsidiary undertaking	Principal activity	Ownership % 31 March 2009	Ownership % 31 March 2008
Walkergate PFI Holding Company Limited	Holding Company	100%	-
Walkergate PFI Project Company Limited	Hospital Services	100%	-
Bandbreeze Limited	Holding Company	100%	-
LBS (Fire Services) Limited	Fire Services	100%	-
The Newcastle Estate Partnerships Limited	Property Management	80%	30%
Newcastle Estate Partnership Holdings Limited	Holding Company	80%	30%
Semperian Holdco Limited (formerly Trillium Holdco Limited)	Holding Company	100%	-
Semperian Borrowerco Limited (formerly Trillium Borrowerco Limited)	Holding Company	100%	-
Riclab Limited	Property Services	100%	-
Facilities Management Solutions Limited	Property Services	100%	-
Semperian SMIF OMEGA Limited (formerly Trillium SMIF OMEGA Limited)	Holding Company	100%	-
Semperian OMEGA Limited (formerly Trillium OMEGA Limited)	Utilities	100%	-
Semperian OMEGA IP Holdings Limited (formerly Trillium OMEGA IP Holdings Limited)	Holding Company	100%	-
Semperian OMEGA IP Limited (formerly Trillium OMEGA IP Limited)	Investment Management	100%	-
G4S JV 2 Limited (formerly GSL JV 2 Limited)	Holding Company	100%	-
G4S IP 2 Limited (formerly GSLIP 2 Limited)	Investment Management	100%	-
Semperian PPP Newco 1 Limited (formerly Trillium PPP Newco 1 Limited)	Intermediate Holding Company	100%	-
Semperian PPP Newco 3 Limited (formerly Trillium PPP Newco 3 Limited)	Intermediate Holding Company	100%	-
Semperian No. 21 Limited (formerly Trillium No. 21 Limited)	Intermediate Holding Company	100%	-
Semperian PPP Holdings Limited (formerly Trillium PPP Holdings Limited)	Holding Company	100%	-
Semperian PPP Newco 2 Limited	Holding Company	100%	-
Semperian PPP Newco 4 Limited	Investment Management	100%	-

(1) Registered and operates in Germany.
(2) Registered and operates in the Republic of Ireland.
(3) These entities have been consolidated in the financial statements because the Group has control over the voting rights and management direction of the companies.
(4) The Group owns 100% of the Class Z Secured Deferrable Variable Rate Notes ("Z notes") issued by Semperian Senior Funding plc (formerly Land Securities Trillium Senior Funding plc). Semperian Senior Funding plc is a special purpose entity and has been included in the consolidated financial statements as it is controlled by the Group.
(5) This company has a non-coterminous year end of 31 December, due to arrangements with minority shareholders.

All subsidiary undertakings are registered and operate in Great Britain, except as noted, and are included within the group consolidation. All investments consist of ordinary shares.

In the prior period numerous subsidiary undertakings acquired had non-coterminous year ends. These subsidiary undertakings had their accounting reference dates changed to coincide with the Group. As a result several subsidiary undertakings have had a different reporting period in their own financial statements to that of the Group. All the subsidiary undertakings listed above have a 31 March reporting date, except as noted.

Notes to the consolidated financial statements for the year ended 31 March 2009 (continued)

29. Events after the balance sheet date

No post balance sheet events have been identified.

30. Ultimate Parent Undertaking

The Company's immediate parent undertaking is Semperian PPP Investment Partners Holdings Limited (formerly Trillium PPP Investment Partners Holdings Limited), which is incorporated in Jersey.

The ultimate parent undertaking and controlling entity in which the results of the Company are incorporated is Semperian PPP Investment Partners Limited Partnership, acting through its general partner Semperian PPP Investment Partners GP Limited, (formerly Trillium PPP Investment Partners Limited Partnership, acting through its general partner Trillium PPP Investment Partners GP Limited), incorporated and operating in England and Wales.

The largest group to consolidate these financial statements is Semperian PPP Investment Partners Limited Partnership, acting through its general partner Semperian PPP Investment Partners GP Limited.

Consolidated financial statements for Semperian PPP Investment Partners Limited Partnership, acting through its general partner Semperian PPP Investment Partners GP Limited Partnership, can be obtained from the Company Secretary at 140 London Wall, London, EC2Y 5DN.