COMPANY REGISTRATION NUMBER NI066157

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2010

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

CONTENTS	PAGES

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The dırectors have pleasure ın presentıng theır report and the financıal statements of the group for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The prıncıpal actıvıty of the company ıs that of a holdıng company wıth a sıngle subsıdıary, Lısburn Educatıon Partnershıp Lımıted

The prıncıpal actıvıty of the group durıng the year was the provısıon of desıgn, constructıon and maıntenance servıces, for Castle Street College ın Lısburn, ın accordance wıth a project agreement the group entered ınto wıth the Governıng Body of the South Eastern Regıonal College

Constructıon commenced ın Aprıl 2008, wıth completıon achıeved ın May 2011 The group wıll operate the college for a 25 year perıod from the commencement of the operatıonal phase

The group operates ın a PFI market under strıct contractual oblıgatıons The ındustry ıs hıghly competıtıve and so companıes have to dıfferentıate themselves on affordabılıty, ınnovatıon (both desıgn and fundıng solutıons) as well as ıdentıfyıng and satısfyıng the needs of all stakeholders

FUTURE DEVELOPMENTS
The project ıs performıng ın lıne wıth the modelled expectatıons and management of the scheme both logıstıcally and financıally remaıns under control We remaın confident that we wıll maıntaın our current level of performance

RESULTS AND DIVIDENDS
The result for the year amounted to £nıl (2009 £nıl) The dırectors are unable to recommend a dıvıdend (2009 £nıl)

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the busıness and the executıon of the group's strategy are subject to a number of rısks

The key busıness rısks affectıng the group are consıdered to relate to supply chaın faılure of the buıldıng contractor, treasury management and control and revıew of the ınsurance cover and lıfecycle profile

The board formally revıews rısks and approprıate processes are put ın place to mıtıgate them If more than one event occurs, ıt ıs possıble that the overall effect of such events would compound the possıble adverse effects on the group

KEY PERFORMANCE INDICATORS ("KPIs")
The group has modelled the antıcıpated financıal performance of ıts concessıon across ıts full term Management meetıngs are held on a regular basıs to monıtor actual financıal performance agaınst a budget derıved from the financıal model Partıcular attentıon ıs paıd to constructıon work ın progress and cash flow At 31 December 2010 and 31 December 2009 performance agaınst such measures was satısfactory

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs

The group's financial instruments comprise floating and fixed rate borrowings, the main purpose of which is to raise finance for the group's operations The group does use derivative financial instruments and has entered into interest rate swaps, the purpose of which is to manage interest rate risks on the group's floating rate borrowings

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board Bilfinger Berger Project Investments Limited, as a provider of financial services to the group under a contractual arrangement, implements the policies set by the board of directors Bilfinger Berger Project Investments Limited has a policy and procedures manual that sets out specific guidelines to manage interest rate risk and circumstances where it would be appropriate to use financial instruments to manage these

Liquidity risk

The group minimises the risk of uncertain funding in its operations by having short and long-term committed facilities available

Interest rate cash flow risk

The group seeks to minimise its exposure to an upward change in interest rates by both borrowing at fixed rates and borrowing at floating rates and using interest rate swaps to convert such borrowings from floating to fixed rates At the year end all the group's floating rate borrowings were at fixed rates after taking account of interest rate swaps

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation under the contract giving rise to the financial instrument The group's credit risk is concentrated as its cash flows are generated from the PPP concession asset The concentration of risk is mitigated as the cash flows are secured under contract with the Governing Body of the South Eastern Regional College, a government body

DIRECTORS

The directors who served the company during the year and up to the date of this report are shown below

J Clarke	
M Gillespie	
T Sharpe	
I Bulley	(Appointed 14 May 2010)
Y Peerbaccus	(Resigned 14 May 2010)

GOING CONCERN

The directors have reviewed the group's projected cashflows by reference to a financial model covering accounting periods up to 31 December 2036 The directors have also examined the current status of the group's principal contracts and likely developments in the foreseeable future Having reviewed the available information, the directors consider that the group will be able to meet its financial obligations on the due dates for the foreseeable future Accordingly, the directors consider that it is appropriate for the financial statements of the group to be prepared on a going concern basis

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

A resolution to appoint Ernst & Young LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with Section 485 of the Companies Act 2006

By order of the board

M. R.

MARK GATFORD
Company Secretary

Approved by the directors on 15/6/2011

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2010

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or 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 whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

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 are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Lisburn Education Partnership (Holdings) Limited for the year ended 31 December 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Group Cash Flow Statement and the related notes 1 to 22 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2010

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Peter Campbell (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

15 June 2011

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2010

	Note	2010 £000	2009 £000
TURNOVER	2	1,893	–
Operating costs		(696)	–
OPERATING PROFIT/RESULT	3	1,197	–
Interest receivable and similar income	5	–	–
Interest payable and similar charges	6	(1,197)	–
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		–	–
Tax on result on ordinary activities	7	–	–
RESULT FOR THE FINANCIAL YEAR	18	–	–

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the result for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

There is no difference between the result for the year as shown in the profit and loss account and its historical cost equivalent

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £000	2010 £000	2009 £000
CURRENT ASSETS				
DEBTORS: Amounts falling due within one year	10	613		196
DEBTORS: Amounts falling due after more than one year	10	27,485		22,826
Short term investments	11	550		–
Cash at bank		152		336
		28,800		23,358
CREDITORS: Amounts falling due within one year	12	(3,559)		(2,719)
NET CURRENT ASSETS			25,241	20,639
CREDITORS: Amounts falling due after more than one year	13		(25,231)	(20,629)
			10	10
CAPITAL AND RESERVES				
Called-up equity share capital	17		10	10
TOTAL SHAREHOLDERS' FUNDS	19		10	10

These financial statements were approved by the directors and authorised for issue on 15/6/2011, and are signed on their behalf by

Ian Bulley
Director

Company Registration Number NI066157

The notes on pages 11 to 21 form part of these financial statements

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £000	2009 £000
FIXED ASSETS			
Investments	9	10	10
NET ASSETS		10	10
CAPITAL AND RESERVES			
Called-up equity share capital	17	10	10
TOTAL SHAREHOLDERS' FUNDS		10	10

These financial statements were approved by the directors and authorised for issue on 15/6/2011, and are signed on their behalf by

Ian Bulley
Director

Company Registration Number NI066157

The notes on pages 11 to 21 form part of these financial statements

LISBURN EDUCATION PARTNERSHIP (HOLDINGS) LIMITED

CONSOLIDATED GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2010

	Note	2010 £000	2010 £000	2009 £000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20(a)		(4,215)	(12,525)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid		(1,250)		(947)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(1,250)	(947)
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			(5,465)	(13,472)
MANAGEMENT OF LIQUID RESOURCES				
Increase in treasury deposits		(550)		–
NET CASH OUTFLOW FROM MANAGEMENT OF LIQUID RESOURCES			(550)	–
FINANCING				
Increase in bank loans		5,831		13,802
NET CASH INFLOW FROM FINANCING			5,831	13,802
(DECREASE)/INCREASE IN CASH	20(c)		(184)	330

The notes on pages 11 to 21 form part of these financial statements

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, Lisburn Education Partnership Limited

Turnover

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance Turnover is recognised as contract activity progresses at a mark up on costs related to the provision of services In line with FRS5 Application Note G, the mark up is calculated based upon the forecast service revenues and costs over the concession period, once these can be assessed with reasonable certainty Accordingly, no mark up is recognised during the construction phase

Contract debtor

Amounts recoverable under long term Private Finance Initiative contracts will be transferred to a contract debtor in accordance with the requirements of Financial Reporting Standard 5 Application Note F - Private Finance Initiative and Similar Contracts The amounts receivable (which include the costs of construction of assets) are treated as a long-term contract debtor from the commencement of the operating phase, with a constant proportion of the net revenue arising from the project (after allowing for income in respect of the provision of operating and maintenance services), being allocated to remunerate the contract debtor Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1 ACCOUNTING POLICIES *(continued)*

Financial instruments

The group uses derivative financial instruments to hedge its exposure to fluctuations in interest rates Interest differentials on these derivative financial instruments are recognised, net of the interest payable on the related financial liability, in the profit and loss account in the period to which it relates The group does not revalue the derivative financial instruments to fair value but the fair value of these instruments at the balance sheet date is disclosed in note 13

Discounts, premia and related costs of debt issue are charged to the profit and loss account over the life of the instrument to which they relate

Interest capitalisation

All net interest payable, receivable and finance costs attributable to the construction of the college have been capitalised into the contract debtor, with all non-attributable net interest recognised in the profit and loss account

Investments

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments

Segment reporting

The group's activities consist solely of the provision of design, construction, operation and maintenance services in respect of the Castle Street College project and are undertaken entirely in the United Kingdom

2 TURNOVER

The turnover and result before tax are attributable to the one principal activity of the group
An analysis of turnover is given below

	2010	2009
	£000	£000
United Kingdom	1,893	-

3 OPERATING PROFIT/RESULT

This is stated after charging

	2010	2009
	£000	£000
Auditors' remuneration - audit of the financial statements	13	13

The audit fee in respect of the group was £12,500 (2009 £12,500) and for the company £2,500 (2009 £2,500) All of these costs have been borne by the subsidiary undertaking

4. PARTICULARS OF EMPLOYEES

The group had no employees during the year (2009 nil) The directors have no contract of service with the group No remuneration was paid to the directors in respect of their services to the group (2009 £nil)

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £000	2009 £000
Bank interest receivable	-	-
Interest transferred to contract debtor work in progress	-	-
	–	–

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £000	2009 £000
Interest payable on bank loan	**1,563**	1,060
Interest payable on equity subscription loan	**60**	56
Other finance costs	**56**	93
Finance costs transferred to contract debtor work in progress	**(482)**	(1,209)
	1,197	–

7 TAXATION ON RESULT ON ORDINARY ACTIVITIES

There is no current tax charge/credit or deferred tax charge/credit arising during the current year (2009 £nil)

8 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £nil (2009 - £nil)

9. INVESTMENTS

Company	**£000**
COST	
At 1 January 2010 and 31 December 2010	**10**
NET BOOK VALUE	
At 1 January 2010 and 31 December 2010	**10**

The company owns 100% of the issued share capital (£10,000) of Lisburn Education Partnership Limited, which is registered in Northern Ireland

10. DEBTORS

Amounts falling due within one year

	Group		**Company**	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Trade debtors	**268**	–	–	–
Other debtors	–	130	–	–
Contract debtor work in progress	**327**	–	–	–
Prepayments and accrued income	**18**	66	–	–
	613	196	–	–

Amounts falling due after more than one year

	Group		**Company**	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Contract debtor work in progress	**27,485**	22,826	–	–

Included within the contract debtor work in progress is £1,977,000 (2009 £1,495,000) of net capitalised borrowing costs The balance is stated net of capital grants of £1,200,000 (2009 £nil) received from South Eastern Regional College

11 SHORT TERM INVESTMENTS

	Group		**Company**	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Treasury deposits	**550**	–	–	–

12. CREDITORS: Amounts fallıng due wıthın one year

	Group		**Company**	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Bank loans (ıncludıng accrued ınterest)	**1,132**	1,087	–	–
Equıty subscrıptıon loan (ıncludıng accrued ınterest)	**1,153**	–	–	–
Trade credıtors	**220**	998	–	–
VAT lıabılıty	**5**	–	–	–
Retentıons	**921**	549	–	–
Accruals and deferred ıncome	**128**	85	–	–
	3,559	2,719	–	–

Included wıthın Bank loans are unamortısed ıssue costs amountıng to £8,000 (2009 £32,000)

13 **CREDITORS:** Amounts fallıng due after more than one year

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Bank loans	**25,133**	18,978	–	–
Equıty subscrıptıon loan (ıncludıng accrued ınterest)	–	1,093	–	–
Accruals and deferred ıncome	**75**	–	–	–
Retentıons	**23**	558	–	–
	25,231	20,629	–	–

Included wıthın Bank loans are unamortısed ıssue costs amountıng to £141,000 (2009 £152,000)

Bank loans relate to senıor and equıty brıdge facılıtıes granted by the Bank of Ireland The senıor loan facılıty ıs for a total value of £28,964,000 and the equıty brıdge facılıty ıs £1,169,000 As at 31 December 2010 the total amount outstandıng on the equıty brıdge facılıty ıs £1,056,000 (2009 £1,047,000) Loan ıssue costs have been offset agaınst bank loans and are amortısed over the term of the loan ın accordance wıth the provısıons of Fınancıal Reportıng Standard 4 Interest was charged on amounts drawn under the equıty brıdge facılıty at LIBOR + 0 30% The equıty brıdge facılıty was repaıd ın full on 31 March 2011 (see below)

The senıor loan facılıty consısts of four separate facılıtıes, a standby facılıty of £750,000 whıch has not yet been drawn down, a capıtal receıpt facılıty of £10,000,000 (repayable 30 March 2012), a land sale brıdge facılıty of £1,200,000 (repaıd 6 July 2010) and a term loan facılıty of £17,014,000 whıch ıs repayable ın forty nıne sıx-monthly ınstalments endıng 9 May 2035 Repayment of the capıtal receıpt loan wıll be funded by a capıtal grant of £10,000,000 from the Governıng Body of the South Eastern Regıonal College whıch ıs due to be receıved on 6 March 2012 As at 31 December 2010, the total amount outstandıng on the facılıty ıs £25,359,000 (2009 £19,203,000) Interest ıs charged on amounts drawn under the facılıty at LIBOR + 0 85%

The group has also entered ınto a swap arrangement wıth Bank of Ireland ın order to fix the base ınterest rate (LIBOR) at 5 11% on the facılıtıes to 2035 The faır value of the swap arrangement at the year end was a negatıve £2,988,000 (2009 negatıve £2,383,000) Market values have been used to determıne the faır value of the swap arrangement The senıor loan and equıty brıdge facılıtıes are secured by a fixed charge over all leasehold ınterests, book debts, project accounts and ıntellectual property of the group and by a floatıng charge over the group's undertakıngs and assets

The company has subscrıbed to £1,168,000 of 11 82% coupon subordınated loan notes whıch were ıssued by the Lısburn Educatıon Partnershıp Lımıted on 31 March 2011 The company has ın turn receıved funds from both Graham Investment Projects Lımıted and Northstone (NI) Lımıted to subscrıbe to £584,000 each of 11 82% coupon subordınated loan notes, whıch were ıssued by the company on 31 March 2011 The group used these funds to repay the equıty brıdge loan ın full on 31 March 2011

On 17 Aprıl 2008, Lısburn Educatıon Partnershıp Lımıted receıved a loan of £996,000 from Bılfinger Berger P I (Fınance) Lımıted, the equıty subscrıptıon loan provıder Interest was charged on the loan at a fixed rate of 5 41%

13. CREDITORS Amounts falling due after more than one year *(continued)*

The equity subscription loan was settled on 31 March 2011 by Lisburn Education Partnership Limited issuing £1,168,000 of 11 82% coupon subordinated loan notes to Bilfinger Berger Project Investments S C A SICAR The equity subscription loan (including accrued interest) has been included in the maturity of debt analysis (note 14)

14. LOANS AND BORROWINGS

Maturity of debt

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Amounts repayable				
In one year or less or on demand	**2,293**	1,119	-	-
In more than one year but not more than two years	**10,621**	2,224	-	-
In more than two years but not more than five years	**1,654**	11,784	-	-
In more than five years	**12,999**	6,215	-	-
	27,567	21,342	-	-
Less unamortised issue costs	**(149)**	(184)	-	-
	27,418	21,158	-	-
Less amounts falling due within one year (note 12)	**(2,285)**	(1,087)	-	-
	25,133	20,071	-	-

15 DEFERRED TAXATION

There is no recognised or unrecognised deferred tax asset or liability for the group or company relating to capital allowances, timing differences or losses (2009 £nil)

16 RELATED PARTY TRANSACTIONS

The group ıncurred costs of £122,000 (2009 £91,000) ın respect of servıces provıded by Bılfinger Berger Project Investments Lımıted, a fellow subsıdıary undertakıng of Bılfinger Berger Project Investments S C A SICAR, a 50% shareholder of the company, under contractual agreements for the provısıon of admınıstratıve and financıal servıces At the year end there was £nıl (2009 £9,000) payable to Bılfinger Berger Project Investments Lımıted ıncluded ın trade credıtors

Durıng the year the group ıncurred costs of £539,000 (2009 £nıl) ın respect of servıces provıded by Graham Asset Management Lımıted (a related party of Graham Investment Projects Lımıted, a 25% shareholder of the company) under a contractual agreement for the provısıon of facılıtıes management servıces At year end there was £69,000 (2009 £nıl) payable to Graham Asset Management Lımıted ıncluded ın trade credıtors and £59,000 (2009 £nıl) ıncluded ın accruals and deferred ıncome

The group ıncurred costs of £5,621,000 (2009 £13,152,000) ın respect of servıces provıded by Farrans (Constructıon) Lımıted, a wholly owned subsıdıary of Northstone (NI) Lımıted, a 25% shareholder of the company, under a contractual agreement for the provısıon of desıgn and constructıon servıces At the year end there was £150,000 (2009 £981,000) payable to Farrans (Constructıon) Lımıted ıncluded ın trade credıtors and £9,000 (2009 £9,000) ıncluded ın accruals and deferred ıncome At the year end, retentıons amountıng to £944,000 (2009 £1,107,000) were beıng held

Bılfinger Berger P I (Fınance) Lımıted (the equıty subscrıptıon loan provıder) ıs a fellow subsıdıary undertakıng of Bılfinger Berger Project Investments S C A SICAR, a 50% shareholder of the company The group ıncurred ınterest of £60,000 (2009 £56,000) on the equıty subscrıptıon loan In addıtıon the group ıncurred further costs of £nıl (2009 £4,000) for arrangement fees on the equıty subscrıptıon loan At the year end there was £1,153,000 (2009 £1,093,000) payable to Bılfinger Berger P I (Fınance) Lımıted ın respect of the equıty subscrıptıon loan and £nıl (2009 £4,000) ın respect of the arrangement fees

17 SHARE CAPITAL

Authorısed share capıtal:

	2010	2009
	£000	£000
10,000 Ordınary shares of £1 each	10	10

Allotted, called up and fully paıd:

	2010		2009	
	No	£000	No	£000
Ordınary shares of £1 each	10,000	10	10,000	10

18 RESERVES

Group	Profit and loss account £000
Balance brought forward	–
Result for the financial year	–
Balance carried forward	–

Company	Profit and loss account £000
Balance brought forward	–
Result for the financial year	–
Balance carried forward	–

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £000	2009 £000
Result for the financial year	–	–
Opening shareholders' funds	**10**	10
Closing shareholders' funds	**10**	10

20. NOTES TO THE CONSOLIDATED GROUP CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT/RESULT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2010 £000	2009 £000
Operating profit/result	**1,197**	–
Increase in debtors	**(4,594)**	(13,177)
(Decrease)/increase in creditors	**(818)**	652
Net cash outflow from operating activities	**(4,215)**	(12,525)

20 NOTES TO THE CONSOLIDATED GROUP CASH FLOW STATEMENT
(continued)

(b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010		2009
	£000	£000	£000
(Decrease)/increase in cash in the period	(184)		330
Cash inflow from bank loans	(5,831)		(13,802)
Increase in treasury deposits	550		–
Change in net debt resulting from cash flows		(5,465)	(13,472)
Other non-cash changes		(429)	(276)
Movement in net debt in the period		(5,894)	(13,748)
Net debt at 1 January		(20,822)	(7,074)
Net debt at 31 December		(26,716)	(20,822)

(c) ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2010	Cash flows	Other non-cash changes	At 31 Dec 2010
	£000	£000	£000	£000
Net cash				
Cash in hand and at bank	336	(184)	–	152
Liquid resources				
Short term investments	–	550	–	550
Debt				
Debt due within 1 year	(1,087)	1,119	(2,317)	(2,285)
Debt due after more than 1 year	(20,071)	(6,950)	1,888	(25,133)
	(21,158)	(5,831)	(429)	(27,418)
Net debt	(20,822)	(5,465)	(429)	(26,716)

21. COMMITMENTS

Under the terms of a contract dated 17 April 2008 with Farrans (Construction) Limited, the group is committed to payments totalling £25,958,000 in respect of design and construction services Payments are made as the design and construction work progresses The capital commitments contracted but not provided for as at 31 December 2010 totalled £308,000 (2009 £5,929,000)

22. PARENT UNDERTAKING

On 31 March 2010, the shares held in the company by John Graham (Dromore) Limited were transferred to Graham Investment Projects Limited John Graham (Dromore) Limited and Graham Investment Projects Limited are wholly owned subsidiary undertakings of John Graham Holdings Limited

At 31 December 2010, 50% of the share capital of the company was held by Bilfinger Berger Project Investments S C A SICAR, 25% by Graham Investment Projects Limited with the remaining 25% held by Northstone (NI) Limited

Bilfinger Berger Project Investments S C A SICAR is wholly owned by Bilfinger Berger SE (formerly Bilfinger Berger AG), a company registered in Germany

In the directors' opinion the company has no ultimate controlling party