

Summit Holdings (Wishaw) Limited
Directors' Report and Group Financial Statements
Year ended 31 March 2005

Registered number SC173083



Summit Holdings (Wishaw) Limited

Directors' Report and Financial Statements

Contents

	Page
Company information	2
Directors' report	3- 4
Statement of Directors' responsibilities	5
Independent Auditors' report	6
Group profit and loss account	7
Group balance sheet	8
Company balance sheet	9
Group cash flow	10
Notes to the financial statements	11 - 21

Summit Holdings (Wishaw) Limited

Directors:

Andrew Leslie Tennant
Nigel Middleton (appointed 23 July 2004)
Timothy John Dickie (appointed 20 April 2005)
Victoria Helen Dickinson (resigned 15 December 2004)
Alan Dixon Jessop (resigned 18 May 2004/appointed 23 July 2004)
Robert John Wotherspoon (resigned 29 October 2004)
Michael John Collard (resigned 29 October 2004)
Peter John Ingram (resigned 18 May 2004)
Rory William Christie (resigned 23 July 2004)

Company Secretary:

Infrastructure Managers Limited
3rd Floor
Hanover House
45 Hanover Street
Edinburgh
EH2 2PJ

Registered office:

3rd Floor
Hanover House
45 Hanover Street
Edinburgh
Eh2 2PJ

Bankers:

Lloyds TSB Bank plc
City Office
71 Lombard Street
London
EC3P 3BS

Solicitors:

Dundas & Wilson
Saltire Court
20 Castle Terrace
Edinburgh
EH

Auditors:

PricewaterhouseCoopers LLP
PO Box 90
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Summit Holdings (Wishaw) Limited

Directors' Report

The directors present their annual report and the financial statements for the year ended 31 March 2005.

Results for the year

The group commenced trading on 24 June 1998 when it raised £136,556,000 through an issue of 6.484% Guaranteed Secured Bonds 2028 by a subsidiary to finance the construction of the New Law General Hospital at Wishaw, Lanarkshire. The hospital started to admit patients in May 2001 and the group made a loss for the year to 31 March 2005 of £1,153,000 (2003: loss £2,299,000) which has been charged to reserves. The group is trading satisfactorily and in line with expectations.

The directors do not recommend the payment of a dividend (2004: none).

Principal activity and future developments

The principal activity of the group is that of financing and operating a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals NHS Trust under the Government's Private Finance Initiative. The hospital opened in May 2001.

Financial instruments

The group's principal financial instruments comprise guaranteed secured bonds, coupon bearing investment sums (CBIS), preferred CBIS, current asset investments and cash. The main purpose of these investments has been to finance the design, build and operation of a hospital under the Government's Private Finance Initiative. The group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the group's financial instruments are interest rate and liquidity risk. The board has policies for managing each of these risks and they are summarised below. The policies have remained unchanged since incorporation.

Interest rate risk

The group borrows at fixed rate of interest. The group also invests in cash deposits at floating rate. The group's exposure to interest fluctuations will continue to be monitored.

Liquidity risk

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash deposits and proceeds from investment sums.

Summit Holdings (Wishaw) Limited

Auditors

During the year ended 31 March 2005 Ernst & Young resigned as auditors and were replaced by PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General meeting.

The Directors' Report was approved by the board on 31 January 2006 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Simon Peck', with a horizontal line drawn underneath it.

Simon Peck
For and on behalf of
Infrastructure Managers Limited
Company Secretary
Edinburgh

Summit Holdings (Wishaw) Limited

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for the year. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 March 2005, that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

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

The Statement of Directors' Responsibilities was approved by the Board of Directors on 31 January 2006 and was signed on its behalf by:



Timothy John Dickie
Director

Summit Holdings (Wishaw) Limited

Independent Auditors' Report to the Members of Summit Holdings (Wishaw) Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheets and cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2005 and of the loss and cash flows of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Edinburgh

31 January 2006

Summit Holdings (Wishaw) Limited

Group Profit and Loss Account

For the year ended 31 March 2005

	Note	2005 £000	2004 £000
Turnover	2	22,760	22,484
Cost of sales		(13,012)	(12,810)
Gross profit		9,748	9,674
Administrative expenses		(813)	(1,096)
Operating profit		8,935	8,578
Interest receivable	4	751	592
Interest payable	4	(11,422)	(11,469)
Loss on ordinary activities before taxation	3	(1,736)	(2,299)
Taxation	5	583	-
Loss for the year		(1,153)	(2,299)
Loss brought forward		(31,639)	(29,340)
Loss carried forward		<u>(32,792)</u>	<u>(31,639)</u>

The Company has no recognised gains and losses other than those included in the losses above, which all relate to continuing activities, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

Summit Holdings (Wishaw) Limited

Group Balance Sheet

As at 31 March 2005

	Note	2005 £000	2004 £000
Fixed assets			
Tangible assets	6	88,046	92,136
Current assets			
Debtors:			
amounts falling due within one year	8	904	5,103
amounts falling due after one year	9	1,937	1,414
Investments	10	12,245	11,789
		<hr/>	<hr/>
Cash at bank and in hand		15,086	18,306
		5,505	685
		<hr/>	<hr/>
		20,591	18,991
Creditors: amounts falling within one year:			
6.484% Guaranteed Secured Bonds 2028	14	(2,152)	(2,368)
Loan: Coupon bearing investment sums (CBIS)	15	(3,209)	(2,441)
Creditors and accruals	12	(6,177)	(6,277)
		<hr/>	<hr/>
Net current assets		9,053	7,905
		<hr/>	<hr/>
Total assets less current liabilities		97,099	100,041
Creditors: amounts falling due after one year			
6.484% Guaranteed Secured Bonds 2028	14	(118,032)	(119,821)
Loan: Coupon bearing investment sums (CBIS)	15	(11,759)	(11,759)
		<hr/>	<hr/>
		(129,791)	(131,580)
		<hr/>	<hr/>
Net liabilities		<u>(32,692)</u>	<u>(31,539)</u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	17	(32,792)	(31,639)
		<hr/>	<hr/>
Equity shareholders' deficit		<u>(32,692)</u>	<u>(31,539)</u>

The financial statements on pages 7 to 21 were approved by the Board of Directors on 31 January 2006 and were signed on its behalf by:



Timothy John Dickie
Director

Summit Holdings (Wishaw) Limited

Balance Sheet

As at 31 March 2005

	Note	2005 £	2004 £
Fixed assets			
Investments	7	11,859,000	11,859,000
Current assets	11	4,552,404	3,715,442
Creditors: amounts falling within one year			
Loan: Preferred CBIS	15	(3,208,977)	(2,440,948)
Accruals	13	(1,343,427)	(1,274,494)
		<hr/>	<hr/>
Total assets less current liabilities		11,859,000	11,859,000
Creditors: amounts falling due after more than one year			
Loan: Coupon bearing investment sums (CBIS)	15	(11,759,000)	(11,759,000)
		<hr/>	<hr/>
Net assets		<u>100,000</u>	<u>100,000</u>
Capital and reserves			
Called up share capital	16	<u>100,000</u>	<u>100,000</u>

The financial statements on pages 7 to 21 were approved by the Board of Directors on 31 January 2006 and were signed on its behalf by:



Timothy John Dickie
Director

Summit Holdings (Wishaw) Limited

Group Cash Flow Statement

For the year ended 31 March 2005

	Note	2005 £000	2004 £000
Net cash inflow from operating activities	18a	17,206	12,682
<hr/>			
Returns on investments and servicing of finance			
Interest received		1,014	411
Interest paid		(10,218)	(10,935)
		<hr/>	<hr/>
		(9,204)	(10,524)
		<hr/>	<hr/>
Taxation			
Receipt for consortium tax		-	2,608
		<hr/>	<hr/>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		98	-
		<hr/>	<hr/>
Net cash inflow before use of liquid resources and financing		7,904	4,766
<hr/>			
Management of liquid resources			
Payment to acquire investments		(63,222)	(38,902)
Receipts from the sale of investments		62,506	36,444
		<hr/>	<hr/>
	18d	(716)	(2,458)
		<hr/>	<hr/>
Financing			
Bond capital repaid		(2,368)	(2,222)
		<hr/>	<hr/>
Increase in cash	18b	<u>4,820</u>	<u>86</u>

Summit Holdings (Wishaw) Limited

Notes to the Financial Statements

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. The particular policies adopted are described below.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the financial projections for the Group's PFI project indicates that sufficient funds will be generated to allow ongoing obligations to be met as they fall due. The Directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and have not prepared a profit and loss account for Summit (Holdings) Wishaw Limited.

(b) Basis of consolidation

The Group's financial statements incorporate the assets and liabilities of all subsidiaries as at 31 March 2005 and their results for the year ended on that date.

(c) Depreciation

Depreciation is provided on tangible fixed assets at rates dependant on the life expectancy of the asset concerned. The building cost is depreciated on a straight line basis over the term of the concession, which is 27 years. Plant and equipment is depreciated on a straight line basis with lives varying between 10 and 20 years.

(d) Fixed asset investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

(e) Guaranteed secured bonds

The bond creditor was initially recognised at the value of the net proceeds raised on issue. The finance cost is calculated as the difference between the net carrying amount and the total payments the group is required to make in respect of the bond. Finance costs are allocated to periods over the term of the bond at a constant rate on the carrying amount and charged in the profit and loss account. The bond interest is recognised as accruing on a day to day basis.

Issue costs associated with the bond have been capitalised in accordance with FRS4 and are being amortised over the life of the bonds.

(f) Coupon bearing investment sum interest receivable and payable

The loan interest is recognised as accruing on a day to day basis.

Summit Holdings (Wishaw) Limited

(g) Deferred taxation

Deferred tax is fully provided on timing differences recognised by the balance sheet date when the Company has an obligation to pay more or less tax in the future as a result of these timing differences. The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax).

(i) Post contract set up costs

Legal and professional costs relating to the set up of contracts are deferred and held on the balance sheet as a prepayment. These costs are amortised on a straight line basis over the life of the contract.

2. Turnover

Turnover, which is stated net of VAT, represents one class of business, being amounts invoiced for the provision of non-clinical services at, and maintenance of, the Wishaw General Hospital, in Lanarkshire, in the United Kingdom.

3. Loss on ordinary activities before taxation

	2005	2004
	£000	£000
Operating profit is stated after charging:		
Legal and professional costs	154	176
Amortisation of post-contract set-up costs	60	60
Audit remuneration: Audit services – Group	10	10
Audit services – Company	3	3
non audit services	16	16
Depreciation of owned tangible fixed assets	4,090	4,091

The Directors did not receive any remuneration from the Company during the year. There were no employees in the financial year other than the Directors.

4. Interest

	2005 £000	2004 £000
<u>Interest receivable</u>		
Bank interest	<u>751</u>	<u>592</u>
<u>Interest payable</u>		
Long term bond	(8,778)	(8,931)
CBIS notes	(2,116)	(2,116)
Preferred CBIS notes	(528)	(422)
	<u>(11,422)</u>	<u>(11,469)</u>

Summit Holdings (Wishaw) Limited

5. Taxation

	2005 £000	2004 £000
Deferred tax		
Origination and reversal of timing differences	(583)	-
	<u>(583)</u>	<u>-</u>
Tax credit on loss on ordinary activities	<u>(583)</u>	<u>-</u>
The tax assessed for the period differs from the standard rate applying in the UK (30%). The difference is explained below:		
Loss on ordinary activities before tax	<u>(1,736)</u>	<u>(2,299)</u>
Loss on ordinary activities at the UK tax rate (30%)	(521)	(690)
Effect of:		
Expenses not deductible for tax purposes	408	414
Accelerated capital allowances / other timing differences	113	275
	<u>-</u>	<u>-</u>
Current tax	<u>-</u>	<u>-</u>

6. Tangible fixed assets

Group	Long leasehold property £000	Plant and Machinery £000	Total £000
<u>Cost:</u>			
At 1 April 2004 and 31 March 2005	<u>52,775</u>	<u>51,632</u>	<u>104,407</u>
<u>Depreciation:</u>			
At 1 April 2004	4,083	8,188	12,271
Charge for the year	1,361	2,729	4,090
	<u>5,444</u>	<u>10,917</u>	<u>16,361</u>
At 31 March 2005	<u>5,444</u>	<u>10,917</u>	<u>16,361</u>
<u>Net book value:</u>			
As at 31 March 2005	<u>47,331</u>	<u>40,715</u>	<u>88,046</u>
As at 31 March 2004	<u>48,692</u>	<u>43,444</u>	<u>92,136</u>

The long leasehold runs for a period of 125 years to the year 2123, although buildings depreciation is calculated for the concession period to 2028, with a residual value of £15 million at that date.

Summit Holdings (Wishaw) Limited

7. Fixed asset investments

Company	Shares £	Loan £	Total £
At 1 April 2004 and at 31 March 2005	<u>100,000</u>	<u>11,759,000</u>	<u>11,859,000</u>

Details of subsidiary undertakings:-

Summit Healthcare (Wishaw) Limited, a company registered in Scotland, which has built and is now operating a district general hospital.

Summit Finance (Wishaw) Plc, a company registered in Scotland, which is financing the building and operating of a district general hospital.

Both subsidiaries are wholly owned, and Summit Finance (Wishaw) Plc is wholly owned by Summit Healthcare (Wishaw) Limited.

For details of the loan to Summit Healthcare (Wishaw) Limited, see note 15.

8. Debtors

Group	2005 £000	2004 £000
Trade debtors	96	4,061
Other debtors	60	60
Prepayments and accrued income	748	982
	<u>904</u>	<u>5,103</u>

9. Debtors: amount falling due after one year

Group	2005 £000	2004 £000
Other debtors	1,354	1,414
Deferred tax	583	-
	<u>1,937</u>	<u>1,414</u>

Movement on deferred tax:

Opening	-	-
Movement (note 5)	583	-
	<u>583</u>	<u>-</u>
Closing		

Summit Holdings (Wishaw) Limited

9. Debtors: amount falling due after one year (continued)

The deferred tax (asset)/liability recognised and unrecognised in the accounts can be analysed as follows:

	Provided		Not provided	
	2005	2004	2005	2004
	£000	£000	£000	£000
Accelerated capital allowances	8,557	8,163	-	-
Short term timing differences		-		-
Losses carried forward	(9,140)	(8,163)	-	(1,085)
	<u>(583)</u>	<u>-</u>	<u>-</u>	<u>(1,085)</u>

The deferred tax asset has been recognised in the period as the company has income contracted for the next 23 years which the Directors believe will generate taxable profit in excess of those arising from the reversal of deferred tax liabilities.

10. Investments

Group	2005	2004
	£000	£000
Listed	10,206	10,900
Unlisted	2,039	889
	<u>12,245</u>	<u>11,789</u>

The balance sheet value of current asset investments is not materially different from the market value.

11. Amounts due from subsidiary undertaking

Company	2005	2004
	£	£
Interest on preferred CBIS	288,016	219,083
Interest on original CBIS	1,055,411	1,055,411
Preferred CBIS notes	3,208,977	2,440,948
	<u>4,552,404</u>	<u>3,715,442</u>

12. Creditors: amounts falling due within one year

Group	2005	2004
	£000	£000
Other taxation	392	368
Accruals and deferred income	5,785	5,909
	<u>6,177</u>	<u>6,277</u>

Summit Holdings (Wishaw) Limited

13. Creditors: amounts falling due within one year

Company

2005
£000

2004
£000

CBIS interest accrual

1,343,427

1,274,494

14. Creditors: amounts falling due after one year

Group:

On 25 June 1998 the group issued at par value £136,556,000 6.484% Guaranteed Secured Bonds which are repayable in instalments to 31 March 2028.

2005
£000

2004
£000

Amounts repayable in one year or less on demand

2,524

2,368

Between one and two years

2,691

2,525

Between two and five years

9,184

8,616

Over five years

113,526

116,785

127,925

130,294

Less: unamortised finance costs associated with the bond issue

(7,741)

(8,105)

120,184

122,189

Less: included within creditors: amounts falling due within one year

(2,152)

(2,368)

118,032

119,821

The bond has been secured by:-

- (i) a first ranking floating charge over the whole property, assets and undertakings of the group; and
- (ii) an assignment in security of all bank accounts, if any, of the group and the proceeds thereof and all rights to which the group may be entitled from time to time in relation to the proceeds of any insurance policies; and
- (iii) a standard security over the group's interest in the Head Lease of its property.

Summit Holdings (Wishaw) Limited

15. Loan: coupon bearing investment sums (CBIS)

Company and Group

	2005 £000	2004 £000
At 1 April	14,200	14,034
Preferred CBIS issued during the year	768	166
	<hr/>	<hr/>
At 31 March	14,968	14,200
Less amounts due within one year	(3,209)	(2,441)
	<hr/>	<hr/>
	<u>11,759</u>	<u>11,759</u>

The company has issued £11,759,000 Coupon Bearing Investment Sums (CBIS) to its shareholders. They bear a coupon of 18 per cent per annum, and have a term of 30 years ending 17 June 2028. The CBIS may be redeemed earlier at the company's notification. The whole investment sum as and when issued shall rank pari passu equally and rateably without discrimination and preference.

At the time of the issue described above, Summit Healthcare (Wishaw) Limited, a wholly owned subsidiary undertaking, issued £11,759,000 Coupon Bearing Investment Sums to the company. The terms of the company's CBIS payable to Summit Healthcare (Wishaw) Limited are in line with those of the company's CBIS issued to its shareholders.

The coupon on the principal amount outstanding accrues from day to day and is payable in cash on 30 September and 31 March annually subject to meeting certain financial criteria (targets). If the coupon is unable to be paid due to failure to meet these criteria then there shall be issued Preferred CBIS with a principal equal to the coupon due. The term date for each series of Preferred CBIS shall be the first coupon payment date after the allotment.

During the current year, £768,000 of Preferred CBIS have been issued (2004: £166,000).

16. Called up share capital

	2005 No.	2004 No.	2005 £	2004 £
Authorised:				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid:				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Summit Holdings (Wishaw) Limited

17. Reconciliation of shareholders' funds and movement on reserves

Group:

	Total Shareholders' Funds £000	Share Capital £000	Profit and Loss Account £000
At 1 April 2004	(31,539)	100	(31,639)
Loss for the year	(1,153)	-	(1,153)
	<u>(32,692)</u>	<u>100</u>	<u>(32,792)</u>
At 31 March 2005	<u>(32,692)</u>	<u>100</u>	<u>(32,792)</u>

Company:

	Total Shareholders' Funds £	Share Capital £	Profit and Loss Account £
At 31 March 2004 and 31 March 2005	<u>100,000</u>	<u>100,000</u>	<u>-</u>

As permitted by S.230 of the Companies Act 1985, no profit and loss account of the parent company is presented. The profit of the company for the year was £Nil (2004 £Nil).

18. Notes to the statement of cash flows

a) Reconciliation of operating profit to net cash inflow from operating activities:

	2005 £000	2004 £000
Operating profit	8,935	8,578
Decrease in debtors and prepayments	4,192	990
Decrease in creditors	(71)	(977)
Depreciation charges	4,090	4,091
Amortisation of bid costs	60	-
	<u>17,206</u>	<u>12,682</u>

Summit Holdings (Wishaw) Limited

18. Notes to the statement of cash flows (continued)

b) Reconciliation of net cash flow to movement in net debt:

	2005 £000	2004 £000
Increase in cash in the period	4,820	86
Cash outflow from increase in liquid resources	716	2,458
Cash outflow from decrease in debt	2,369	2,222
	<hr/>	<hr/>
Change in net debt resulting from cash flows	7,905	4,766
Other	(1,392)	(339)
	<hr/>	<hr/>
Movement in net debt	6,513	4,427
Net debt at the start of the year	(123,915)	(128,342)
	<hr/>	<hr/>
Net debt at the end of the year	<u>(117,402)</u>	<u>(123,915)</u>

c) Analysis of net debt

	At 31 Mar 2004 £000	Cash Flow £000	Other non cash Changes £000	At 31 Mar 2005 £000
Cash	685	4,820	-	5,505
Current asset investments	11,789	716	(260)	12,245
Loans due more than one year (Bonds)	(119,821)	1,789	-	(118,032)
Loans due within one year (Bonds)	(2,368)	580	(364)	(2,152)
Loans due after one year (CBIS)	(11,759)	-	-	(11,759)
Loans due within one year (Preferred CBIS)	(2,441)	-	(768)	(3,209)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(123,915)</u>	<u>7,905</u>	<u>(1,392)</u>	<u>(117,402)</u>

d) Liquid Resources

Liquid resources are readily marketable investments other than cash. They include Gilts, Commercial Paper, Eurobonds, Short Term Deposits and Certificates of Deposit.

e) Cash and liquid resource restrictions

Cash and liquid resources can only be used to pay the costs associated with the management and construction of the hospital, and the interest payments due on the bonds and both of the CBIS issues. These payments must first be authorised by the Bond Policy Provider.

Summit Holdings (Wishaw) Limited

19. Derivatives and other financial instruments

On 25 June 1998 the group issued at par value £136,556,000 6.484% Guaranteed Secured Bonds in order to finance the design, build and operation of a hospital under the government's PFI initiative. The cash received from this bond issue was used to pay the building costs, professional fees and interest costs during the construction period. Any residual funds have been invested in a portfolio managed by Scottish Widows Investment Partnership. The objective of the portfolio is to maximise gross return and enable the group to manage cashflows inherent within the scope of the project. Investments are made at Scottish Widows' discretion but are subject to certain restrictions on maturity, liquidity and maximums. The investments are made in gilts, commercial paper, Eurobonds, short term deposits and certificates of deposit. There are no equity investments and all the investments are in sterling financial instruments. The disclosures below do not include short term debtors and creditors.

Financial assets

The group's financial assets are its current asset investments of £12,245,000 (2004: £11,789,000) and cash of £5,505,000 (2004: £685,000), all of which are denominated in sterling. The investments and the majority of the cash have been held in one portfolio. The weighted average return on investment is 2.74%. A weighted average period has not been calculated but all the current asset investments are made in instruments which mature in less than one year.

Financial liabilities

The group's financial liabilities are its listed bonds of £120,184,000 (2004: £122,189,000) and its CBIS of £14,968,000 (2004: £14,200,000) all of which are denominated in sterling. The bonds have a fixed interest rate of 6.484%. They mature on 31 March 2028 and are subject to repayment in part by half yearly amounts from 30 September 2001. The CBIS have an interest rate of 18%. They have a term of 30 years ending in June 2028, and under the terms of the security trust deed cannot be repaid until the senior liabilities have been repaid.

Currency exposures

As at 31 March 2005 and 31 March 2004 the group had no currency exposures.

Fair value of financial assets and financial liabilities

	Book value 2005 £000	Fair value 2005 £000	Book value 2004 £000	Fair value 2004 £000
Current asset investments	12,245	12,245	11,789	11,789
Cash	5,505	5,505	685	685
Listed bonds	(120,184)	(136,120)	(122,189)	(137,368)
CBIS	<u>(14,968)</u>	<u>(14,968)</u>	<u>(14,200)</u>	<u>(14,200)</u>

The fair value of the current asset investments and the listed bonds have been calculated using market values. The fair value of CBIS is not materially different from the book value when calculated using discounted future cashflows.

Gains and losses on financial assets held for trading

The net unrealised gain from trading in financial assets is minimal, as the market value of these assets are not materially different to the book value.

Summit Holdings (Wishaw) Limited

20. Related party transactions

The members of the Group are:

- i) PFI Investors Limited (until 29 October 2004)
- ii) Uberior Infrastructure Investments Limited
- iii) Elbon FI Fund (Investments) Limited,
- iv) Lanterndew Limited (from 29 October 2004)

The company contracted with Sir Robert McAlpine Limited, a fellow subsidiary of PFI Investors Limited, to build the new hospital for a fixed price sum of £103 million of which £103 million had been completed by 31 March 2001. Of this amount £97,983 was owing at 31 March 2005 (2004:£233,000) and contained in accruals in respect of a retention.

Administrative costs charged by Newarthill p.l.c., the ultimate parent company of PFI Investors Limited, were £45,000 (2004: £57,000) none of which is included in accruals at the year end.

Administrative costs charged by Noble & Company Limited, a related party of Elbon PFI Fund (Investments) Limited, were £80,000 (2004:£62,000), £6,667 (2004:£62,000) of which is included in accruals at the year end.

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with the other members of the Summit Holdings (Wishaw) Limited group.

21. Contingent liabilities

Company

The contingent liabilities in respect of the bonds issued by the company's subsidiary undertaking, Summit Finance (Wishaw) Plc, are as follows;

- (i) a first ranking floating charge over the whole property, assets and undertaking of the company
- (ii) a share pledge over the shares of Summit Healthcare (Wishaw) Limited; and
- (iii) an assignation in security of all bank accounts of the company and the proceeds thereof and all rights to which the company may be entitled from time to time in relation to the proceeds of any insurance policies.