

Robertson Health (Gartnavel) Limited

Directors' report and financial statements

Registered number SC271565

31 March 2006



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Directors and advisors

Directors

WG Robertson
JDG Perks
AP Fordyce

Registered Office

10 Perimeter Road
Pinefield Industrial Estate
Elgin
Moray
IV30 6AE

Company Secretary

PK Johnstone

Registered Auditors

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Solicitors

Maclay Murray & Spens
3 Glenfinlas Street
Edinburgh
EH3 6AQ

Bankers

Bank of Scotland
11 Earl Grey Street
Edinburgh
EH3 9BN

Directors' report

The directors present their report and the financial statements for the year ended 31 March 2006.

Principal activities

The principal activities of the company are the development of the site of Gartnavel Hospital and the provision of services through an agreement with Greater Glasgow Health Board. The agreement was entered into under the Government's Private Finance Initiative Scheme.

Business review

Robertson Health (Gartnavel) Limited is a special purpose company established by Robertson Capital Projects Limited and Uberior Infrastructure Investments Limited. On 25 November 2005 the company entered into a contract with Greater Glasgow Health Board to develop the site of Gartnavel Hospital including the provision of facilities management services.

During the year the company commenced the construction phase of the project. The results for the year are set out in the profit and loss account on page 5. The profit for the year is £nil.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The retained profit for the year is £nil.

Directors and directors' interests

The directors who held office during the year are set out below.

WG Robertson

JDG Perks

(appointed 25 November 2005)

AP Fordyce

None of the directors had any interest in the shares of the company as recorded in the register of directors' interests. According to the register of directors' interests, no rights to subscribe for share or debentures of the company were granted to any of the directors or their immediate families during the financial year.

W G Robertson is a majority shareholder in Robertson Group Limited, which is parent company to Robertson Capital Projects Limited. His interests in the shares of that company are reported in the directors' report of that company.

Disclosure of information to auditors

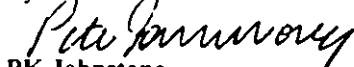
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the period KPMG LLP were appointed as first auditors to the company.

Pursuant to a shareholders' resolution the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



PK Johnstone

Secretary

Stirling
30th August 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Independent auditors' report to the members of Robertson Health (Gartnavel) Limited

We have audited the financial statements of Robertson Health (Gartnavel) Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its result 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.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor

31 August 2006

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Profit and loss account
for the year ended 31 March 2006

	<i>Note</i>	2006 £	8 months to 31 March 2005 £
Turnover		4,439,908	-
Operating expenses	2	(4,445,933)	-
Operating loss		(6,025)	-
Interest receivable and similar income	5	6,025	-
Result on ordinary activities before taxation	3	-	-
Tax on result on ordinary activities	6	-	-
Result for the financial year	12	-	-

The result for the year has been derived from continuing activities.

The company has no recognised gains or losses for the financial year other than those reported above.

Balance sheet
at 31 March 2006

	<i>Note</i>	2006 £	2005 £
Current assets			
Debtors : due within one year	7	207,451	2
Debtors : due after more than one year	7	4,439,908	-
Cash at bank and in hand		210,914	-
		<hr/>	<hr/>
		4,858,273	-
Creditors: amounts falling due within one year	8	(896,697)	-
		<hr/>	<hr/>
Net current assets		3,961,576	-
Creditors: amounts falling due after more than one year	9	(3,759,576)	-
		<hr/>	<hr/>
Net assets		202,000	2
Capital and reserves		<hr/>	<hr/>
Called up share capital	10	2,020	2
Share premium account	11	199,980	-
Profit and loss account	12	-	-
		<hr/>	<hr/>
Equity shareholders' funds	13	202,000	2
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30th August 2006 and were signed on its behalf by:



A Fordyce
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below. In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985. FRS 21 'Events after the balance sheet date' has had no effect on the financial statements. The presentation requirements of FRS 25 result in dividends no longer being presented on the face of the profit and loss account.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard number 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under section 246 to 249 of the Companies Act 1985.

Turnover

Turnover represents the value of work done and services rendered, excluding sales and related taxes.

Amounts recoverable under contracts

Costs incurred in the construction of the hospital have been accounted for under Financial Reporting Standard ('FRS') 5 Application Note F. Applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to the Greater Glasgow Health Board. As such, all construction costs incurred on the project, including interest on finance up to the date of commission and incidental costs are recorded as construction work in progress during the construction phase of the project. Costs are recognised as cost of sales to the extent that they relate to the value of work done in respect of turnover recognised.

On completion of the construction phase the resultant contract receivable debtor will be reclassified as a finance debtor.

Financial instruments

The company is party to a derivative interest rate swap agreement, which has been issued to manage exposures to fluctuations in interest rates.

Finance costs in accordance with FRS4 are charged to the profit and loss account over the life of the loan once the project reaches an operational phase.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Operating expenses

		8 months to 31 March 2005
	2006 £	£
Materials, site and production costs	4,432,621	-
Other operating expenses	13,312	-
	<hr/>	<hr/>
	4,445,933	-
	<hr/>	<hr/>

3 Result on ordinary activities before taxation

		8 months to 31 March 2005
	2006 £	£
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	4,000	-
Other services	3,000	-
	<hr/>	<hr/>

4 Directors' and employees' remuneration

The directors received no emoluments from the company during the period. There are no employees of the company.

Robertson Capital Projects Limited received fees of £3,156 from the company during the year in respect of the services of WG Robertson and A Fordyce as directors.

Bank of Scotland received fees of £3,156 from the company during the year in respect of the services of JDG Perks as director.

Notes (continued)

5 Interest receivable and similar income

	2006 £	8 months to 31 March 2005 £
Bank interest receivable	6,025	-

6 Taxation

	2006 £	8 months to 31 March 2005 £
Analysis of charge in period		
UK corporation tax	-	-
Tax on result on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax charge for the period is the same as the standard rate of corporation tax in the UK (30%)

7 Debtors

	2006 £	2005 £
<i>Amounts falling due within one year</i>		
Other debtors	-	2
Prepayments and accrued income	111,117	-
VAT	96,334	-
	207,451	2
<i>Amounts falling due after more than one year</i>		
Amounts recoverable on contracts	4,439,908	-

Amounts recoverable on contracts include interest of £95,551, and represent payments due from Greater Glasgow Health Board in respect of the project agreement. These payments are recoverable over the remaining life of the agreement starting from the date of operation.

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	769,738	-
Accruals and deferred income	43,555	-
Other creditors	83,404	-
	<hr/>	<hr/>
	896,697	-
	<hr/>	<hr/>

9 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Senior debt	2,265,013	-
Subordinated debt	1,494,563	-
	<hr/>	<hr/>
	3,759,576	-
	<hr/>	<hr/>

The senior debt due to the Bank of Scotland is secured by a bond and floating charge over the assets and undertakings of the company and by a guarantee supported by a bond and floating charge over the assets and undertakings of its parent company. The loan bears interest at 5.67% per annum under a swap agreement entered into by the company. The swap rate is fixed for the duration of the term loan. The term loan is repayable in quarterly instalments which commence 15 January 2008. The final repayment is due 15 July 2035.

Subordinated debt provided by Robertson Health (Gartnavel) Holdings Limited bears interest at 15% per annum and is repayable in 2035.

	2006 £	2005 £
Debt can be analysed as falling due:		
In one year or less, or on demand	-	-
Between one and two years	58,630	-
Between two and five years	398,263	-
In five years or more	3,302,683	-
	<hr/>	<hr/>
	3,759,576	-
	<hr/>	<hr/>

Notes (continued)

10 Called up share capital

	2006 £	2005 £
Equity <i>Authorised</i> 202,000 Ordinary shares of £0.01 each	2,020	2
	<u>2,020</u>	<u>2</u>

	2006 £	2005 £
Equity <i>Allotted, called up and fully paid</i> 202,000 Ordinary shares of £0.01 each	2,020	2
	<u>2,020</u>	<u>2</u>

11 Share premium account

	2006 £
At beginning of year	-
Movement in the year	199,980
	<u>199,980</u>
At end of year	<u>199,980</u>

12 Profit and loss account

	£
Profit for the year	-
	<u>-</u>
At end of year	<u>-</u>

13 Reconciliation of movements in equity shareholders' funds

	2006 £
Result for the financial period	-
New share capital subscribed	201,998
	<u>201,998</u>
Net addition to shareholders' funds	-
Opening shareholders' funds	2
	<u>2</u>
Closing shareholders' funds	202,000

Notes (continued)

14 Commitments

At 31 March 2006 the company had authorised and contracted capital commitments of £14,188,856.

15 Related party disclosures

The main construction contract for the project was placed with Robertson Construction (Central) Limited, whose ultimate holding company is Robertson Group Limited. Robertson Group Limited is a 100% shareholder in Robertson Capital Projects Limited, a 70% shareholder in the company's ultimate holding company, Robertson Health (Gartnavel) Holdings Limited.

During the year the company incurred the following expenditure with the following related parties. The amounts receivable and payable outstanding at the end of the period are also set out below:

Related Party	Relationship	Class of Transaction	2006 Expenditure £	2005 Expenditure £	2006 Creditor £	2005 Creditor £
Uberior Infrastructure Investments Ltd	30% shareholders of Robertson Health (Gartnavel) Holdings Ltd	Financial Advisory Work	(438,434)	-	(2,760,701)	-
Robertson Capital Projects Limited	70% shareholders of Robertson Health (Gartnavel) Holdings Limited	Construction/ Management Services	(3,273,238)	-	(1,742,331)	-

During the year the company paid interest of £75,563 to Robertson Health (Gartnavel) Holdings Limited.

16 Ultimate parent company

The company's ultimate holding company is Robertson Health (Gartnavel) Holdings Limited, a company incorporated in Scotland. The accounts of Robertson Health (Gartnavel) Holdings Limited can be obtained from Companies House.