

Stobhill Healthcare Facilities Limited

Annual Report and Financial Statements

For the Period Ended 31 December 2008

Registered Number SC275420

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Stobhill Healthcare Facilities Limited

Financial Statements

For the Period from 1 March 2008 to 31 December 2008

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Stobhill Healthcare Facilities Limited

Company Information

Directors

A J Gordon
A Andreou (Resigned 30 June 2008)
J C Elliot (Resigned 25 January 2008)
AD Bruce (Resigned 29 October 2008)
B Semple (Served from 30 June 2008 to 26 August 2009)
K McLellan (Served from 30 June 2008 to 26 August 2009)
BIIF Corporate Services Ltd (Appointed 31 March 2009)
A Christakis (Appointed 19 March 2009)
B W Dagleish (Appointed 10 June 2009)

Company secretary

Infrastructure Managers Limited

Registered office

2nd Floor
11 Thistle Street
Edinburgh
EH2 1DF

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
PO Box 90
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Bankers

Royal Bank of Scotland Plc
36 St Andrew's Square
Edinburgh
EH2 2YB

Solicitors

Dundas and Wilson
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

Stobhill Healthcare Facilities Limited

The Directors' Report

For the Period from 1 March 2008 to 31 December 2008

The Directors have pleasure in presenting their report and the financial statements of the Company for the period from 1 March 2008 to 31 December 2008.

Principal activities and business review

The principal activity of the Company is the provision of a hospital building and associated facilities management for NHS Greater Glasgow & Clyde over a contract period of 35 years from the date of completion of the building.

Results and dividends

The profit for the period, after taxation, amounted to £141,060 (29 Feb 2008: profit £275,054). The Directors have not recommended a dividend (29 Feb 2008: £nil).

The profit for the year will be transferred to reserves.

The Directors are satisfied with the overall performance of the Company.

Key performance indicators

The performance of the Company from a cash perspective is assessed on six monthly on a group basis by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The Company has been performing well and has been compliant with the covenants laid out in the group loan agreement.

Financial instruments

Details of the Company's financial risk management objectives and policies are included in note 1 to the accounts. The fair values of the financial instruments are included in note 12 to the accounts.

Directors

The Directors who served the Company during the period and up to the date of this report are listed on page 1.

Stobhill Healthcare Facilities Limited

The Directors' Report *(continued)*

For the Period from 1 March 2008 to 31 December 2008

Auditor

During the period ended 31 December 2008 Tenon Audit Limited 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 30/10/09..... and signed on its behalf by:

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

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

Stobhill Healthcare Facilities Limited

Statement of Directors' Responsibilities

For the Period from 1 March 2008 to 31 December 2008

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period ended 31 December 2008. In preparing these financial statements, the Directors are required to:

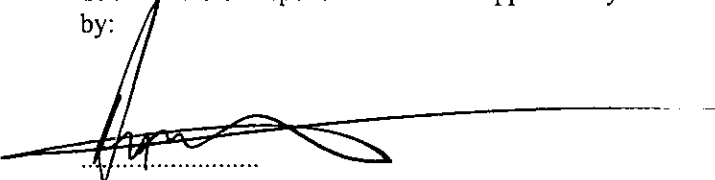
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 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.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors' responsibilities were approved by the board on 30/10/09 and signed on its behalf by:



.....
A Christakis
Director

Stobhill Healthcare Facilities Limited

Independent auditor's report to the members of Stobhill Healthcare Facilities Limited

We have audited the financial statements of Stobhill Healthcare Facilities Limited for the period from 1 March 2008 to 31 December 2008 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 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.

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. This other information comprises the Directors' Report and 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 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.

Stobhill Healthcare Facilities Limited

Independent auditor's report to the members of Stobhill Healthcare Facilities Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the period 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
Edinburgh

30 October 2009

Stobhill Healthcare Facilities Limited

Profit and Loss Account

For the Period from 1 March 2008 to 31 December 2008

	Note	Period from 1 Mar 08 to 31 Dec 08 £	Year to 29 Feb 08 £
Turnover	2	519,695	761,869
Cost of sales		(199,240)	(257,944)
Gross profit		320,455	503,925
Administrative expenses		(89,218)	(113,719)
Operating profit	3	231,237	390,206
Interest receivable	5	1,207,588	1,233,241
Interest payable and similar charges	6	(1,242,356)	(1,230,513)
Profit on ordinary activities before taxation		196,469	392,934
Tax on profit on ordinary activities	7	(55,409)	(117,880)
Profit for the financial period	14	141,060	275,054

The Company has no recognised gains and losses other than those included in the profit 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 profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents.

The notes on pages 9 to 16 form part of these financial statements.

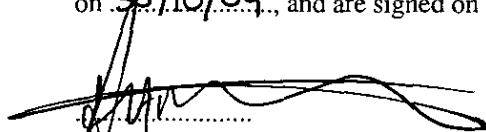
Stobhill Healthcare Facilities Limited

Balance Sheet

as at 31 December 2008

	Note	31 Dec 08 £	29 Feb 08 £
Current assets			
Debtors due within one year	8	509,687	445,959
Debtors due after one year	8	21,140,383	21,132,675
Cash at bank		1,408,014	878,974
		<u>23,058,084</u>	<u>22,457,608</u>
Creditors: Amounts falling due within one year	9	(824,835)	(302,747)
Net current assets		<u>22,233,249</u>	<u>22,154,861</u>
Total assets less current liabilities		<u>22,233,249</u>	<u>22,154,861</u>
Creditors: Amounts falling due after more than one year	10	(21,926,012)	(21,988,684)
Net assets		<u>307,237</u>	<u>166,177</u>
Capital and reserves			
Share capital	13	30,062	30,062
Profit and loss account	14	277,175	136,115
Equity shareholder's funds	15	<u>307,237</u>	<u>166,177</u>

These financial statements on pages 7 to 16 were approved by the Directors and authorised for issue on 30/10/09, and are signed on their behalf by:


A Christakis
Director

The notes on pages 9 to 16 form part of these financial statements.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Period from 1 March 2008 to 31 December 2008

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is small.

Turnover

The Turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

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. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax).

Financial Instruments

The Company uses derivative financial instruments to manage exposures to fluctuations in interest rates. Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest expense over the term of the contracts.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Period from 1 March 2008 to 31 December 2008

1. Accounting policies *(continued)*

Finance debtor

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 agreement transfers substantially all the risks and rewards of ownership to the customer.

As such the costs incurred on the project have been treated as a finance debtor within these accounts.

Fees are allocated between turnover and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover is given below:

	Period from 1 Mar 08 to 31 Dec 08 £	Year to 29 Feb 08 £
United Kingdom	<u>519,695</u>	<u>761,869</u>

3. Operating profit

Operating profit is stated after charging:

	Period from 1 Mar 08 to 31 Dec 08 £	Year to 29 Feb 08 £
Auditor's remuneration		
- as auditor	8,874	5,925
- for other services	<u>3,700</u>	<u>-</u>

4. Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the period (29 Feb 2008: £nil). There were no employees in the financial period other than the directors (29 Feb 2008: £nil).

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Period from 1 March 2008 to 31 December 2008

5. Interest receivable

	Period from 1 Mar 08 to 31 Dec 08 £	Year to 29 Feb 08 £
Bank interest receivable	36,248	53,398
Interest receivable on finance debtor	1,171,340	1,179,843
	<u>1,207,588</u>	<u>1,233,241</u>

6. Interest payable and similar charges

	Period from 1 Mar 08 to 31 Dec 08 £	Year to 29 Feb 08 £
Interest payable on bank borrowing	1,009,315	1,007,968
Subordinated debt interest	223,275	222,545
Amortisation of finance costs	9,766	—
	<u>1,242,356</u>	<u>1,230,513</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the period

	Period from 1 Mar 08 to 31 Dec 08 £	Year to 29 Feb 08 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 28.20% (To 29 Feb 08 - 30%)	55,409	58,335
Total current tax	<u>55,409</u>	<u>58,335</u>
Deferred tax:		
Origination and reversal of timing differences	-	59,545
Tax on profit on ordinary activities	<u>55,409</u>	<u>117,880</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Period from 1 March 2008 to 31 December 2008

7. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is the same as the standard rate of corporation tax in the UK of 28.20% (To 29 Feb 08 - 30%).

	Period from 1 Mar 08 to 31 Dec 08 £	Year to 29 Feb 08 £
Profit on ordinary activities before taxation	196,469	392,934
Profit on ordinary activities by rate of tax	55,409	117,880
Utilisation of tax losses	-	(59,545)
Total current tax (note 7(a))	55,409	58,335

8. Debtors

	31 Dec 08 £	29 Feb 08 £
Trade debtors	74,675	57,848
Finance debtor	20,712,921	20,850,642
Other debtors	646,310	448,752
Prepayments and accrued income	216,164	221,392
	21,650,070	21,578,634

The debtors above include the following amounts falling due after more than one year:

	31 Dec 08 £	29 Feb 08 £
Other debtors	603,906	448,752
Finance debtor	20,536,477	20,683,923
	21,140,383	21,132,675

Other debtors consist of the unitary charge control account.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Period from 1 March 2008 to 31 December 2008

9. Creditors: Amounts falling due within one year

	31 Dec 08	29 Feb 08
	£	£
Bank loans (note 10)	115,610	80,091
Trade creditors	67,265	21,508
Amounts owed to group undertakings	89,018	–
Corporation tax	55,409	58,335
Other creditors	40,938	78,968
Accruals and deferred income	456,595	63,845
	<u>824,835</u>	<u>302,747</u>

Amounts owed to group undertakings bear no interest and are repayable on demand.

10. Creditors: Amounts falling due after more than one year

	31 Dec 08	29 Feb 08
	£	£
Bank loans	19,916,018	19,978,690
Loan notes	2,009,994	2,009,994
	<u>21,926,012</u>	<u>21,988,684</u>

Bank loans bear interest based on LIBOR. On 13th July 2005, as part of its interest rate management strategy, the Company entered into an interest rate swap in respect of part of the debt maturing in February 2039. Under this swap, the Company receives interest on a variable basis and pays interest at a fixed rate of 4.74%.

Bank loans represent amounts drawn from a facility of £20,031,628 (29 Feb 2008: £20,058,781) which is repayable in semi-annual instalments until February 2039.

Bank loans are secured over the assets of the company. In addition, the bank holds a Parent Security Agreement incorporating a floating charge over the assets of Stobhill Healthcare Facilities (Holdings) Limited. Under the Parent Security Agreement the parent company pledges as security its interest in the shares and loan stock of Stobhill Healthcare Facilities Limited.

The loan notes are unsecured, bear interest at 13.25% per annum and are repayable between 2031 and 2042.

11. Creditors - capital instruments

Creditors include loans which are due for repayment as follows:

	31 Dec 08	29 Feb 08
	£	£
Amounts repayable:		
In one year or less or on demand	115,610	80,091
In more than one year but not more than two years	140,384	131,038
In more than two years but not more than five years	353,480	545,785
In more than five years	21,432,148	21,311,861
	<u>22,041,622</u>	<u>22,068,775</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Period from 1 March 2008 to 31 December 2008

12. Financial risk management objectives and policies

Due to the nature of the Company's business, the only financial risks the directors consider relevant to this Company is credit, interest rate and liquidity risk. The credit risks are not considered significant as the client is a quasi governmental organisation.

Interest rate risk

The financial risk management objectives of the company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. The company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

Liquidity risk

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings.

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the company's financial instruments that are carried in the financial statements at other than fair values:

	31 Dec 08		29 Feb 08	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
<i>Financial liabilities</i>				
Long term borrowing	(20,229,195)	(16,724,746)	(20,293,204)	(20,849,475)
Interest rate swap	—	(3,504,449)	—	556,271

The fair values of the fixed rate borrowing and the interest rate swap have been calculated by discounting the fixed cash flows at the prevailing interest rates at the year end.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Period from 1 March 2008 to 31 December 2008

13. Share capital

Authorised share capital:

	31 Dec 08	29 Feb 08
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	31 Dec 08		29 Feb 08	
	No	£	No	£
Ordinary shares of £1 each	<u>30,062</u>	<u>30,062</u>	<u>30,062</u>	<u>30,062</u>

14. Profit and loss account

	Period from 1 Mar 08 to 31 Dec 08		Year to 29 Feb 08	
	£		£	
Balance brought forward	136,115		(138,939)	
Profit for the financial period/year	<u>141,060</u>		<u>275,054</u>	
Balance carried forward	<u>277,175</u>		<u>136,115</u>	

15. Reconciliation of movements in shareholders' funds

	31 Dec 08	29 Feb 08
	£	£
Profit for the financial period/year	141,060	275,054
New ordinary share capital subscribed	<u>-</u>	<u>2,062</u>
Net addition to shareholders' funds/(deficit)	141,060	277,116
Opening shareholders' funds/(deficit)	<u>166,177</u>	<u>(110,939)</u>
Closing shareholders' funds	<u>307,237</u>	<u>166,177</u>

16. Related party disclosures

The Directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required.

Disclosure of related party transactions that the Directors have with the group which is consolidated at I2 Holdco 2 Limited are included in the accounts of that entity.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Period from 1 March 2008 to 31 December 2008

17. Ultimate parent company

The Company is a wholly owned subsidiary of Stobhill Healthcare Facilities (Holdings) Limited, a company registered in Scotland. The share capital of Stobhill Healthcare Facilities (Holdings) Limited is held in the proportions of: PFI Infrastructure Finance Limited, a company registered in England and Wales, 60% and Semperian Health Projects Limited (formerly Trillium Health Projects Limited, formerly UME Health Projects Limited), a company registered in England and Wales, 40%.

The ultimate parent and controlling entity of Semperian Health Projects Limited is Semperian PPP Investment Partners LP (formerly Trillium PPP Investment Partners LP), acting through its general partner Semperian PPP Investment Partners GP Limited (formerly Trillium PPP Investment Partners GP Limited).

The ultimate parent and controlling entity of PFI Infrastructure Finance Limited is Barclays Integrated Infrastructure Fund LP. Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control.