

**Company Registration No. SC291481**

**ADDIEWELL PRISON (HOLDINGS) LIMITED**  
**Report and Financial Statements**

**For the period from incorporation on  
10 October 2005 to 31 March 2007**



**ADDIEWELL PRISON (HOLDINGS) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2007**

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**ADDIEWELL PRISON (HOLDINGS) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2007**

**OFFICERS AND PROFESSIONAL ADVISERS**

**Directors**

H N Nahapiet  
A L Leech  
S A Carter  
J H Vyse  
R Goyal  
M F Priday  
D J Paterson  
C M Exford  
P J Hall

**Secretary**

L Smerdon

**Registered Office**

35 North Canal Bank Street  
Glasgow  
G4 9XQ

**Bankers**

The Royal Bank of Scotland  
135 Bishopsgate  
London  
EC2M 3UR

**Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

# **ADDIEWELL PRISON (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited group financial statements for the period from 10 October 2005, the date of incorporation, to 31 March 2007

## **RESULTS AND DIVIDENDS**

The group result for the period, after taxation, was £nil. The directors are unable to recommend the payment of a dividend.

## **PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The company is a holding company with one subsidiary undertaking, Addiewell Prison Limited. The principal activity of Addiewell Prison Limited is to design, build, finance and operate a new 704 cell, male prison in Addiewell, Scotland. Contract negotiations were successfully completed on 20 June 2006 and construction commenced immediately. Services are to be provided at the prison. Final completion of construction is due in December 2008. During the construction phase of the project all attributable costs and expenses including net finance costs are capitalised and included in the Balance Sheet as work in progress.

## **FINANCIAL RISK MANAGEMENT**

The group has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the group's performance.

The board has policies for managing each of these risks and they are summarised below.

### ***Interest rate risk***

The group hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap.

### ***Inflation risk***

The group's project revenue and most of its operating costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

### ***Liquidity risk***

The group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project, cash flows are reasonably predictable and hence the group's exposure to liquidity risk is mitigated.

### ***Credit risk***

The group will receive all of its revenue from the Scottish Prison Service and therefore is not exposed to significant credit risk.

Cash investments and interest rate swap arrangements are with institutions of a suitable credit quality.

### ***Principal risks and uncertainties***

The Scottish Prison Service is the sole client of the group, but the directors consider that no significant risk arises from having such a small client base, as should the Scottish Prison Service cease to exist, under the provisions of the project agreement the Scottish Ministers must secure that all liabilities are dealt with.

Performance risk under the project agreement and related contracts is passed down to the service providers under the terms of their sub contracts.

# **ADDIEWELL PRISON (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT (Continued)**

### **DIRECTORS AND THEIR INTERESTS**

The directors, who served throughout the period and up to the date of this report, unless indicated, are set out below.

Brighton Director Limited	(appointed 10 October 2005, resigned 10 October 2005)
H N Nahapiet	(appointed 24 October 2005)
A L Leech	(appointed 3 October 2006)
S A Carter	(appointed 24 October 2005)
J H Vyse	(appointed 24 October 2005)
R Goyal	(appointed 24 October 2005)
M F Priday	(appointed 14 June 2006)
D J Paterson	(appointed 19 February 2007)
C M Exford	(appointed 24 October 2005)
J M Thornton	(appointed 24 October 2005, resigned 3 January 2007)
P J Hall	(appointed 3 January 2007)

None of the directors had any interests in the issued share capital of the group as at 31 March 2007.

### **EMPLOYEE INVOLVEMENT**

The company operates through Subcontracting services and does not directly employ any staff.

### **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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

### **AUDITORS**

Ernst & Young LLP were appointed on 16 January 2007. Ernst & Young LLP, have indicated their willingness to continue in office and a resolution to re appoint Ernst & Young LLP as auditors of the company will be proposed at the annual general meeting

Approved by the Board of Directors  
and signed on behalf of the Board



R/Goyal  
Director  
9 August 2007

## **ADDIEWELL PRISON (HOLDINGS) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 group and the company and of the profit or loss of the group for that period. 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 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 group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **ADDIEWELL PRISON (HOLDINGS) LIMITED**

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE MEMBERS OF ADDIEWELL PRISON (HOLDINGS) LIMITED**

We have audited the group and parent company financial statements ("the financial statements") of Addiewell Prison (Holdings) Limited for the period ended 31 March 2007, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cashflow statement and the related notes 1 to 18. 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 auditors' 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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).

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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

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


**ADDIEWELL PRISON (HOLDINGS) LIMITED**

**INDEPENDENT AUDITORS' REPORT (Continued)  
TO THE MEMBERS OF ADDIEWELL PRISON (HOLDINGS) LIMITED**

**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 group's and parent company's affairs as at 31 March 2007 and of the group's result 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

  
Ernst & Young LLP  
Registered Auditor  
London

09 AUG 2007



# **ADDIEWELL PRISON (HOLDINGS) LIMITED**

## **CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2007**

	Notes	Period ended 31 March 2007 £
Turnover		
Cost of sales		<hr/>
<b>Gross Result</b>		
Administrative expenses		<hr/>
<b>Operating Result</b>		
Interest receivable	5	
Interest payable	5	<hr/>
<b>Result on ordinary activities before taxation</b>		
Taxation	6	<hr/>
<b>Result for the financial period</b>		<hr/> <hr/>

All amounts relate to continuing activities.

The group has no recognised gains and losses other than the result recognised for the period to 31 March 2007 and therefore no separate statement of total recognised gains and losses has been presented.

**ADDIEWELL PRISON (HOLDINGS) LIMITED****CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2007**

	Notes	2007 £
<b>CURRENT ASSETS</b>		
Stocks	8	38,545,155
Debtors amounts receivable within one year	9	906,844
Cash at bank and in hand		5,406,023
		<hr/>
		44,858,022
<b>CREDITORS: amounts falling due within one year</b>	10	(4,759,351)
		<hr/>
<b>NET CURRENT ASSETS</b>		40,098,671
<b>CREDITORS: amounts falling due after more than one year</b>	11	(39,998,672)
		<hr/>
<b>NET ASSETS</b>		99,999
		<hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	12	99,999
Profit and loss account	13	
		<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	99,999
		<hr/>

These financial statements were approved by the Board of Directors on 9 August 2007

Signed on behalf of the Board of Directors

  
H N Nahapiet  
Director

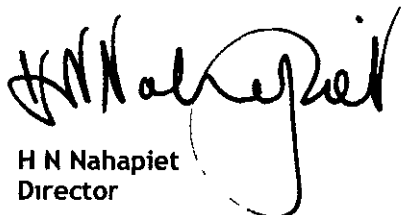
**ADDIEWELL PRISON (HOLDINGS) LIMITED**

**COMPANY BALANCE SHEET  
AS AT 31 MARCH 2007**

	Note	2007 £
<b>FIXED ASSETS</b>		
Investment in subsidiary undertaking	7	99,999
		<hr/>
<b>NET ASSETS</b>		99,999
		<hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	12	99,999
		<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	99,999
		<hr/>

These financial statements were approved by the Board of Directors on 09 AUG 2007

Signed on behalf of the Board of Directors

  
H N Nahapiet  
Director

# ADDIEWELL PRISON (HOLDINGS) LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2007

	Note	2007 £
Net cash outflow from operating activities	14	(33,559,851)
Return on investments and servicing of finance		
Interest received		65,881
Interest paid		(1,198,678)
Cash outflow on returns on investments and servicing of finance		(1,132,797)
Net cash outflow before financing		(34,692,648)
Financing		
Issue of share capital		99,999
Equity bridge loan		8,990,634
Senior term loan facility		32,066,955
Less debt issue costs		(1,058,917)
		40,098,671
Increase in cash in the period		5,406,023
(i) Reconciliation of net cash flow to movement in net debt		2007 £
Increase in cash in the period		5,406,023
Cash inflow from loan financing		(41,057,589)
Debt issue costs		1,058,917
Net cash flows		(34,592,649)
Net debt at incorporation		
Net debt at 31 March 2007	(ii)	(34,592,649)
(ii) Analysis of net debt		At 31 March 2007 £
	At incorporation £	Cash flows £
Cash at bank		5,406,023
Loans repayable after more than one year		(39,998,672)
Net debt		(34,592,649)

# **ADDIEWELL PRISON (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 March 2007**

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards and the Companies Act 1985. The particular accounting policies adopted by the directors are described below, and have been applied consistently throughout the current period

The directors have reviewed the group's projected profits and cash flows by reference to a financial model covering accounting periods up to 30 June 2032. They have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the financial facilities available to the group, the directors consider that the group will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 31 March 2007. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertaking acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

#### **Accounting for PFI contracts (stock)**

Under the terms of the contract substantially all the risks and rewards of ownership of the property remain with the Scottish Prison Service. The underlying asset is therefore not a fixed asset of the group under FRS 5 Application Note F and instead will be treated as a finance receivable asset on completion of construction

During the period of construction, costs incurred as a direct consequence of financing, designing and constructing the prison, including net finance costs, are capitalised and shown as work in progress. The cost of the construction activity on completed phases of the prison during each period will be recognised within the Profit and Loss Account at which time the project asset will be reclassified from work in progress to a finance receivable asset. On completion of the construction phase the amortisation of the finance receivable asset will be calculated to write off the cost over the operational phase of the project

Revenues received from the customer will be apportioned between:

- capital repayments;
- finance income, and
- operating revenue

# **ADDIEWELL PRISON (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**At 31 March 2007**

### **1. ACCOUNTING POLICIES (Continued)**

#### **Taxation**

##### **(i) Current tax**

The charge for current taxation for the period is based on the result for the period, adjusted for disallowable items.

##### **(ii) Deferred tax**

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed, at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Deferred tax assets are recognised only to the extent 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 a non discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Debt**

Debt is initially stated at the amount of net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period

#### **Finance costs**

Debt issue costs are amortised in the profit and loss account as finance costs over the term of the debt at a constant rate on the carrying value of that debt.

#### **Investments**

Investments held as fixed assets are stated at cost, less any provision for impairment in value

#### **Derivative financial instruments**

The group holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to net interest payable over the period of the contract

### **2. PROFIT AND LOSS ACCOUNT**

During the construction phase of the project all directly attributable costs and expenses, including net finance costs are capitalised and included in the balance sheet as work in progress, accordingly the group has made neither profit nor loss, nor any other recognised gain or loss during the current period

As permitted by Section 230 of the Companies Act 1985, the company has not presented its own profit and loss account. The retained result of the company in the period was £nil.

The group had no employees during the period

# **ADDIEWELL PRISON (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**At 31 March 2007**

### **3. AUDITORS' REMUNERATION**

	Period ended 31 March 2007 £
Auditors' remuneration – audit of the Company financial statements	5,000
audit of the subsidiary undertaking	15,000
tax services for the Company	1,000
tax services for the subsidiary undertaking	1,500
	<hr/>
	22,500
	<hr/>

### **4. DIRECTORS' REMUNERATION**

Emoluments paid to related parties for directors' services to the group during the period were £18,819. These costs were capitalised and held on the balance sheet as part of work in progress. Directors' fees are included within SPV Management Charges and are detailed in note 17

### **5. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	Period ended 31 March 2007 £
Interest receivable and similar income:	
Bank interest	65,881
Less amount capitalised	(65,881)
	<hr/>
Interest payable and similar charges	
Equity bridge	374,616
Senior debt	821,206
Swap interest	2,856
Less amount capitalised	(1,198,678)
	<hr/>
	<hr/>

# ADDIEWELL PRISON (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) At 31 March 2007

### 6. TAX ON RESULT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the period

	Period ended 31 March 2007 £
<i>Current tax</i>	
Total current tax charge	
<i>Deferred tax</i>	
Origination and reversal of timing differences	
Tax charge on result on ordinary activities	

#### (b) Factors affecting current tax charge

The tax assessed on the result on ordinary activities for the period is equal to the standard rate of corporation tax in the UK of 30%

#### (c) Deferred tax

	2007 £
Other timing differences	339,839
Losses	(339,839)
Net Liability	

The 2007 Finance Bill reduced the rate of UK Corporation Tax from 30% to 28%. This would have the effect of reducing both the items noted above by approximately £23,000. At 31 March 2007, the tax rate change was not substantively enacted and hence the disclosures have not been adjusted

### 7. INVESTMENT IN SUBSIDIARY UNDERTAKING

	Company 2007 £
Cost at incorporation and 31 March 2007	99,999

The company's only subsidiary undertaking is Addiewell Prison Limited. Its activity is to design, build, finance and operate a prison in Addiewell. Under a share pledge agreement Addiewell Prison (Holdings) Limited transferred the entire shareholding of Addiewell Prison Limited to Project & Export Finance (Nominees) Limited who are a nominee subsidiary of the company's bankers The Royal Bank of Scotland (a related party). However, although in the legal form Addiewell Prison Limited is owned by Project & Export Finance (Nominees) Limited in substance Addiewell Prison (Holdings) Limited is able to exercise control via voting rights and is entitled dividends, interest and other payments (whether of an income or capital nature) paid in respect of the shares.

### 8. STOCKS

	2007 Group £
Work in progress (PFI contract)	
Additions in the period	38,545,155
Cost and net book value carried forward	38,545,155

Work in progress includes net finance costs capitalised up to 31 March 2007 of £1,132,797



# ADDIEWELL PRISON (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 March 2007

### 9. DEBTORS

	2007 Group £
Amounts receivable within one year:	
Other debtors	690,583
Prepayments and accrued income	216,261
	<hr/>
	906,844

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 Group £
Trade creditors	4,733,605
Accruals and deferred income	25,746
	<hr/>
	4,759,351

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 Group £
Equity Bridge loan:	
Repayable between one and two years	8,990,634
Senior secured loan:	
Repayable between two and five years	5,275,560
Repayable after more than five years	26,791,395
	<hr/>
	41,057,589
Less unamortised debt issue costs	(1,058,917)
	<hr/>
	39,998,672

The equity bridge loan represents amounts borrowed under a facility agreement with the Royal Bank of Scotland. The loan bears interest at a margin over LIBOR and is fully repayable in March 2009. At that point to enable repayment of the equity bridge loan the related parties Interserve PFI Holdings 2005 Limited, Royal Bank Project Investments Limited and Sodexo Investment Services Limited will introduce long term Sub Debt in the sum of £8,990,634

The senior secured loan represents amounts borrowed under a facility agreement with the Royal Bank of Scotland. The loan bears interest at a margin over LIBOR and is repayable by June 2032. The loan is secured by fixed and floating charges over the undertaking, property, assets and rights of the company, and has certain covenants attached.

In order to hedge against interest variations on the Royal Bank of Scotland plc loans, the group has entered into an interest rate swap agreement with the Royal Bank of Scotland plc whereby at monthly intervals during construction and six monthly intervals during operations, sums are exchanged reflecting the difference between floating and fixed interest rates, calculated on a predetermined notional principal amount (note 18). The fixed interest rates are 5.04% on the senior loan and 5.28% on the equity bridge loan.

# **ADDIEWELL PRISON (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**At 31 March 2007**

### **12. CALLED UP SHARE CAPITAL**

	2007 £
Company and Group	
Authorised, called up, allotted and fully paid:	
99,999 ordinary shares of £1 each	99,999

On incorporation 99,999 shares were issued at £1 each

### **13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share Capital £	Profit & Loss Account £	Total Shareholders' funds £
Company and Group			
At 10 October 2005			
Result for the period			
New shares issued	99,999		99,999
	99,999		99,999
At 31 March 2007	99,999		99,999

### **14. RECONCILIATION OF OPERATING RESULT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2007 £
Operating result	
Increase in work in progress (PFI contract)	(37,412,358)
Increase in debtors	(906,844)
Increase in creditors	4,759,351
	(33,559,851)
Net cash outflow from operating activities	(33,559,851)

### **15. CAPITAL COMMITMENTS**

Amounts contracted for but not provided in the financial statements amounted to £40,684,675 for the group.

### **16. CONTROLLING PARTIES**

The company is jointly owned and controlled by Interserve PFI 2005 Limited, Royal Bank Project Investments Limited and Sodexo Investment Services Limited, who each hold 33.33% of the share capital of the company. In the directors' opinion there is no ultimate controlling party.

# ADDIEWELL PRISON (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 March 2007

### 17. RELATED PARTY TRANSACTIONS

Transactions with related parties were as follows

Name of company	Type of Transaction	Amounts (exclusive of VAT) incurred during the period 10 October 2005 to 31 March 2007	Balance due at 31 March 2007
		£	£
Interserve Investments Limited	Bid Costs	258,191	
Interserve Investments Limited	SPV Management Fees	26,795	11,477
Interserve Project Services Limited	Construction Costs	34,100,000	4,606,060
Royal Bank of Scotland plc	Bid Costs	778,462	
Royal Bank of Scotland plc	Bank Fees	1,320,033	121,366
Royal Bank of Scotland plc	SPV Management Fees	6,273	6,273
Royal Bank of Scotland plc	Bank Loan		41,057,589
Royal Bank of Scotland plc	Bank Loan Interest	1,198,678	
Royal Bank of Scotland plc	Bank Interest Received	65,881	
Kalyx Limited Subsidiary of Sodexho SA	Bid Costs	418,970	
Kalyx Limited Subsidiary of Sodexho SA	SPV Management Fees	61,248	

Amounts payable at 31 March 2007 are included within trade creditors and accruals and deferred income. All of the above transactions were at normal commercial rates.

Cash balances on deposit with Royal Bank Scotland plc are disclosed in the balance sheet.

### 18. FINANCIAL INSTRUMENTS

	2007 £
Interest rate swap on loans	
Positive fair value of interest rate swaps	296,230

On 20 June 2006, the group entered into a 25 year fixed interest rate swap arrangement to hedge its exposure to the effect of interest rate fluctuations