

Catalyst Healthcare (Calderdale) Holdings Limited

**Directors' report and financial
statements**

Registered number 3525139

31 March 2002



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Directors and advisors

Executive Director

T D Anderson

Non-Executive Directors

Sir ADT Chessells (Chairman)

A Ring

A K Gander

(resigned 16 August 2001)

A D Silverbeck

(appointed 16 August 2001)

A D Darling

S A Lees

N H Scott-Barrett

P L Williams

P R Grant

(appointed 4 June 2001)

Registered Office

9th Floor

St James's Buildings

Oxford Street

Manchester

M1 6FQ

Company Secretary

A E W Hudson

Registered Auditors

KPMG Manchester

St James' Square

Manchester

M2 6DS

Solicitors

Clifford Chance

200 Aldersgate Street

London

EC1A 4JJ

Bankers

Bank of Scotland

Manchester Branch

19-21 Spring Gardens

Manchester

M2 1FB

Secretaries

HLM Secretaries Limited

9th Floor

St James's Buildings

79 Oxford Street

Manchester

M1 6FQ

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2002.

Principal activities

The principal activities of the group are to design, finance, construct, refurbish and operate certain new facilities at Calderdale Royal Hospital under a concession agreement with the Calderdale Healthcare NHS Trust (from 1 April 2001 now merged into Calderdale and Huddersfield NHS Trust).

Business review

The results of the group for the year are set out in the profit and loss account on page 7.

The construction phase of the hospital was completed on 30 March 2001 and hospital services commenced during April 2001 and full services under the concession agreement commenced 1 June 2001. Following completion of the construction phase of the contract, the company is reviewing its existing bank facilities, and is likely to complete a refinancing exercise in the near future.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

The loss for the year absorbed by the group is £16,000.

Directors and directors' interests

The directors who held office during the year are set out on page 1. (See note A2 on page 3.)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares or debentures of the company were granted to any of the directors or the immediate families, or exercised by them during the financial year.

Political and charitable donations

During the year the group made no political or charitable donations.

Corporate Governance

The Company is committed to high standards of corporate governance, as are appropriate for the longer term obligations to finance, construct and operate non-clinical services for the new Calderdale hospital under the Private Finance Initiative programme.

The Board of Directors also act as the Board of Directors of the subsidiary company. Corporate governance principles have been implemented within the framework established by agreement between the shareholding parties who have launched the company under a concession agreement with the Calderdale and Huddersfield NHS Trust. The Board has taken note of the Combined Code: Principles of Good Governance and Code of Best Practice, which was published in June 1998 as a consolidation of the work of the Hampel Committee and the earlier Cadbury and Greenbury Committees and also of the ICAEW guidance on internal control issued by the Turnbull Working Party. As this Combined Code has been introduced to apply to quoted plc's with certain reporting requirements, this company, not being a quoted plc, has adopted the principles set out in the Combined Code.

Directors' report (*continued*)

Corporate Governance (*continued*)

This report is a narrative on the principles of the Code, as applied in this company. It does not provide a detailed statement to identify those provisions of the Code from which the company's governance differs.

A. The Board

1. The Board normally meets monthly and reviews construction and operating performance against the financial model and detailed management budget. This model incorporates all aspects of the strategic business plan and associated risks; all proposals for contract variations are vetted before approval against the model.

The Board reserves its own decision on all contractual expenditure and associated funding, and has established the provision of management, company secretary and accountancy services for the implementation of the project.

2. The Chairman is the senior non-executive director, selected by the shareholders for his particular experience, and he leads the Board. The Board comprises 7 non-executive directors nominated by participating shareholders, together with the independent Chairman and the Executive Director.
3. The Board receives monthly information which encompasses all corporate, business, financial and relationship matters which are necessary and appropriate for the purposes of monitoring and progressing the complex contractual obligations for the hospital project.
4. Nominations for any changes to Board membership are subject to the shareholders' separate or collective decision.
5. For the particular interests of the shareholders in the continuity of the project, no directors retire by rotation.

B. Remuneration

No directors received remuneration directly from the Group. The remuneration for the services of the Director appointed by Societe Generale is set out in Note 4. The remuneration for the Chairman (part-time) and Executive Director (full-time) are set by the shareholders of Catalyst Healthcare Management Ltd, and are included in the services provided by that company, whose relationship is set out in Note 22.

C. Dialogue with Institutions

The Board maintains regular liaison with HBOS as Agent Bank for the senior lenders.

D. Financial Reporting

1. The Board, after seeking appropriate external advice, decides upon Accounting Policies which are appropriate for the Company and ensures that they are consistently applied.
2. The Board has instigated a process of internal control, under the discipline of contractual agreements, in order to safeguard the outcomes for the company in terms of operational performance, financial control, legal and regulatory compliance, provision for risk factors, and longer-term relationships.

Directors' report (*continued*)

Corporate Governance (*continued*)

3. The Board has decided to undertake the role of an Audit Committee with all directors except the Executive Director. This Board/Audit Committee meets annually to review the Management Letter tabled by the Auditors, to review the effectiveness of systems of internal financial controls, and to review from time to time any need for an internal audit function.
4. The Board continue to satisfy themselves that, given the contractual and long-term funding provisions, the Company will continue to trade as a going concern.

Payments to creditors policy

It is Company policy that payments to suppliers are made in accordance with agreed terms.

By order of the board



A E W Hudson
Secretary

11 May 2002

9th Floor
St James's Buildings
Oxford Street
Manchester
M1 6FQ

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 the profit or loss 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.



St James' Square
Manchester M2 6DS
United Kingdom

Report of the independent auditors to the members of Catalyst Healthcare (Calderdale) Holdings Limited

We have audited the financial statements on pages 7 to 24.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the group is not disclosed.

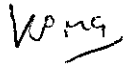
Basis of audit opinion

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 as at 31 March 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors

13 MAY 2002

Consolidated profit and loss account
for the year ended 31 March 2002

	<i>Note</i>	2002 £000	Restated 2001 £000
Turnover	2	21,675	-
Cost of sales	3	(17,620)	-
Gross profit		4,055	-
Administrative expenses	3	(2,114)	(24)
Operating profit/(loss)		1,941	(24)
Other interest receivable and similar income	5	6,596	-
Interest payable and similar charges	6	(8,364)	(202)
Profit/(loss) on ordinary activities before taxation	2-6	173	(226)
Tax on profit/(loss) on ordinary activities	7	(189)	127
Retained loss for the financial year		(16)	(99)


There is no difference between the profit/(loss) on ordinary activities before taxation and the historical cost equivalent. The results for the year arise wholly from continuing operations.

A statement of total recognised gains and losses is given on page 11.

Consolidated balance sheet
 at 31 March 2002

	Note	2002 £000	Restated 2001 £000
Fixed assets			
Tangible assets	8	-	4
Current assets			
Debtors	10	101,832	97,897
Cash at bank and in hand		8,068	325
		<u>109,900</u>	<u>98,222</u>
Creditors: amounts falling due within one year	13	<u>(7,513)</u>	<u>(3,824)</u>
Net current assets/(liabilities)			
Due within one year		5,346	(473)
Debtors due after more than one year		97,041	94,871
		<u>102,387</u>	<u>94,398</u>
Total assets less current liabilities		<u>102,387</u>	<u>94,402</u>
Creditors: amounts falling due after more than one year	14	(99,812)	(92,583)
Provisions for liabilities and charges	15	(772)	-
		<u>1,803</u>	<u>1,819</u>
Net assets		<u>1,803</u>	<u>1,819</u>
Capital and reserves			
Called up share capital	16	355	355
Profit and loss account	17	1,448	1,464
		<u>1,803</u>	<u>1,819</u>
Equity shareholders' funds		<u>1,803</u>	<u>1,819</u>

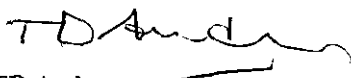
These financial statements were approved by the board of directors on 13 May 2002, and were signed on its behalf by:


 TD Anderson
 Director

Company balance sheet
at 31 March 2002

	<i>Note</i>	2002 £000	2002 £000	2001 £000	2001 £000
Fixed assets					
Investments	9		355		355
Current assets					
Debtors	10	3,691		-	
Cash at bank and in hand		12		-	
		<hr/>		<hr/>	
Net current assets			3,703		-
			<hr/>		<hr/>
Total assets less current liabilities			4,058		355
Creditors: amounts falling due after more than one year	14		(3,691)		-
			<hr/>		<hr/>
Net assets			367		355
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		355		355
Profit and loss account	17		12		-
			<hr/>		<hr/>
Equity shareholders' funds			367		355
			<hr/>		<hr/>

These financial statements were approved by the board of directors on **13 May 2002** and were signed on its behalf by:


TD Anderson
 Director

Consolidated cash flow statement
for the year ended 31 March 2002

	<i>Note</i>	2002 £000	2001 £000
Reconciliation of operating profit/(loss) to net cash flow from operating activities			
Operating profit/(loss)		1,941	(24)
Depreciation charges		4	5
(Increase)/decrease in debtors		(7,744)	228
Increase/(decrease) in creditors		765	(2,196)
Increase in provisions		772	-
		<hr/>	<hr/>
Net cash outflow from operating activities		(4,262)	(1,987)
		<hr/>	<hr/>

Cash flow statement

Cash flow from operating activities		(4,262)	(1,987)
Returns on investments and servicing of finance	19	1,177	(191)
Taxation		-	-
Capital expenditure and financial investment	19	-	(41,263)
		<hr/>	<hr/>
Cash outflow before management of liquid resources and financing		(3,085)	(43,441)
Management of liquid resources		-	-
Financing	19	10,828	40,750
		<hr/>	<hr/>
Increase/(decrease) in cash in the year		7,743	(2,691)
		<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash in the year	20	7,743	(2,691)
Cash inflow from increase in debt		(10,828)	(40,750)
		<hr/>	<hr/>
Changes in net debt resulting from cash flows		(3,085)	(43,441)
Non cash movements	20	3,468	-
		<hr/>	<hr/>
Movement in net debt in the year		383	(43,441)
Net debt at the start of the year		(92,425)	(48,984)
		<hr/>	<hr/>
Net debt at the end of the year		(92,042)	(92,425)
		<hr/>	<hr/>

Consolidated statement of total recognised gains and losses
for the year ended 31 March 2002

	2002 £000	Restated 2001 £000
Loss for the financial year	(16)	(99)
Total recognised gains and losses relating to the financial year	(16)	(99)
Prior year adjustment (<i>note 18</i>)	2,411	
Total gains and losses recognised since last annual report	2,395	

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2002

	2002 £000	Restated 2001 £000
Loss for the financial year	(16)	(99)
Dividends	-	-
Net reduction in shareholders' funds	(16)	(99)
Opening equity shareholders' funds (<i>originally £592,000 deficit before adding prior year adjustment of £2,411,000</i>)	1,819	1,918
Closing equity shareholders' funds	1,803	1,819

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 group's financial statements, except as noted below. The group has adopted FRS 19 'Deferred tax' in these financial statements. The comparative figures have been restated accordingly. Details of the restatement are set out in note 18.

Basis of preparation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings drawn to 31 March 2002.

No profit and loss account is presented for Catalyst Healthcare (Calderdale) Holdings Limited as permitted by Section 230 of the Companies Act 1985. Details of the individual profit and loss for Catalyst Healthcare (Calderdale) Holdings Limited for the financial year is shown in note 17 to these financial statements.

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

Turnover

Turnover on construction activities represents the value of work done and services rendered, excluding sales and related taxes. Turnover on operational services represents the value of work performed in the year under the concession agreement, together with additional services provided to the trust.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	3 years
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No depreciation is provided on assets in the course of construction.

Finance lease debtor

Amounts receivable under the agreement with the Calderdale and Huddersfield NHS Trust relating to the hospital facilities transferred are included under debtors and represent the total amount outstanding under the agreement less unearned interest. Interest receivable is recognised over the period of the contract based on the interest rate implicit in the contract.

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, with 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.

Lifecycle costs

Provisions are made in respect of lifecycle maintenance costs to the extent that the company is obligated to undertake maintenance in future periods.

Notes (continued)

1 Accounting policies (continued)

Related party transactions

The directors have taken advantage of the exemption in FRS 8, paragraph 3c, and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Analysis of turnover and profit/(loss) on ordinary activities before taxation

	2002		2001	
	Turnover £000	Attributable pre-tax profit £000	Turnover £000	Attributable pre-tax (loss) £000
<i>By activity</i>				
Construction	11,544	-	-	-
Operational services	10,131	173	-	(226)
	<u>21,675</u>	<u>173</u>	<u>-</u>	<u>(226)</u>

3 Profit/(loss) on ordinary activities before taxation

	2002 £000	2001 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	16	-
Other services	113	-
Depreciation and other amounts written off tangible fixed assets:		
Owned	4	5
	<u>133</u>	<u>5</u>

Fees for other services paid to the auditors relate to accounting and taxation advisory work in connection with a proposed refinancing and general taxation advice.

Audit fees of £15,000 and other services (relating to taxation advice) of £3,000 paid to the auditors in 2001 have been capitalised.

4 Remuneration of directors

The directors received no emoluments directly from the company.

	2002 £000	2001 £000
Recharges in respect of directors services to third parties	15	15
	<u>15</u>	<u>15</u>

Notes *(continued)*

5 Interest receivable and similar income

	2002 £000	2001 £000
Bank interest	134	-
Finance interest receivable	6,462	-
	<u>6,596</u>	<u>-</u>

In 2001 interest received of £334,000 was capitalised.

6 Interest payable and similar charges

	2002 £000	2001 £000
On bank loans and overdrafts	8,151	-
Commitment fees payable	62	202
Amortisation of issue costs	151	-
	<u>8,364</u>	<u>202</u>

During the year interest payable of £1,280,000 was capitalised (2001: £9,280,000).

7 Taxation

Analysis of charge/(credit) in period

	2002 £000	2001 £000	Restated 2001 £000	2001 £000
<i>UK corporation tax</i>				
Current tax on income for the period	-	-	-	-
Adjustments in respect of prior periods	-	-	-	-
Total current tax	-	-	-	-
<i>Deferred tax (see note 12)</i>				
Origination and reversal of timing Differences	325	-	-	-
Movement in discount	(136)	(127)	(127)	(127)
	<u>189</u>	<u>189</u>	<u>189</u>	<u>(127)</u>
Tax charge/(credit) on ordinary activities	189	189	189	(127)

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is different than the standard rate of corporation tax in the UK. The differences are explained below.

	2002 £000	2001 £000
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before tax	173	(226)
	<hr/>	<hr/>
Current tax at standard rate of 30% (2001: 30%)	52	(68)
<i>Effects on actual tax charge for the year:</i>		
Expenses not deductible for tax purposes (primarily finance debtor amortisation)	169	-
Utilisation of tax losses	(221)	-
Losses created in year	-	68
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Factors that may affect future tax charges

Tax losses arising on the company's results may be surrendered to group shareholders by way of consortium relief. The shareholders are contracted to make payments for such losses surrendered, at the rate at which tax will be payable, as and when the company becomes liable to corporation tax which would not have been payable but for the surrender of the losses.

There are significant estimated tax losses available for offset against future trading profits. This estimate is subject to the agreement of the current and prior years' corporation tax computations with the Inland Revenue.

Of the total estimated tax losses available £11.2m have been recognised as a deferred tax asset, being a prudent estimate of the losses which are capable of being set-off against future trading profits (to the extent that they are not surrendered to shareholders by way of consortium relief). The asset has been discounted using the company's weighted average cost of capital.

Notes *(continued)*

8 Tangible fixed assets

Group	Plant and Machinery £000
Cost	
At beginning of year	15
Additions	-
	<hr/>
At end of year	15
	<hr/>
Depreciation	
At beginning of year	11
Charge for year	4
	<hr/>
At end of year	15
	<hr/>
Net book value	
At 31 March 2002	-
	<hr/>
At 31 March 2001	4
	<hr/>

Company

The company has no tangible fixed assets.

Notes (continued)

9 Investments

Group

The group has no investment fixed assets.

Company

	Shares in subsidiary undertaking £000
<i>Cost</i>	
At beginning of the year	355
Additions	-
At end of year	<u>355</u>
<i>Provisions for diminution</i>	
At beginning and end of year	<u>-</u>
<i>Net book value</i>	
At 31 March 2002	<u>355</u>
At 31 March 2001	<u>355</u>

Shares in the subsidiary undertaking relates to the following:

Name of company	Country of registration	Holding	Proportion held
Catalyst Healthcare (Calderdale) Limited (formerly Catalyst Healthcare (Calderdale) Plc)	England	Ordinary shares	100%

The principal activities of the company are to design, finance, construct, refurbish and operate certain new facilities at the Calderdale Royal Hospital under a concession agreement with Calderdale Healthcare NHS Trust (now merged into Calderdale and Huddersfield NHS Trust).

Notes (continued)

10 Debtors

	Group		Company	
	2002	Restated	2002	Restated
	£000	£000	£000	£000
Trade debtors	270	340	-	-
Amounts owed by undertakings in which the company has a participating interest	-	-	3,691	-
Other debtors – other taxes and social security	1,573	268	-	-
Finance debtor (<i>note 11</i>)	543	-	-	-
Deferred tax assets (<i>note 12</i>)	2,222	2,411	-	-
Prepayments and accrued income	183	7	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts falling due within one year	4,791	3,026	3,691	-
Amounts falling due after more than one year: finance debtor (<i>note 11</i>)	97,041	94,871	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total debtors	101,832	97,897	3,691	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Finance debtor

The movement in the finance debtor balance can be considered as follows:

	Group 2002 £000	Group 2001 £000
Opening debtor	94,781	-
Transferred from fixed assets	-	94,781
Additions to finance debtor in the year (net of capital contributions)	3,201	-
Capital element of payments received in year	(398)	-
Total finance debtor	97,584	94,781
<i>Analysed as:</i>		
Due within one year	543	-
Due after more than one year	97,041	94,781
	97,584	94,781

In accordance with FRS 5 Application Note F, the income received in the form of a unitary charge has been allocated to the finance debtor using a property specific rate of return which the directors consider appropriate for the asset concerned. The gross earnings in respect of the finance debtor are allocated to give a constant periodic rate of return on the company's net cash investment.

12 Deferred tax asset

During the year the company adopted Financial Reporting Standard 19 – Deferred Taxation. Based on the forecast profitability of the group, it is expected that the tax losses available to the group to carry forward will be utilised in the near future to reduce current taxation. Accordingly, a deferred tax asset has been recognised. All movements on the deferred tax asset have been credited to the profit and loss account as part of the tax credit for the year (Note 7).

The deferred tax asset, assuming a tax rate of 30%, can be analysed as follows:

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Tax losses – undiscounted	3,353	3,678	-	-
Discount	(1,131)	(1,267)	-	-
Discounted deferred tax asset	2,222	2,411	-	-

Notes (continued)

12 Deferred tax asset (continued)

The movement in the deferred tax asset comprises:

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
At beginning of year	2,411	2,284	-	-
(Charge)/credit to profit and loss account (note 7)	(189)	127	-	-
At end of year	<u>2,222</u>	<u>2,411</u>	<u>-</u>	<u>-</u>

13 Creditors: amounts falling due within one year

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Bank loans and overdrafts (see note 14)	298	167	-	-
Trade creditors	1,959	2,046	-	-
Other creditors	779	-	-	-
Accruals and deferred income	4,477	1,611	-	-
	<u>7,513</u>	<u>3,824</u>	<u>-</u>	<u>-</u>

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Loan stock	3,691	-	3,691	-
Bank loans	96,121	92,583	-	-
	<u>99,812</u>	<u>92,583</u>	<u>3,691</u>	<u>-</u>

Included within bank loans and overdrafts are un-amortised issue costs of £3,468,831.

The subsidiary company has a 27 year term loan. Until 31 May 2002, the rate paid will be LIBOR plus a 1.3% margin. This margin will change to 1.2% thereafter. The subsidiary company has entered into a swap transaction resulting in interest being charged on this loan at a rate of 7.955% until 31 May 2004. The loan is secured by a fixed and floating charge over the assets of the group.

Notes (continued)

14 Creditors: amounts falling due after more than one year (continued)

The company has unsecured loan notes issued to the current shareholders. The interest rate chargeable on the loan notes is 15% per annum and is payable twice yearly. The proceeds of the loan note issue were reissued to the subsidiary company, Catalyst Healthcare (Calderdale) Limited (formerly Catalyst Healthcare (Calderdale) Plc) in the form of an unsecured loan. Both loan amounts require repayment by 31 July 2031.

Repayment details are set out below.

Analysis of debt:

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Debt can be analysed as falling due:				
In one year or less, or on demand	298	167	-	-
Between one and two years	541	298	-	-
Between two and five years	7,448	3,588	-	-
In five years or more	91,823	88,697	3,691	-
	<u>100,110</u>	<u>92,750</u>	<u>3,691</u>	<u>-</u>

15 Provisions for liabilities and charges

Group	2002	2001
	£000	£000
At beginning of year	-	-
Utilised during year	(23)	-
Charge to the profit and loss for the year	795	-
At end of year	<u>772</u>	<u>-</u>

Company

The company has no provisions for liabilities and charges.

16 Called up share capital

	2002	2001
	£000	£000
Authorised		
5,000,000 Ordinary shares of £1 each	5,000	400
45,000,000 Redeemable shares of £1 each	45,000	-
	<u>50,000</u>	<u>400</u>
Allotted, called up and fully paid		
354,996 Ordinary shares of £1 each	355	355

Notes (continued)

16 Share capital (continued)

On 25 March 2002 the nominal capital of the company was increased by £49,600,000 beyond the registered capital of £400,000.

The increase in share capital is subject to the following conditions. The additional 45,000,000 redeemable shares of £1 each and the additional 4,600,000 ordinary shares of £1 each carry the same rights to notice and attendance at meetings, dividends and upon winding up as all other ordinary shares. The redeemable shares can only be issued either fully paid or credited as fully paid.

17 Profit and loss account

	Group Restated £000	Company £000
At beginning of year	1,464	-
Retained (loss)/profit for the year	(16)	12
At end of year	<u>1,448</u>	<u>12</u>

18 Prior year adjustment

As a result of the adoption of Financial Reporting Standard 19 "Deferred Taxation", a prior year adjustment has been made in respect of the recognition of a deferred tax asset. This adjustment has resulted in a reduction in the profit for the current year of £189,000 (2001: increase £127,000). A deferred tax asset has been recognised, resulting in an increase in net assets at 31 March 2002 by £2,222,000 (2001: £2,411,000). An analysis of the deferred tax asset is included in note 12.

The comparative figures in the primary statements and notes have been restated to reflect the adoption of the policy.

Notes (continued)

19 Analysis of cash flows

	2002 £000	2002 £000	2001 £000	2001 £000
Returns on investment and servicing of finance				
Interest received	6,596		-	
Interest paid	(5,357)		-	
Bank commitment fees	(62)		(191)	
		1,177		(191)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	-		(41,263)	
		-		(41,263)
Financing				
Repayment of loans	(169)		-	
Increase in bank loans	10,997		40,750	
		10,828		40,750

20 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non cash movements £000	At end of year £000
Cash in hand, at bank	325	7,743	-	8,068
Loans due within one year	(167)	(131)	-	(298)
Loans due after one year	(92,583)	(10,697)	3,468	(99,812)
Net Debt	(92,425)	(3,085)	3,468	(92,042)

The other non cash movements relate to the reclassification of debt issue costs.

21 Commitments

At 31 March 2002 the group had authorised and contracted capital commitments of £nil (2001: £3,173,000).

Notes (continued)

22 Related party disclosures

During the year the group incurred the following expenditure with the following related parties. The amounts due outstanding at the end of the year are also set out below:

Related Party	Relationship	Class of Transaction	2002 Income/ (Expenditure) £000	2001 Income/ (Expenditure) £000	2002 Debtor/ (Creditor) £000	2001 Debtor/ (Creditor) £000
Bovis Engineering Limited	Part of Bovis Lend Lease group	Construction	-	(3)	-	-
Halifax Bank of Scotland (Bank of Scotland)	16.67% shareholders of Catalyst Healthcare (Calderdale) Holdings Limited	Financial Advisory Work	(10)	-	-	-
Bovis Lend Lease Limited	Part of Bovis Lend Lease group	Construction	6 (12,657)	- (39,276)	6 (1,147)	- (1,979)
ISS UK Limited (RCO Support Services Limited)	16.67% shareholders of Catalyst Healthcare (Calderdale) Holdings Limited	Services	50 (4,773)	- (273)	40 -	- (60)
Societe Generale Project Investments Limited	16.67% shareholders of Catalyst Healthcare (Calderdale) Holdings Limited	Financing	(409)	(99)	-	7
Catalyst Healthcare Management Limited	Part of Bovis Lend Lease group	Management Services	(637)	(600)	-	-