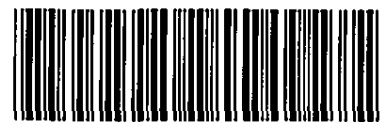


SERVICES SUPPORT (SEL) HOLDINGS LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2007**

Registered Number. 03912708

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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DIRECTORS AND ADVISORS

Directors

P R Armstrong	(appointed 01 December 2007)
P J Cooper	(appointed 17 August 2007)
R Frost	(resigned 23 April 2007)
V C T Gilodi-Johnson	(appointed 23 April 2007, resigned 15 August 2007)
D B Marshall	(appointed 01 September 2007, resigned 1 February 2008)
J McClure	(resigned 01 December 2007)
M J Mercer-Deadman	(appointed 01 December 2007)
G A Neville	(resigned 31 May 2007)
G A Quaife	(appointed 1 February 2008)
N Smith	(resigned 01 December 2007)
N Poupard	(appointed 31 May 2007, resigned 01 September 2007)

Company secretary and registered office

R K Miller
Allington House
150 Victoria Street
London SW1E 5LB

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Principal bankers

Dresdner Bank (London)
P O Box 52715
30 Gresham Street
London
EC2P 2XY

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

As disclosed in note 21, the Company is jointly owned and controlled and therefore has no parent or ultimate parent undertaking

The principal activity of the Company is to hold an investment in Services Support (SEL) Limited, a special purpose company whose activity is the design, construction, financing and operation of three sector police stations and one divisional headquarters in South East London, under the Private Finance Initiative

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

Services Support (SEL) Limited continued operations during the year.

FUTURE DEVELOPMENTS

Services Support (SEL) Limited will operate the three police stations and a divisional headquarters in the South East London area until the end of concession on 16 January 2029.

KEY PERFORMANCE INDICATORS

The key performance indicator for Services Support (SEL) Limited is the level of performance and unavailability deductions levied by the client since this reflects the quality of service being provided. Minor deductions have been suffered during the year under review all of which have been recovered from the Facilities Management contractor.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £2,509,000 (2006 - £2,420,000). After taxation of £808,000 (2006 - £1,068,000), profit for the year was £1,701,000 (2006 - £1,352,000).

The directors recommended and paid a dividend of £661,000 (2006 - £2,329,000) during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk is that maintenance costs exceed those forecast in the financial model agreed at financial close. This risk is mitigated by regular management review of actual expenditure against budget and technical evaluations of the physical condition of the buildings.

FINANCIAL RISK MANAGEMENT

The Company's exposure to interest rate risk is managed through the use of interest rate swaps, details of which are set out in note 12 to the financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that

- as far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1

DIRECTORS' INTERESTS

No Director held any interests in the shares of the Company, or had any personal interest in any significant or material contract with the Company, during the year ended 31 December 2007

As disclosed in note 21, the Directors believe that the Company is jointly owned and controlled and therefore has no parent or ultimate parent undertaking

CREDITORS AND SUPPLIER PAYMENT POLICY

It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade creditors at the period end amount to 64 days (2006 - 46 days) of average supplies for the year

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 11

AUDITORS

Pursuant to s386 Companies Act 1985, an elective resolution was passed on 18 December 2002 to dispense with the requirement to appoint auditors annually. This election was in force immediately before 1 October 2007. Therefore, Deloitte & Touche LLP are deemed to continue as auditors.

On behalf of the Board



P R Armstrong
Director
07 March 2008

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 Company, and the group and of the profit or loss of the group for that year. 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 UK accounting standards have been followed, 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVICES SUPPORT (SEL) HOLDINGS LIMITED

We have audited the group and parent company financial statements of Services Support (SEL) Holdings Limited for the year ended 31 December 2007 which comprise the consolidated profit and loss account, the consolidated balance sheet, the Company balance sheet, the consolidated cashflow statement and the related notes 1 to 21. 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 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).

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 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 United Kingdom Generally Accepted Accounting Practice, of the state of the parent Company's and the Group's affairs as at 31 December 2007 and of its profit 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.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

07 March 2008

SERVICES SUPPORT (SEL) HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	7,166	7,055
Cost of sales		<u>(6,477)</u>	<u>(6,381)</u>
Operating profit	3	689	674
Net interest receivable	6	1,820	1,746
Profit on ordinary activities before taxation		2,509	2,420
Tax on profit on ordinary activities	7	(808)	(1,068)
Profit on ordinary activities after taxation		1,701	1,352
Dividends on equity shares	8	(661)	(2,329)
Retained profit/(loss) for the year transferred to/(from) reserves	15	1,040	(977)

A reconciliation of movement in equity shareholders' funds is given in note 16

All items in the profit and loss account relate to continuing operations

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents

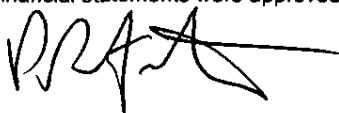
All gains and losses are recognised in the profit and loss account in both the current and preceding year, and therefore no separate statement of total recognised gains and losses has been presented

SERVICES SUPPORT (SEL) HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
Current assets			
Debtors		94,560	94,005
- due within one year	10	7,203	4,954
- due after more than one year	10	87,357	89,051
Cash at bank and in hand		2,834	4,216
		97,394	98,221
Current liabilities			
Creditors amounts falling due within one year	11	(6,669)	(6,542)
Net current assets		90,725	91,679
Total assets less current liabilities		90,725	91,679
Creditors amounts falling due after more than one year	11	(84,471)	(87,272)
Provisions for liabilities and charges	13	(4,231)	(3,423)
Net assets		2,023	983
Capital and reserves			
Called up share capital	14	25	25
Profit and loss account	15	1,998	958
Equity shareholders' funds	16	2,023	983

The financial statements were approved by the Board of Directors on 7 March 2008 and were signed on its behalf by



P R Armstrong
Director
07 March 2008

SERVICES SUPPORT (SEL) HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
Fixed assets			
Investments	9	25	25
Current assets			
Debtors		6,296	6,814
- due within one year		1,785	1,484
- due after more than one year	10	4,511	5,330
Current Liabilities			
Creditors amounts falling due within one year	11	(1,454)	(1,484)
Net Current Assets/(Liabilities)		<u>4,842</u>	<u>(1,484)</u>
Total assets less current liabilities		<u>4,867</u>	<u>(1,484)</u>
Creditors amounts falling due after more than one year	11	(4,842)	(5,330)
Net assets		<u>25</u>	<u>(6,814)</u>
Capital and reserves			
Called up share capital	14	25	25
Equity shareholders' funds		<u>25</u>	<u>25</u>

The financial statements were approved by the Board of Directors on 7 March 2008 and were signed on its behalf by



P R Armstrong
Director
07 March 2008

SERVICES SUPPORT (SEL) HOLDINGS LIMITED

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
Net Cash inflow from operating activities	20	7,496	9,313
Returns on investment and servicing of finance			
Interest received		277	131
Interest paid		<u>(5,730)</u>	<u>(5,583)</u>
Net cashflow from returns on investments and servicing of finance		(5,453)	(5,452)
Net cash inflow before use of liquid resources and financing		2,043	3,861
Financing			
Decrease in debenture loans		(518)	-
Decrease in loan borrowings		<u>(2,246)</u>	<u>(1,965)</u>
Net cash outflow from financing		(2,764)	(1,965)
Dividend			
Dividend paid	8	<u>(661)</u>	<u>(2,329)</u>
Decrease in cash in the year		(1,382)	(433)
Cash at bank and in hand			
Balance as at 1 January		4,216	4,649
Balance as at 31 December		2,834	4,216

Notes to the financial statements for the year ended 31 December 2007

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently in the current and preceding year, is shown below.

Basis of Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. The Company did not trade during the year and has made neither profit nor loss, nor any other recognised gain or loss. As permitted by s230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company. A reconciliation of movements in equity shareholders' funds is given in note 16.

b) Turnover

During the construction phase of the project, all attributable expenditure including finance costs are included in amounts recoverable on contracts and turnover. Upon the asset becoming operational, the costs are transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and turnover using a constant operating margin on costs. The remainder of the PFI income will be allocated to the finance debtor.

Turnover excludes value added tax and is derived entirely in the United Kingdom.

c) Finance debtor

The Group is an operator under a PFI contract. Under the terms of the contract, substantially all the risks and rewards of ownership of the property asset remain with the Metropolitan Police Service. The underlying asset is therefore not a fixed asset of the Group under FRS 5 Application Note F and SSAP 21.

d) Capitalised Interest

Interest costs on borrowings used to fund the construction of the project are added to amounts recoverable on the contract during the construction period. This treatment ceases on commissioning.

e) Operating costs

Operating costs are added to amounts recoverable on the contract during the construction period. Following commissioning, regular operating costs will be expensed to the profit and loss account as incurred.

f) Interest payable

Interest costs on borrowings are added to amounts recoverable on the contract during the construction phase of the contract, and then written off to the profit and loss account as incurred.

g) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS 19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

h) Financial Instruments

The Company uses financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

SERVICES SUPPORT (SEL) HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2007

2 TURNOVER

	2007 £'000	2006 £'000
Turnover in the year is analysed as follows		
Variation income	1,346	1,439
Concession unitary income	5,820	5,614
Other income	-	2
	<u>7,166</u>	<u>7,055</u>

3 OPERATING PROFIT

The fee payable to the Company's auditors for the audit of the Company's annual accounts of £2,334 (2006 - £2,266) is borne by Services Support (SEL) Limited

4 DIRECTORS' REMUNERATION

Directors' Fees of £100,000 were paid as remuneration for services to the Company during the current or prior year. The Company is managed by secondees from the shareholders under a management services contract.

5 STAFF NUMBERS

The Company had no employees during the year (2006 - nil)

6 NET INTEREST RECEIVABLE

	2007 £'000	2006 £'000
Interest receivable and similar income		
Interest receivable on bank deposits	277	199
Interest receivable from client	-	27
Interest receivable on finance debtor	<u>7,084</u>	<u>7,204</u>
	<u>7,361</u>	<u>7,430</u>
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	(5,456)	(5,594)
Amortised debt issue costs	(77)	(82)
Commitment fee on undrawn loan facility	<u>(8)</u>	<u>(8)</u>
	<u>(5,541)</u>	<u>(5,684)</u>
Net interest receivable	<u>1,820</u>	<u>1,746</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
<u>Analysis of charge for the year</u>		
Current tax	<u>-</u>	<u>-</u>
Deferred tax		
Accelerated capital allowances	(1,039)	(1,074)
Prior year adjustment	231	6
Total deferred tax (note 13)	<u>(808)</u>	<u>(1,068)</u>
Total tax on profit on ordinary activities	<u>(808)</u>	<u>(1,068)</u>

SERVICES SUPPORT (SEL) HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting the tax charge for the current period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	<u>2,509</u>	<u>2,420</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(753)	(726)
Effects of		
Tax losses brought forward	753	726
Total current tax charge for the year	<u>-</u>	<u>-</u>

8 DIVIDENDS PAID AND PROPOSED

	2007 £'000	2006 £'000
Equity shares		
- paid £26 44 (2006 - £93 16)	(661)	(2,329)
	<u>(661)</u>	<u>(2,329)</u>

9 INVESTMENTS

	Shares in Group Undertakings Shares £'000	Total £'000
Cost and net book value		
At 1 January and 31 December 2007	<u>25</u>	<u>25</u>

The sole investment is a 100% interest in Services Support (SEL) Limited, which is incorporated in Great Britain and registered in England and Wales and its principal activity is to design, build, finance and operate police stations in accordance with an agreement with the Metropolitan Police Authority

In the opinion of the Directors the value of the investment in subsidiary undertaking is not less than the amount stated in the balance sheet

10 DEBTORS

	Group 2007 £'000	2006 £'000	Company 2007 £'000	2006 £'000
<u>Due within one year</u>				
Debenture Loan	-	-	1,785	1,484
Trade debtors	1,541	1,421	-	-
Finance debtor	1,755	1,622	-	-
Prepayments and accrued income	3,907	1,911	-	-
	<u>7,203</u>	<u>4,954</u>	<u>1,785</u>	<u>1,484</u>
<u>Due after more than one year</u>				
Debenture Loan	-	-	4,511	5,330
Finance debtor	87,357	89,051	-	-
	<u>87,357</u>	<u>89,051</u>	<u>4,511</u>	<u>5,330</u>

The finance debtor balance includes cumulative net interest costs of £3,736,000 (2006 - £3,796,000)

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 CREDITORS

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Debenture loan	1,454	1,484	1,454	1,484
Bank loans and overdrafts (note 12)	2,396	2,252	-	-
Less unamortised debt issue costs	(83)	(83)	-	-
Trade creditors	81	-	-	-
Amounts owed to group undertakings	1,139	800	-	-
Taxation and social security	440	377	-	-
Other creditors	343	750	-	-
Accruals and deferred income	899	962	-	-
	<u>6,669</u>	<u>6,542</u>	<u>1,454</u>	<u>1,484</u>
Amounts falling due after more than one year				
Debenture loan	4,842	5,330	4,842	5,330
Bank loans and overdrafts (note 12)	80,499	82,889	-	-
Less unamortised debt issue costs	(870)	(947)	-	-
	<u>84,471</u>	<u>87,272</u>	<u>4,842</u>	<u>5,330</u>
Analysis of debt				
Debt can be analysed as falling due				
In one year or less, on demand	3,850	3,736	1,454	1,484
Between one and two years	3,796	3,394	1,137	998
Between two and five years	12,098	11,474	2,643	2,919
In five years or more	69,447	73,351	1,062	1,412
	<u>89,191</u>	<u>91,955</u>	<u>6,296</u>	<u>6,813</u>
Less unamortised debt issue costs	(953)	(1,030)	-	-
Net debt	<u>88,238</u>	<u>90,925</u>	<u>6,296</u>	<u>6,813</u>

The unsecured debenture loan notes of £6,296,000 (2006 - £6,814,000) were issued by the parent undertaking as part of the committed shareholder funding for the project. The loan notes carry a zero percent rate of interest and are repayable by the Company no later than the end of the agreement with the Metropolitan Police Authority (16 January 2029). A Loan repayment of £518,000 was made in February 2007.

12 LOANS

Services Support (SEL) Limited (SPC) has a £101 million facility provided by a syndicate of banks in order to finance the construction of the project. The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum over the next 20 years.

The loan is secured by a charge over the shares of the SPC.

Interest on the facility is charged at rates linked to LIBOR. The SPC has entered into fixed interest rate swaps to mitigate its interest exposure which have a negative fair value at 31 December 2007 of -£3,757,950 (2006 - £4,320,831).

13 PROVISIONS FOR LIABILITIES AND CHARGES

There were no unprovided deferred tax amounts in the current or the previous year.

	2007	2006
	£'000	£'000
Deferred taxation		
At 1 January 2007	3,423	2,355
Charged to profit and loss account	808	1,068
At 31 December 2007	<u>4,231</u>	<u>3,423</u>

SERVICES SUPPORT (SEL) HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

14 CALLED UP SHARE CAPITAL

	2007 No	2006 No
Authorised		
Ordinary shares at £1 each	<u>25,000</u>	<u>25,000</u>
	£'000	£'000
Allotted, called up and fully paid		
25,000 ordinary shares at £1 each	<u>25</u>	<u>25</u>

15 MOVEMENT IN RESERVES

	Profit and loss account £
At 1 January 2007	958
Retained profit for the year	1,040
At 31 December 2007	<u>1,998</u>

16 RECONCILIATION OF MOVEMENTS IN CONSOLIDATED EQUITY SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Retained profit/(loss) for the financial year	1,040	(977)
Opening shareholders' funds	983	1,960
Closing shareholders' funds	<u>2,023</u>	<u>983</u>

17 TRANSACTIONS WITH RELATED PARTIES

There were related party transactions between the Group with the following parties

	2007 £'000	2006 £'000
John Laing plc and subsidiaries	6,379	6,063

Details of payments made to Henderson Infrastructure Holdco (UK) Limited and subsidiaries are as follows

Management Fees	310	295
Directors Fees	50	-
Tax Compliance	5	-
Facilities Management	6,014	5,768
	<u>6,379</u>	<u>6,063</u>

Details of payments made to Amalie PFI (UK) Limited are as follows

Directors Fees	50	-
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Balances at year end

John Laing Integrated Services Limited	1,101	743
Laing Investments Management Services Limited	38	57
	<u>1,139</u>	<u>800</u>

Henderson Infrastructure Holdco (UK) Limited is the parent company of John Laing Social Infrastructure Limited. John Laing Social Infrastructure Limited jointly controls Services Support (SEL) Limited.

The debt facilities of Services Support (SEL) Limited are provided by Dresdner Bank, a fellow subsidiary to Amalie PFI (UK) Limited. The debt balance at 31 December 2007 was £88.6 million (2006 - £92.0 million) and interest paid during the year amounted to £5.5 million (2006 - £5.6 million).

Notes to the financial statements for the year ended 31 December 2007 (continued)

18 ANALYSIS OF NET DEBT

	At 1 January 2007 £'000	Cashflow £'000	Non-cash movements £'000	At 31 December 2007 £'000
Cash in hand and at bank	4,216	(1,382)	-	2,834
Debt due less than 1 year	(3,653)	2,764	(2,878)	(3,767)
Debt due more than 1 year	(87,272)	-	2,801	(84,471)
NET GROUP DEBT	(86,709)	1,382	(77)	(85,404)

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£'000
Decrease in cash in the year	(1,382)
Increase in borrowings due within one year	(114)
Decrease in borrowings due in more than one year	2,879
Decrease in unamortised debt issue costs	(78)
Decrease in net debt	<u>1,305</u>
Net debt at 1 January 2007	(86,709)
Net debt at 31 December 2007	<u>(85,404)</u>

20 RECONCILIATION OF OPERATING RESULT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007 £'000	2006 £'000
Operating profit	689	674
Decrease in debtors	6,795	9,029
Increase / (decrease) in creditors	12	(390)
Net cashflow from operating activities	<u>7,496</u>	<u>9,313</u>

21 ULTIMATE PARENT UNDERTAKING

At 31 December 2007 the Company is owned and jointly controlled by John Laing Social Infrastructure Limited and Amalie PFI (UK) Limited. The Directors consider there to be no ultimate controlling party or ultimate parent company.