

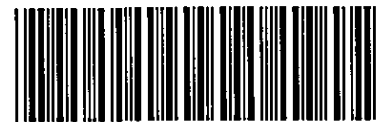
AYRSHIRE HOSPITALS LIMITED

Company registration number SC248921

Financial Statements

For the year ended 31 August 2008

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AYRSHIRE HOSPITALS LIMITED

Financial statements for the year ended 31 August 2008

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AYRSHIRE HOSPITALS LIMITED

Directors, officers and advisers

Directors

James Muir
Walter Dunlop

Secretary and registered office

James Muir
123 St Vincent Street
Glasgow
G2 5EA

Registered number

SC248921

Auditors

Scott-Moncrieff
Chartered Accountants
Registered Auditor
25 Bothwell Street
Glasgow
G2 6NL

Bankers

Allied Irish Bank
227 West George Street
Glasgow

Solicitors

Sample Fraser LLP
123 St Vincent Street
Glasgow
G2 5EA

AYRSHIRE HOSPITALS LIMITED

Directors' report for the year ended 31 August 2008

The directors present their report and the financial statements of the company for the year ended 31 August 2008.

Principal activity

The principal activity of the company was the construction and maintenance of a hospital under the PFI/PPP scheme. Construction of the hospital was completed during the year ended 31 August 2006. A contract for the provision of the hospital building and associated facilities management to the Ayrshire & Arran Health Board commenced at the end of the construction period.

Review of business

The company continued to provide the facilities management and building maintenance of the AMU facility under the PFI/PPP contract entered into in October 2004. The facility remains a success and the company continues to operate to the financial model agreed at financial close. The profit for the year is as modelled and the company remains on track to meet its long term financial targets. During the year, Dawn Construction Limited, FES (Scotland) Limited and Pacific Partners LLP sold out their interest in the company and George Street Capital Limited is now the sole owner of the company.

Post balance sheet events

Note 13 to the financial statements provides details of post balance sheet events.

Directors

The directors who served during the year were:

James Muir
Walter Dunlop - Appointed 14 November 2008
Ray Eve - Resigned 14 November 2008
Dylan Fletcher - Resigned 14 November 2008
Donald McKinnon - Resigned 18 December 2008

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 as at the end of the financial year and of the profit or loss of the company 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;
- 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 maintaining proper accounting records which 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. It is also their responsibility to safeguard the assets of the company and hence to take reasonable steps to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

To the knowledge and belief of the directors, there is no relevant information that the company's auditors are not aware of, and the directors have taken all the steps necessary to ensure the directors are aware of any relevant information, and to establish that the company's auditors are aware of the information.

Auditors

The previous auditors, Wylie & Bisset LLP, resigned post year-end and Scott-Moncrieff were appointed.

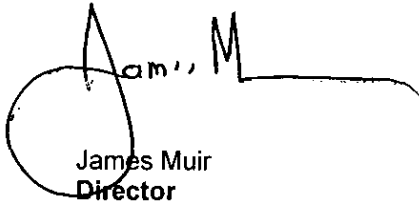
A resolution to reappoint Scott-Moncrieff as auditors of the company will be proposed at the forthcoming annual general meeting.

AYRSHIRE HOSPITALS LIMITED

Directors' report for the year ended 31 August 2008 (continued)

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 28 October 2009 and signed on its behalf by:



James Muir
Director

AYRSHIRE HOSPITALS LIMITED

Independent auditors' report to the shareholders of Ayrshire Hospitals Limited

We have audited the financial statements of Ayrshire Hospitals Limited for the year ended 31 August 2008 which are set out on pages 6 to 11. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company 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 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.

AYRSHIRE HOSPITALS LIMITED

Independent auditors' report to the shareholders of Ayrshire Hospitals Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 August 2008 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.



Scott-Moncrieff
Registered Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

28 October 2009

AYRSHIRE HOSPITALS LIMITED

Profit and loss account for the year ended 31 August 2008

	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
Turnover	2	1,904,952	1,841,008
Cost of sales		<u>(29,552)</u>	<u>(151,665)</u>
Gross profit		<u>1,875,400</u>	<u>1,689,343</u>
Administrative expenses		<u>(382,792)</u>	<u>(477,476)</u>
Operating profit	3	1,492,608	1,211,867
Other interest receivable and similar income		51,674	48,269
Interest payable and similar charges		<u>(1,250,501)</u>	<u>(1,336,850)</u>
Profit/(loss) on ordinary activities before taxation		293,781	(76,714)
Taxation on profit/(loss) on ordinary activities	5	<u>(10,551)</u>	<u>(1,662)</u>
Profit/(loss) for the financial year	10	<u>283,230</u>	<u>(78,376)</u>

The notes on pages 8 to 11 form part of these financial statements.

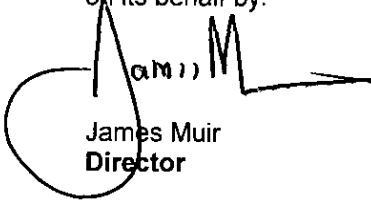
AYRSHIRE HOSPITALS LIMITED

Balance sheet at 31 August 2008

	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
Current assets			
Debtors	6	18,914,562	18,687,094
Cash at bank and in hand		1,321,648	1,425,517
		20,236,210	20,112,611
Creditors: amounts falling due within one year	7	(1,196,024)	(1,169,188)
Net current assets		19,040,186	18,943,423
Total assets less current liabilities		19,040,186	18,943,423
Creditors: amounts falling due after more than one year	8	(18,926,482)	(19,112,949)
Net assets/(liabilities)		113,704	(169,526)
Capital and reserves			
Called up share capital	9	2,000	2,000
Profit and loss account	10	111,704	(171,526)
Shareholders' funds		113,704	(169,526)

These financial statements have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were authorised for issue by the board of directors on 28 October 2009 and signed on its behalf by:


James Muir
Director

COMPANY REGISTRATION No: SC 248921

The notes on pages 8 to 11 form part of these financial statements.

AYRSHIRE HOSPITALS LIMITED

Notes to the financial statements for the year ended 31 August 2008

1 Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2007).

Turnover

Turnover represents the value of goods and services supplied by the company, excluding value added tax.

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A 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 periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Finance debtor

On completion of the project, total costs incurred have been accounted for under Financial Reporting Standard 5, Application Note F. As such the total costs incurred on the project have been treated as a finance debtor, on the basis that the project's principal agreement transfers substantially all the risks and rewards of ownership of the asset to the customer.

Fees are allocated between turnover and reimbursement of the 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/(loss) before taxation is attributable to the one principal activity of the company.

3 Operating profit

This is stated after charging:

	<u>2008</u> £	<u>2007</u> £
Auditors' remuneration - Audit fee	<u>3,950</u>	<u>4,500</u>

4 Directors' emoluments

	<u>2008</u> £	<u>2007</u> £
Amounts paid to third parties for Directors' services	<u>20,000</u>	<u>20,000</u>

5 Taxation on profit/(loss) on ordinary activities

	<u>2008</u> £	<u>2007</u> £
United Kingdom corporation tax	<u>10,551</u>	<u>1,662</u>

AYRSHIRE HOSPITALS LIMITED

Notes to the financial statements for the year ended 31 August 2008 (continued)

6 Debtors

	<u>2008</u> £	<u>2007</u> £
Trade debtors	568,814	343,345
Prepaid expenses and accrued income	98,474	38,065
Finance debtor	<u>18,247,274</u>	<u>18,305,684</u>
	<u>18,914,562</u>	<u>18,687,094</u>

Finance debtor includes an amount of £17,955,939 (2007 - £18,014,709) which is due after more than one year.

7 Creditors: amounts falling due within one year

	<u>2008</u> £	<u>2007</u> £
Bank loans	170,000	115,000
Trade creditors	310,488	439,096
Corporation tax	10,551	-
Other tax and social security	61,511	702
Accrued expenses	634,460	614,390
Other loans	9,014	-
	<u>1,196,024</u>	<u>1,169,188</u>

8 Creditors: amounts falling due after more than one year

	<u>2008</u> £	<u>2007</u> £
Bank loans	17,396,360	17,566,360
Other loans	<u>1,530,122</u>	<u>1,546,589</u>
	<u>18,926,482</u>	<u>19,112,949</u>

The bank loan is repayable on demand and is secured by a floating charge and assignation in security over the assets of the company.

Bank loans bear interest based on LIBOR. As part of its interest rate management strategy the company entered into an interest rate swap agreement in respect of the debt maturing in September 2033. Under this swap the company pays interest at a fixed rate of 5.285%.

Other loans relate to subordinated debt which carries an interest rate of 13%. The principal is repayable on 30 September 2033.

9 Called-up share capital

	<u>2008</u> £	<u>2007</u> £
Authorised		
Equity shares:		
2,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
Equity shares:		
2,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

AYRSHIRE HOSPITALS LIMITED

Notes to the financial statements for the year ended 31 August 2008 (continued)

10 Reserves

	Profit and loss account £
At 1 September 2007	(171,526)
Profit for the year	<u>283,230</u>
At 31 August 2008	<u>111,704</u>

11 Contingent liabilities

Ayrshire Hospitals Limited entered into a PFI/PPP contract with NHS Ayrshire & Arran for the design, build and maintenance of a hospital unit at Crosshouse Hospital, Kilmarnock. Under the terms of the contract, the Company is responsible for providing facilities management and building maintenance. There remains an unresolved issue and the Company has been in discussion with NHS Ayrshire & Arran to have this concluded. During the year, the Company made payments of £25,125 in respect of this matter and no further provision has been made in the accounts. The Company entered into a Contribution Agreement on 9 December 2008 in respect of this matter which should ensure that no further payments are necessary.

12 Related parties

Dawn Construction Limited held a 32.5% shareholding in Ayrshire Hospitals Limited during the year. As referred to in note 13, Dawn Construction Limited sold their interest in the Company on 9th December 2008. During the year Dawn Construction Limited provided facilities management services to the Company and received payments of £114,147 in respect of their services (2007 - £190,574). During the year, Dawn Construction Limited provided construction services to the Company and received payments of £113,514 (2007 - £61,160) of which £109,087 was recharged to NHS Ayrshire & Arran as an addition to the Finance debtor. Ray Eve was a director of the company and is also a director of Dawn Construction Limited. The balance owed to this company at the year end was £20,992 (2007 - £17,793).

FES (Scotland) Limited held a 10% shareholding in Ayrshire Hospitals Limited during the year. FES Limited, a related company, is a party to the main contract and is also a subcontractor to Dawn Construction Limited. As referred to in note 13, FES (Scotland) Limited sold their interest in the Company on 9th December 2008.

During the year, Pacific Partners LLP purchased the entire interest previously held by Mackenzie Investments (Crosshouse) Limited and Arisaig Investments Limited and during the year held a 57.5% beneficial interest in the Company. As referred to in note 13, George Street Capital Limited purchased the entire interest previously held by Dawn Construction Limited and FES (Scotland) Limited to become the holder of the entire interest in Ayrshire Hospitals Limited. James Muir and Walter Dunlop who are directors in the ultimate parent company George Street Capital Limited and partners of Pacific Partners LLP, are also directors of Ayrshire Hospitals Limited.

The Company has a subordinated debt of £1,539,136 at the year-end of which 32.5% is due to Dawn Construction Limited, 10% to FES (Scotland) Limited and 57.5% to Pacific Partners LLP (2007 - £1,546,589) in respect of which interest of £201,384 was paid in the year (2007 - £160,583).

During the year, the Company paid fees for the professional services of Davis Langdon Mackenzie Limited of £31,599 (2007 - £37,456). James Muir and Walter Dunlop are partners of Davis Langdon LLP, the ultimate parent company of Davis Langdon Mackenzie Limited, and are also directors of Ayrshire Hospitals Limited.

AYRSHIRE HOSPITALS LIMITED

Notes to the financial statements for the year ended 31 August 2008 (continued)

13 Ultimate controlling party

On 9th December 2008, George Street Capital Limited entered into a Share Purchase Agreement with Dawn Construction Limited to purchase that company's entire interest (32.5%) in Ayrshire Hospitals Limited.

On 9th December 2008, George Street Capital Limited entered into a Share Purchase Agreement with FES Limited to acquire 100% of the share capital of FES (Scotland) Limited, and as a result became the ultimate owner of FES (Scotland) Limited's entire interest (10%) in Ayrshire Hospitals Limited.

On 9th December 2008, George Street Capital Limited entered into an Assignment Agreement with the partners of Pacific Partners LLP to acquire the whole interest in Pacific Partners LLP. As a result of that transaction, George Street Capital Limited became the main partner in Pacific Partners LLP, and became the ultimate owner of Pacific Partners LLP's entire interest (57.5%) in Ayrshire Hospitals Limited.

With effect from 9th December 2008, George Street Capital Limited, either directly or through ultimate ownership, became the sole owner of the entire share capital of Ayrshire Hospitals Limited.