



SCOTT-MONCRIEFF

EDINBURGH AND GLASGOW

AYRSHIRE HOSPITALS LIMITED

Company registration number SC248921

Financial Statements

For the year ended 31 August 2009

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AYRSHIRE HOSPITALS LIMITED

Financial statements for the year ended 31 August 2009

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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
G2 2ND

Solicitors

Semple Fraser LLP
123 St Vincent Street
Glasgow
G2 5EA

AYRSHIRE HOSPITALS LIMITED

Directors' report for the year ended 31 August 2009

The directors present their report and the financial statements of the company for the year ended 31 August 2009.

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. 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.

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

The directors are responsible for preparing the Directors' 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 Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence to take reasonable steps for the prevention and detection 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

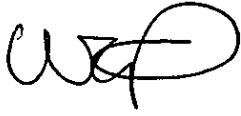
A resolution, in accordance with section 485 of the Companies Act 2006, to reappoint Scott-Moncrieff as auditors of the company will be proposed at the forthcoming annual general meeting.

AYRSHIRE HOSPITALS LIMITED

Directors' report for the year ended 31 August 2009 (continued)

This above report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

This report was approved by the board on 29 March 2010 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'W.D.', written in a cursive style.

Walter Dunlop
Director

AYRSHIRE HOSPITALS LIMITED

Independent auditors' report to the members of Ayrshire Hospitals Limited

We have audited the financial statements of Ayrshire Hospitals Limited for the year ended 31 August 2009 which comprise the profit and loss account, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AYRSHIRE HOSPITALS LIMITED

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

Scott-Moncrieff

Bernadette Higgins (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor
Registered Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

29 March 2010

AYRSHIRE HOSPITALS LIMITED

Profit and loss account for the year ended 31 August 2009

	<u>Notes</u>	<u>2009</u> £	<u>2008</u> £
Turnover	2	1,958,387	1,904,952
Cost of sales		<u>(13,700)</u>	<u>(29,552)</u>
Gross profit		<u>1,944,687</u>	<u>1,875,400</u>
Administrative expenses		<u>(761,872)</u>	<u>(382,792)</u>
Operating profit	3	1,182,815	1,492,608
Other interest receivable and similar income		13,051	51,674
Interest payable and similar charges		<u>(1,298,989)</u>	<u>(1,250,501)</u>
(Loss)/profit on ordinary activities before taxation		<u>(103,123)</u>	293,781
Taxation on (loss)/profit on ordinary activities	5	<u>897</u>	<u>(10,551)</u>
(Loss)/profit for the financial year	10	<u><u>(102,226)</u></u>	<u><u>283,230</u></u>

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

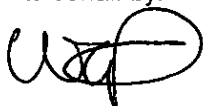
AYRSHIRE HOSPITALS LIMITED

Balance sheet at 31 August 2009

	<u>Notes</u>	<u>2009</u> £	<u>2008</u> £
Current assets			
Debtors	6	18,388,299	18,914,562
Cash at bank and in hand		<u>1,461,467</u>	<u>1,321,648</u>
		19,849,766	20,236,210
Creditors: amounts falling due within one year	7	<u>(1,120,822)</u>	<u>(1,196,024)</u>
Net current assets		<u>18,728,944</u>	<u>19,040,186</u>
Total assets less current liabilities		<u>18,728,944</u>	<u>19,040,186</u>
Creditors: amounts falling due after more than one year	8	<u>(18,717,466)</u>	<u>(18,926,482)</u>
Net assets		<u><u>11,478</u></u>	<u><u>113,704</u></u>
Capital and reserves			
Called up share capital	9	2,000	2,000
Profit and loss account	10	<u>9,478</u>	<u>111,704</u>
Shareholders' funds		<u><u>11,478</u></u>	<u><u>113,704</u></u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were authorised for issue by the board of directors on 29 March 2010 and signed on its behalf by:



Walter Dunlop
Director

Company Registration No: SC248921

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 2009

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 April 2008).

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 April 2008).

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 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 is attributable to the one principal activity of the company.

3 Operating profit

This is stated after charging:

	<u>2009</u> £	<u>2008</u> £
Auditors' remuneration - Audit fee	<u>6,750</u>	<u>3,950</u>

4 Directors' emoluments

	<u>2009</u> £	<u>2008</u> £
Amounts paid to third parties for Directors' services	<u>30,966</u>	<u>20,000</u>

AYRSHIRE HOSPITALS LIMITED

Notes to the financial statements for the year ended 31 August 2009 (continued)

5 Taxation on (loss)/profit on ordinary activities

	<u>2009</u> £	<u>2008</u> £
United Kingdom corporation tax	(10,076)	10,551
Adjustments in respect of previous years	<u>9,179</u>	<u>-</u>
	<u>(897)</u>	<u>10,551</u>

6 Debtors

	<u>2009</u> £	<u>2008</u> £
Trade debtors	384,500	568,814
Other debtors	10,076	-
Prepaid expenses and accrued income	37,784	98,474
Finance debtor	<u>17,955,939</u>	<u>18,247,274</u>
	<u>18,388,299</u>	<u>18,914,562</u>

Finance debtor includes an amount of £17,757,642 (2008 - £17,955,939) which is due after more than one year.

7 Creditors: amounts falling due within one year

	<u>2009</u> £	<u>2008</u> £
Bank loans	200,000	170,000
Trade creditors	69,743	310,488
Amounts owing to group undertakings	225,000	-
Corporation tax	9,573	10,551
Other tax and social security	22,676	61,511
Accrued expenses	584,816	634,460
Other loans	9,014	9,014
	<u>1,120,822</u>	<u>1,196,024</u>
Secured creditors	<u>200,000</u>	<u>170,000</u>

AYRSHIRE HOSPITALS LIMITED

Notes to the financial statements for the year ended 31 August 2009 (continued)

8 Creditors: amounts falling due after more than one year

	<u>2009</u> £	<u>2008</u> £
Bank loans	17,196,360	17,396,360
Other loans	<u>1,521,106</u>	<u>1,530,122</u>
	<u>18,717,466</u>	<u>18,926,482</u>
 Secured creditors	 <u>17,196,360</u>	 <u>17,396,360</u>

Amounts repayable by installments some of which fall due after five years

Bank loan	16,086,360	16,436,360
Other loans	<u>1,485,050</u>	<u>1,494,066</u>
	<u>17,571,410</u>	<u>17,930,426</u>

The bank loan is repayable on demand and is secured by a floating charge and assignment 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 3.06%.

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>2009</u> £	<u>2008</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>

10 Reserves

	Profit and loss account £
At 1 September 2008	111,704
Loss for the year	<u>(102,226)</u>
At 31 August 2009	<u>9,478</u>

AYRSHIRE HOSPITALS LIMITED

Notes to the financial statements for the year ended 31 August 2009 (continued)

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 £12,388 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.

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 £333,108 in respect of their services (2008 - £114,147). During the year, Dawn Construction Limited provided construction services to the Company and received payments of £1,312 (2008 - £4,427). Ray Eve was a director of the company until 14 November 2008 and remains a director of Dawn Construction Limited.

FES (Scotland) Limited held a 10% shareholding in Ayrshire Hospitals Limited during the year.

Pacific Partners LLP held a 57.5% beneficial interest in Ayrshire Hospitals Limited during the year. As referred to in note 13, George Street Capital Limited entered into an Assignment Agreement with the partners of Pacific Partners LLP acquiring the whole interest in Ayrshire Hospitals Limited. James Muir and Walter Dunlop who are directors in the ultimate parent company George Street Capital Limited and of Ayrshire Hospitals Limited were also members of Pacific Partners LLP until resignation on 18 December 2008.

The Company has a subordinated debt of £1,530,120 due to George Street Capital Limited (2008 - £1,539,136) in respect of which interest of £177,965 was paid in the year (2008 - £201,384).

At 31 August 2009 the company owed £225,000 (2008 - £nil) to George Street Capital Limited.

During the year, the Company paid fees for the professional services of Davis Langdon Mackenzie Limited of £31,599 (2008 - £31,599). James Muir is a director of Davis Langdon Mackenzie Limited. James Muir and Walter Dunlop are members of Davis Langdon LLP, the ultimate parent company of Davis Langdon Mackenzie Limited, and are also directors of Ayrshire Hospitals Limited.

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 Ayrshire Hospitals Limited. As a result of that transaction, George Street Capital Limited became the main partner in Pacific Partners LLP, and the owner of 57.5% of the shares in Ayrshire Hospitals Limited previously owned by Pacific Partners LLP.

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.