Mercia Healthcare Limited

Annual report and financial statements

for the year ended 31 December 2007

Registered number 3693524

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Mercia Healthcare Limited

Annual report and financial statements for the year ended 31 December 2007

Mercia Healthcare Limited

Directors and advisors

Directors

S A Carter
J N E Cowdell
S P Hornby
R J W Manley
P G Bachmann

Secretary

Trillium Secretariat Services Limited

Registered office

140 London Wall
London
EC2Y 5DN

Independent auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Mercia Healthcare Limited

Directors' report
for the year ended 31 December 2007

The dırectors present theır report and the audıted financıal statements for the year ended 31 December 2007

Results, prıncıpal actıvıtıes and revıew of business

The company ıs engaged ın a 30-year contract, expırıng ın 2029, wıth Hereford Hospıtals NHS Trust for the desıgn and constructıon of an Acute Care Facılıty, and ın the provısıon of certaın non-clınıcal support servıces at Hereford County Hospıtal

The profit for the year attrıbutable to shareholders whıch has been dealt wıth ın the financıal statements ıs £1,668,000 (2006 £131,000) The dırectors consıder the performance of the company durıng the year, the financıal posıtıon at the end of the year and ıts prospects for the future to be satısfactory

Dıvıdends

No dıvıdend was proposed durıng the year (2006 £nıl)

Prıncıpal risks and uncertaıntıes

The company has taken on the actıvıty as detaıled above and ıs rısk averse ın ıts tradıng relatıonshıps wıth ıts customer, funders and sub-contractors as determıned by the terms of theır respectıve detaıled PFI contracts In extreme cırcumstances, the company could be exposed to subcontractor faılure to perform theır oblıgatıons The financıal rısks and the measures taken to mıtıgate them are as detaıled ın the followıng sectıon

Fınancial rısk management

The company has exposures to a varıety of financıal rısks whıch are managed wıth the purpose of mınımısıng any potentıal adverse effect on the company's performance The board has polıcıes for managıng each of these rısks and they are summarısed below

Interest rate rısk

The senıor and subordınated debt ınterest have been fixed through use of fixed fundıng rates, plus a margın Detaıls of these can be found on page 15

Inflatıon rısk

The fundıng to the company was agreed as part of the overall PFI contracts wıth lenders, clıents and shareholders, and suıtable hedgıng has been put ın place, as set out ın the notes to the accounts

Lıquıdıty rısk

The company adopts a prudent approach to lıquıdıty management by endeavourıng to maıntaın suffıcıent cash and lıquıd resources to meet ıts oblıgatıons as they fall due

Credıt risk

The company receıves the bulk of ıts revenue from Hereford Hospıtals NHS Trust and ıs not exposed to sıgnıficant credıt rısk Cash ınvestments are wıth ınstıtutıons of a suıtable credıt qualıty

Major maıntenance replacement risk

The company takes the rısk that ıts projectıons for ongoıng major maıntenance replacement of the buıldıng and relevant equıpment are adequate These projectıons have been agreed wıth thırd partıes and are subject to regular revıew by the dırectors

Directors' report
for the year ended 31 December 2007 (continued)

Key performance indicators ('KPIs')

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business

Directors

The directors of the company during the year, and subsequently, are set out below

S A Carter	
I R Gethin	(resigned 21 May 2008)
W Doughty	(resigned 25 April 2007)
B S Williams	(resigned 14 August 2007)
J N E Cowdell	(appointed 2 March 2007)
S P Hornby	(appointed 25 April 2007)
R J W Manley	(appointed 6 December 2007)
P G Bachmann	(appointed 6 December 2007)

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 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,
- state whether applicable UK 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, so far as the directors are aware, there is no relevant audit information of which PricewaterhouseCoopers LLP ('PwC') are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that PwC are aware of that information

Mercia Healthcare Limited

Directors' report
for the year ended 31 December 2007 (continued)

Auditors

Having passed elective resolutions of the shareholders at an extraordinary general meeting, the company is exempt from the obligation to annually reappoint auditors and to hold annual general meetings PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and accordingly the board recommends that PricewaterhouseCoopers LLP continue in office as auditors to the company

By order of the board

On behalf of Trillium Secretariat Services Limited
Secretary

(KIM CLEAR)

27 MAY 2008

Independent auditors' report to the members of Mercia Healthcare Limited

We have audited the financial statements of Mercia Healthcare Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the statement of cash flows and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with the 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) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 judgments 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 company's affairs as at 31 December 2007 and of its profit and cashflows 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

24 June 2008

Mercia Healthcare Limited

Profit and loss account
for the year ended 31 December 2007

	Note	Year ended 31 December 2007	Year ended 31 December 2006
		£'000	£'000
Turnover	1	**6,767**	5,914
Cost of sales		**(5,043)**	(4,993)
Gross profit		**1,724**	921
Administrative expenses		**(450)**	(551)
Operating profit	2	**1,274**	370
Interest receivable and similar income	3	**6,380**	6,330
Interest payable and similar charges	4	**(5,612)**	(5,659)
Profit on ordinary activities before taxation		**2,042**	1,041
Tax on profit on ordinary activities	5	**(374)**	(910)
Profit on ordinary activities after taxation and profit for the year	12	**1,668**	131

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom

There are no material differences between the profit as shown in the profit and loss account above and its historical cost equivalent

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The movements on reserves are shown in note 12 to the financial statements

Mercia Healthcare Limited

Balance sheet
as at 31 December 2007

	Note	31 December 2007	31 December 2006
		£'000	£'000
Current assets			
Debtors amounts falling due within one year	6	**866**	550
Debtors amounts falling due after more than one year	7	**73,802**	73,719
Cash at bank and in hand		**4,149**	4,184
		78,817	78,453
Creditors: amounts falling due within one year	8	**(6,418)**	(6,287)
Net current assets		**72,399**	72,166
Creditors: amounts falling due after more than one year	9	**(65,806)**	(67,615)
Provision for liabilities and charges	10	**(4,307)**	(3,933)
Net assets		**2,286**	618
Capital and reserves			
Called up share capital	11	**1**	1
Profit and loss account	12	**2,285**	617
Total shareholder's funds	12	**2,286**	618

The financial statements on pages 6 to 19 were approved by the board on 21 MAY 2008 and signed on its behalf by

Director

J. COWDELL

27 MAY 2008

Mercia Healthcare Limited

Statement of cash flows
for the year ended 31 December 2007

	Note	31 December 2007 £'000	31 December 2006 £'000
Net cash inflow from operating activities	14 (a)	**880**	1,623
Returns on investments and servicing of finance			
Interest paid		**(5,323)**	(5,365)
Interest received		**6,380**	6,330
Net cash inflow from returns on investments		**1,057**	965
Financing			
Repayment of loans		**(1,972)**	(1,873)
Net cash outflow from financing activities		**(1,972)**	(1,873)
(Decrease)/increase in cash during the year	14 (c)	**(35)**	715

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

1 Principal accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, is set out below

Basis of preparation of accounts

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting and financial reporting standards in the United Kingdom

Turnover

Turnover represents the value of work done and services rendered, excluding sales related taxes All turnover originates in the United Kingdom

The company recognises income when it has fully fulfilled its contractual obligations In accordance with Financial Reporting Standard 5 – Application Note G, the company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the company, within the financial statements as turnover and operating costs

Transactions to which the company does not have access to all the significant benefits and risks are excluded from the financial statements

Finance debtor and interest receivable

In accordance with Financial Reporting Standard 5 – Application Note F, the costs incurred in constructing the assets have been treated as a finance debtor

This treatment arose from applying the guidance within the Application Note which indicated that the project's principal agreements transfer substantially all the risks and rewards relating to the property to the customer

The finance debtor represents the costs arising on the construction of the assets including initial tender costs Once the project reached its operational phase and was accepted by the customer the contract receivable was reclassified as a finance debtor, with a constant proportion of the planned net revenue arising from the project being allocated to remunerate the finance debtor Imputed interest receivable is allocated to the finance debtor using a property specific rate to generate a constant rate of return over the life of the contract Over the course of the contract term the finance debtor is expected to be fully repaid

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

1 Prıncipal accountıng polıcies (continued)

Debt ıssue costs

Debt ıssue costs ıncurred have been offset agaınst the related debt and wıll be charged to the profit and loss account at a constant rate on the carryıng value of the debt

Interest rate swaps

Interest rate swaps are used to hedge the company's exposure to movements on ınterest rates The ınterest payable on such swaps ıs accrued ın the same way as ınterest arısıng on the related borrowıngs

Deferred taxatıon

Deferred tax ıs recognısed ın respect of all tımıng dıfferences that have orıgınated but not reversed at the balance sheet date, where transactıons or events that result ın an oblıgatıon to pay more tax ın the future or a rıght to pay less tax ın the future have occurred at the balance sheet date

Deferred tax ıs measured at the average tax rates that are expected to apply ın the perıods ın whıch the tımıng dıfferences are expected to reverse, based on tax rates and laws that have been enacted or substantıvely enacted by the balance sheet date Deferred tax ıs measured on a non-dıscounted basıs

Deferred tax assets are only recognısed when ıt ıs consıdered more lıkely than not that there wıll be suıtable taxable profits from whıch the future reversal of underlyıng tımıng dıfferences can be deducted

Major maintenance replacement

As noted ın the dırectors' report, the company ıs responsıble for the major maıntenance replacement rısk assocıated wıth ıts prıncıpal actıvıty Where approprıate ıncome ıs deferred to future perıods, based on a forecast of the future major maıntenance expendıture, ın order to match that element of ıncome wıth the costs to whıch ıt relates The turnover and costs of sales are recorded, ın the profit and loss account, ın the perıod ın whıch the costs of major maıntenance replacement are ıncurred

2 Operating profit

The company had no employees durıng the year, other than the dırectors (2006 none) The remuneratıon of the dırectors ıs paıd by the controllıng partıes and theır servıces to the company are of a non-executıve nature and theır emoluments are deemed to be wholly attrıbutable to theır servıces to the controllıng partıes The controllıng partıes charged £nıl (2006 £15,000) to the company ın respect of these servıces

The audıt fee ın respect of the company was £10,000 for the year (2006 £8,000)

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

3 Interest receivable and similar income

	Year ended 31 December 2007	Year ended 31 December 2006
	£'000	£'000
Imputed interest receivable on finance debtor	**6,110**	6,095
Interest receivable on bank deposits	**270**	235
	6,380	6,330

4 Interest payable and similar charges

	Year ended 31 December 2007	Year ended 31 December 2006
	£'000	£'000
Interest payable on debt	**3,702**	3,846
Other interest – subordinated loan notes	**1,621**	1,519
Amortisation of debt issue costs	**289**	294
	5,612	5,659

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

5 Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Current tax:	-	-
Deferred tax:		
Origination and reversal of timing differences	603	910
Change in corporation tax rate (see below)	(308)	-
Prior year adjustment	79	-
Tax charge on profit on ordinary activities	374	910

As a consequence of a corporation tax rate change announced in the 2007 Finance Act, deferred tax reversing after 1 April 2008 will be recognised at a rate of 28% as opposed to the existing rate of 30% The effect of this change is a credit of £308,000 to the profit and loss accounts for the year

(b) Factors affecting current tax charge

The tax assessed for the year is lower (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Profit on ordinary activities before taxation	2,042	1,041
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	613	312
Effects of		
Deduction for notional lease premium	-	(20)
Movement in accelerated capital allowances and other timing differences	(105)	(293)
Utilisation of tax losses	(508)	1
Current tax charge for the year (note 5(a))	-	-

Mercia Healthcare Limited

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

5 Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

The current tax charge will continue to be affected by timing differences on the project asset, although these timing differences will have an opposite impact on the deferred tax charge so there should be no overall impact on the tax charge Further to the corporation tax rate change announced in the Finance Act, deferred tax reversing after 1 April 2008 is recognised at a rate of 28% as opposed to the existing rate of 30%

6 Debtors: amounts falling due within one year

	31 December 2007	31 December 2006
	£'000	£'000
Trade debtors	**512**	423
Finance debtor	**31**	-
Prepayments and accrued income	**323**	127
	866	550

7 Debtors: amounts falling due after more than one year

	31 December 2007	31 December 2006
	£'000	£'000
Finance debtor	**73,802**	73,719

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

8 Creditors: amounts falling due within one year

	31 December 2007	31 December 2006
	£'000	£'000
Senior debt	**1,806**	1,684
Amounts owed to related parties	**2,570**	1,346
Trade creditors	**388**	386
Other creditors and accruals	**1,423**	2 502
Taxation and social security	**231**	369
	6,418	6,287

9 Creditors: amounts falling due after more than one year

(a) Total	31 December 2007	31 December 2006
	£'000	£'000
Debt (as analysed in (b) below)	**62,207**	64,012
Amounts owed to related parties	**542**	542
Deferred income	**3,057**	3,061
	65,806	67,615

(b) Debt	31 December 2007	31 December 2006
	£'000	£'000
Senior debt	**54,618**	56,590
Subordinated loan bridge debt	**9,756**	9,756
	64,374	66,346
Less included in creditors falling due within one year	**(1,806)**	(1,684)
Less unamortised issue costs	**(361)**	(650)
	62,207	64,012

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

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

(c) Maturity of debt	31 December 2007	31 December 2006
	£'000	£'000
Less than one year	2,094	1,972
Between one and two years	2,006	2,094
Between two and five years	7,463	6,839
In more than five years	52,811	55,441
	64,374	66,346
Less creditors falling due within one year	(1,806)	(1,684)
Less unamortised issue costs	(361)	(650)
	62,207	64,012

Senior debt - Term Loan Facility
The tenure of the Term Loan is 25 years and it is repayable in 43 semi-annual instalments commencing on 16th April 2003 Interest charged on amounts drawn under the facility is based on the floating LIBOR rate, plus a margin of 1 10% The Term Loan Facility has been syndicated to a consortium of banks All amounts drawn under the Term Loan Facility are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the company and by a floating charge over the company's undertakings and assets

Subordinated loan bridge debt
On the 16th April 2002, the stockholders subscribed to £8,496,320 subordinated loan notes (£2,124,080 per shareholder) in the company

The loan notes are to mature in full in 2029, however, both the loan holder and the company may redeem all or part of the loan notes at anytime, provided certain conditions are met and relevant consents are given

The loan notes are unsecured and bear interest at 15% Interest was rolled up on the loan notes until 16th October 2003, and thereafter the interest is paid 6 monthly

Swap arrangements
The Company has entered into interest rate swap agreements under the Term Loan A fixed rate of 5 58% applies to all amounts drawn under the Term Loan and the Shareholder Credit Facility, until April 2009, as the original swap agreement in relation to the Term Loan Facility expires on 10th April 2009 A new swap agreement has been entered into from April 2009, with a fixed rate of 5 0605%, which expires on 10th April 2024 The only derivative financial instruments held are the interest rate swaps, which convert the borrowings from rates linked to LIBOR to the fixed rates above The fair value of this class of derivative financial instruments at 31 December 2007 is £(484,969)

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

10 Provision for liabilities and charges

	31 December 2007	31 December 2006
	£'000	£'000
Deferred taxation	4,307	3,933

The movements in deferred taxation during the year and previous period is as follows

At 1 January	3,933	3,023
Charge to the profit and loss account (note 5 (a))	374	910
At 31 December	4,307	3,933

The deferred tax liability consists of

Accelerated capital allowances	5,769	6,167
Other timing differences	3,162	3,657
Tax losses recognised	(4,624)	(5,891)
	4,307	3,933

11 Called up share capital

	31 December 2007	31 December 2006
	£'000	£'000
Authorised		
50,000 Ordinary shares of £1 each	50	50
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1	1

12 Reconciliation of movement on total shareholder's funds and on reserves

	Share capital	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000
At 1 January 2007	1	617	618
Profit for the year	-	1,668	1,668
At 31 December 2007	**1**	**2,285**	**2,286**

13 Related party transactions

The followıng companıes are fellow group undertakıngs of the shareholders of the ımmedıate parent undertakıng and together wıth undertakıngs wıthın the ındıvıdual groups of companıes, are consıdered to be related partıes to the company, as defined ın Fınancıal Reportıng Standard 8- Related Party Transactıons

Sodexho Investment Servıces Lımıted
Sodexho Servıces Group Lımıted
Secondary Market Infrastructure Fund UK LLP
Trıllıum Asset Management Lımıted

Durıng the year, the company, on normal commercıal terms, ıncurred costs of £354,651 (2006 £262,551) ın respect of management servıces provıded by Trıllıum Asset Management Lımıted (formerly SMIF Asset Management Lımıted) No amounts (2006 nıl) remaıned outstandıng at the balance sheet date The company also ıncurred the followıng costs ın respect of the provısıon of staff and support servıces

Costs incurred in the year

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Sodexho Investment Servıces Lımıted	**424**	417
Sodexho Servıces Group Lımıted	**2,836**	2,740
Secondary Market Infrastructure Fund UK LLP	**1,272**	1,252

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

13 Related party transactions (continued)

Amounts outstanding at 31 December.

	31 December 2007	31 December 2006
	£'000	£'000
Sodexho Investment Services Limited	3,475	3,260
Sodexho Services Group Limited	560	230
Secondary Market Infrastructure Fund UK LLP	8,833	8,154

All transactions with Related Parties were carried out on arms length terms

14 Notes to the statement of cashflows

(a) Reconciliation of operating result to net cash inflow from operating activities

	Year ended 31 December 2007	Year ended 31 December 2006
	£'000	£'000
Operating profit	1,274	370
Increase in debtors	(399)	(2,934)
Increase in creditors	5	4,187
Net cash inflow from operating activities	**880**	1,623

(b) Analysis of changes in net debt

	At 1 January 2007	Cash Flow	Other non-cash changes	At 31 December 2007
	£'000	£'000	£'000	£'000
Cash at bank	4,184	(35)	-	4,149
Loans due within one year	(1,684)	1,972	(2,094)	(1,806)
Loans due after one year	(64,012)	-	1,805	(62,207)
Total	(61,512)	1,937	(289)	**(59,864)**

The other non-cash changes represent the amortisation of issue costs, £289,000 (2006 £294,000) and a movement between loans due after one year and loans due within one year

Mercia Healthcare Limited

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

14 Related party transactions (continued)

(c) Reconciliation of net cash flow to movement in net debt

	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
(Decrease)/increase in cash during year	**(35)**	715
Cash outflow from movement in loans	**1,972**	1,873
Other non-cash movements	**(289)**	(294)
Movement in net debt	**1,648**	2,294
Opening net debt	**(61,512)**	(63,806)
Closing net debt	**(59,864)**	(61,512)

15 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Mercia Healthcare (Holdings) Limited, a company which is incorporated in England and Wales

Mercia Healthcare (Holdings) Limited's shares are held by each of the following, both of which are registered in the United Kingdom

	Percentage Holding (%)
Trillium PPP Investment Partners No 2 Limited	75%
Sodexho Investment Services Limited	25%

The ultimate parent undertaking and ultimate controlling party, at the year end, was Land Securities Group PLC, a company incorporated in England and Wales

On 2 February 2007, the ultimate controlling party became Land Securities Group PLC, when LST SMIF Limited Partnership acting through its general partner, LST SMIF Partnership GP Limited, purchased the entire issued share capital of Trillium Investments Luxembourg Sarl (formerly Starsmif Investments Luxembourg Sarl), the former ultimate parent undertaking The ultimate controlling party of LST SMIF Limited Partnership and LST SMIF Partnership GP Limited is Land Securities Group PLC

On 31 October 2007, Trillium PPP Investment Partners No 2 Limited became the immediate parent undertaking of Mercia Healthcare (Holdings) Limited Trillium PPP Investment Partners No 2 Limited is wholly owned by Trillium PPP Investment Partners Ltd, and in turn Trillium PPP Investment Partners LP, acting through its general partner Trillium PPP Investment Partners GP Limited On 14 December 2007 Land Securities Group PLC disposed of 40 2% of its interest in Trillium PPP Investment Partners LP, on 31 January 2008 it disposed of a further 11 496% of its interest and on 14 March 2008 it disposed of a further 38 3% and as a result ceased to be the ultimate parent undertaking and ultimate controlling party The company considers that Trillium PPP Investment Partners LP became the ultimate parent undertaking and ultimate controlling party at this date