

Mercia Healthcare (Holdings) Limited
Annual report and financial statements
for the year ended 31 December 2007

Registered number 03693526

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Mercia Healthcare (Holdings) Limited

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

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Mercia Healthcare (Holdings) 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 (Holdings) Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Results, principal activities and review of the business

The company is a holding company with a single subsidiary, Mercia Healthcare Limited (MHL)

MHL is engaged in a 30-year contract with Hereford Hospitals NHS Trust for the design and construction of an Acute Care Facility, and in the provision of certain non-clinical support services at the Hereford County Hospital

There were no accounting transactions that required reporting within the profit and loss account for the company in the year. Accordingly, no profit and loss account has been presented in these financial statements

The directors consider the results of MHL for the year to be satisfactory and expect similar results going forward

Dividends

No dividend was proposed for the year (2006 £nil)

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 R 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)

Principal risks and uncertainties, financial risk management and key performance indicators ('KPIs')

As described above Mercia Healthcare (Holdings) Limited acts as a holding company for its subsidiary, Mercia Healthcare Limited. As such the principal risks, financial risk management and key performance indicators adopted by Mercia Healthcare Limited are applicable to the management of the company's investment in Mercia Healthcare Limited and are detailed in the directors' report of the financial statements for Mercia Healthcare Limited for the year ended 31 December 2007

In addition, the holding company also takes the risk of impairment of its investment in the subsidiary. This risk is directly related to the performance of the subsidiary

Mercia Healthcare (Holdings) Limited

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

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.

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



KIM CLEAR

**On behalf of Trillium Secretariat Services Limited
Secretary**

27 MAY 2008

Independent auditors' report to the members of Mercia Healthcare (Holdings) Limited

We have audited the financial statements of Mercia Healthcare (Holdings) Limited for the year ended 31 December 2007 which comprise the balance sheet 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

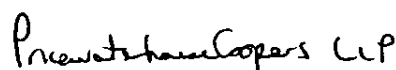
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 result 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
Chartered Accountants and Registered Auditors
Birmingham

24 June 2008

Mercia Healthcare (Holdings) Limited

Balance sheet as at 31 December 2007

	Note	31 December 2007 £	31 December 2006 £
Fixed assets			
Investment in subsidiary undertaking	3	1,000	1,000
Net assets		1,000	1,000
Capital and reserves			
Called up share capital	4	1,000	1,000
Profit and loss account	5	-	-
Total shareholders' funds	5	1,000	1,000

The financial statements on pages 5 to 8 were approved by the board on 21 MAY 2008 and signed on its behalf by



Director

J COWDELL

27 MAY 2008

Mercia Healthcare (Holdings) Limited

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

There were no accounting transactions that required reporting within the profit and loss account for the company in the year. Accordingly no profit and loss account has been presented in these financial statements

The financial statements contain information about Mercia Healthcare (Holdings) Limited as an individual company and do not contain consolidated financial information. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a medium group

Investment income

Investment income includes dividends and interest receivable. Dividends are included, as 'Income from shares in group undertakings', when declared by the paying company. Interest receivable is included, as 'Interest receivable and similar income', on an accruals basis. This heading also includes the amortisation of any premium or discount on the purchase of the loan which has been spread over the life of the loan to determine a effective interest rate

Investments

Investments in subsidiary undertakings are stated at cost less an appropriate provision to reflect any impairment in the value of the investments

Deferred taxation

Deferred tax 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

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. Deferred tax is measured on a non-discounted basis

Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company qualifies as a small entity as defined in sections 247 and 247a of the Companies Act 1985

Mercia Healthcare (Holdings) Limited

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

2 Profit on ordinary activities before taxation

The company had no employees during the year, other than the directors (2006: none). The remuneration of the directors is paid by the controlling parties and their services to the company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the controlling parties. The controlling parties charged £nil (2006: £nil) to the company in respect of these services. The audit fee has been paid on the company's behalf by a group company, Mercia Healthcare Limited, for which no recharge has been made (2006: £nil).

3 Investments

	31 December 2007	31 December 2006
	£	£
Investment in subsidiary undertaking at beginning and end of the year	1,000	1,000

The Company holds 100% of the ordinary share capital in Mercia Healthcare Limited, a company incorporated in England and Wales, which is engaged in a 30 year contract with Hereford Hospitals NHS Trust for the design and construction of an Acute Care Facility, and in the provision of certain non-clinical support services at Hereford County Hospital.

4 Called up share capital

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

Mercia Healthcare (Holdings) Limited

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

5 Reconciliation of movement on total shareholders' funds and on reserves

	Share capital	Profit & loss account	Total shareholders' funds
	£	£	£
At 1 January 2007	1,000	-	1,000
Result for the year	-	-	-
At 31 December 2007	1,000	-	1,000

6 Related party disclosures

There were no transactions with related parties during the current or preceding financial period

7 Ultimate parent undertaking and controlling party

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 Investments Partners No 2 Limited	75%
Sodexo 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 Sàrl (formerly Starsmif Investments Luxembourg Sàrl), 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.