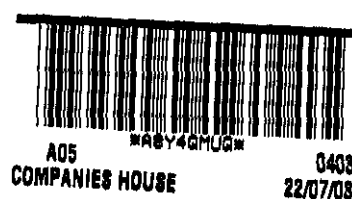


NORTH WILTSHIRE SCHOOLS LIMITED

(REGISTERED NUMBER 3930300)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2002



NORTH WILTSHIRE SCHOOLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors submit their report and the audited financial statements of the company and the group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a parent company with a single subsidiary, White Horse Education Partnership Limited ("WHEP").

WHEP is engaged under a 30 year contract signed on 27 October 2000 for the provision of design, construction and management services including related financing arrangements for three senior schools (Abbeyfield School, Malmesbury Upper School and Wootton Bassett School in Wiltshire).

The company also provided interim management services to the old schools prior to the transfer of the pupils to the new facilities. All three schools were opened on schedule, with the final school opening on 11 March 2002.

The consolidated profit and loss account is set out on page 4.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividend is proposed. The amount transferred to reserves is set out in the profit and loss account on page 4.

DIRECTORS

The directors of the company during the year ended 31 December 2002 and subsequently were:

S R Brown	Resigned 22 July 2002	Reappointed 5 October 2002
B R J Clarke		Appointed 22 July 2002
N C Dawson		Appointed 13 December 2002
C W O'Neil		Appointed 22 July 2002
G Becher	Resigned 22 July 2002	
J Lucken	Resigned 5 October 2002	
K D Reid	Resigned 13 December 2002	

DIRECTORS' INTERESTS IN SHARES

The directors have no interests in the share capital of the company according to the register maintained by the company under Section 325 of the Companies Act 1985.

NORTH WILTSHIRE SCHOOLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 21 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

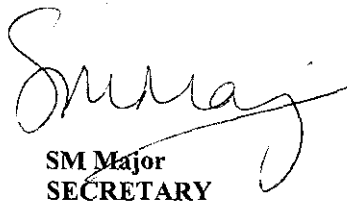
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the company and the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, with the exception of the adoption of new accounting standards in the year as explained on page 9 under note 1, "Accounting policies". They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



SM Major
SECRETARY

30 May 2003

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF NORTH WILTSHIRE SCHOOLS LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 of the state of affairs of the company and the group at 31 December 2002 and the profit and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Birmingham

30 May 2003

NORTH WILTSHIRE SCHOOLS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> <u>£'000</u>	<u>2001</u> <u>£'000</u>
TURNOVER	1	1,451	688
Operating costs		(806)	(448)
Administrative Expenses		<u>(168)</u>	<u>(22)</u>
OPERATING PROFIT	3	477	218
Interest payable and similar charges	4	(2,676)	(328)
Interest receivable and similar income	4	<u>2,497</u>	<u>304</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		298	194
Taxation on profit on ordinary activities	5	(121)	(58)
RETAINED PROFIT FOR THE FINANCIAL YEAR	11	<u>177</u>	<u>136</u>

The group has been engaged solely in continuing activities in a single class of business within the United Kingdom during the period.

There is no difference between the profit for the period as shown in the result and loss account and its historic cost equivalent.

The group has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been reported.

The movement on reserves is shown in note 11 to the financial statements.

NORTH WILTSHIRE SCHOOLS LIMITED

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> <u>£'000</u>	<u>2001</u> <u>£'000</u>
TANGIBLE FIXED ASSETS	6	-	23,372
CURRENT ASSETS			
Debtors (amounts falling due within one year)	7	731	767
Debtors (amounts falling due in more than one year)	7	35,769	11,626
Cash at bank and in hand		<u>2,295</u>	<u>97</u>
		38,795	12,490
CREDITORS (amounts falling due within one year)	8	<u>(1,149)</u>	<u>(1,331)</u>
NET CURRENT ASSETS		37,646	11,159
CREDITORS (amounts falling due in more than one year)	8	<u>(37,104)</u>	<u>(34,345)</u>
		542	186
Provision for liabilities and charges	9	<u>(179)</u>	<u>-</u>
NET ASSETS		<u>363</u>	<u>186</u>
CAPITAL AND RESERVES			
Equity share capital	10	50	50
Profit and loss account	11	313	136
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>363</u>	<u>186</u>

The financial statements on pages 4 to 16 were approved by the Board on 30 May 2003 and were signed on its behalf by:



S R Brown

DIRECTOR

NORTH WILTSHIRE SCHOOLS LIMITED

COMPANY BALANCE SHEET AT 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> £'000	<u>2001</u> £'000
FIXED ASSETS			
Investments	6	2,189	1,937
CREDITORS (amounts falling due in more than one year)			
	8	(2,139)	(1,887)
NET ASSETS			
		<u>50</u>	<u>50</u>
EQUITY CAPITAL AND RESERVES			
Equity share capital	10	50	50
Profit and loss account	11	-	-
TOTAL EQUITY SHAREHOLDERS' FUNDS			
		<u>50</u>	<u>50</u>

The financial statements on pages 4 to 16 were approved by the Board on 30 May 2003 and were signed on its behalf by:



S R Brown

DIRECTOR

NORTH WILTSHIRE SCHOOLS LIMITED

RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2002

Group	<u>2002</u> £'000	<u>2001</u> £'000
Profit for the financial year	<u>177</u>	<u>136</u>
Net increase in shareholders' funds	177	136
Opening equity shareholders' funds	<u>186</u>	<u>50</u>
Closing equity shareholders' funds	<u>363</u>	<u>186</u>

NORTH WILTSHIRE SCHOOLS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£'000	£'000
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	2	4,714	(166)
Returns on investment and servicing of finance			
Interest paid		(2,679)	(1,729)
Interest received		88	11
		<u>(2,591)</u>	<u>(1,718)</u>
Capital expenditure			
Payments to acquire tangible fixed assets		(2,864)	(24,543)
Financing			
Issue of shares		-	-
Net increase in borrowings		2,939	26,100
		<u>2,939</u>	<u>26,100</u>
INCREASE / (DECREASE) IN CASH		<u>2,198</u>	<u>(327)</u>

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£'000	£'000
Increase/(decrease) in cash		2,198	(327)
Increase in bank borrowings		(2,939)	(24,300)
Increase in other loans		-	-
Movement in net debt in the period		<u>(741)</u>	<u>(26,427)</u>
Other non cash changes		(27)	(37)
Net debt at 1 January 2002		<u>(34,521)</u>	<u>(8,057)</u>
Net debt at 31 December 2002	13	<u>(35,289)</u>	<u>(34,521)</u>

NORTH WILTSHIRE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

1 ACCOUNTING POLICIES

A summary of the principal accounting policies of the company and the group is set out below, together with an explanation of any changes that have been made to previous policies due to the adoption of new accounting standards in the year.

The requirements of Financial Reporting Standard 19 'Deferred Tax' have been implemented in the current year. The adoption of this standard represents a change in accounting policy but no restatement of the prior period figures was required.

(1) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting and financial reporting standards. Narrative disclosures of values in the accounts are shown as round £'000.

(2) Basis of consolidation

The consolidated financial statements include the accounts of the company and its subsidiary undertaking ("Group undertaking").

Intra-group sales and profits are eliminated on consolidation.

(3) Turnover

Turnover represents the amount receivable, excluding value added tax, for goods, services supplied and fee income from contracts. All turnover originates in the United Kingdom.

The company and the group recognises income when it has fully fulfilled its contractual obligations for which the payment was receivable.

(4) Deferred taxation

Following the introduction of FRS 19, provision is made for deferred tax in so far as a liability or asset arose as a result of transactions that had occurred by the balance sheet date and gave rise to an obligation to pay more tax in the future or a right to pay less tax in the future. An asset is only recognised to the extent that the transfer of economic benefits in the future is certain. Deferred tax assets and liabilities recognised have not been discounted.

(5) Leased assets

Payments under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

(6) Tangible fixed assets

Assets in the course of construction are valued at the aggregate of directly attributable construction and other costs incurred and the capitalised finance costs, which are directly attributable to the construction of tangible fixed assets. Finance costs are capitalised on a gross basis before the deduction of any tax relief.

No depreciation is charged on assets in the course of construction.

NORTH WILTSHIRE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(7) Contract debtor

As each individual school was certified as available for use in 2001 and 2002, features of the contract were analysed to establish how much of the relevant tangible fixed asset will be remunerated over the remaining contract term.

Accordingly, this value has been transferred to contract debtors in line with Financial Reporting Standard Number 5 Application Note F – Private Finance Initiative and Similar Contracts. During this operational phase, the accounts receivable are treated as a long term contract debtor with a constant proportion of the planned net revenue arising from the project being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract 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 contract debtor is expected to be fully repaid.

(8) Investments

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

2 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Operating profit	477	218
Decrease in contract debtor	4,802	251
Decrease/(increase) in debtors	18	(89)
(Decrease) in creditors	(583)	(546)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	4,714	(166)

3 OPERATING PROFIT

The group had no employees during the period other than the directors. No remuneration was paid to the directors in respect of their services to the group.

The audit fee in respect of the group was £6,000 (2001: £7,000) and for the company £2,000 (2001 £2,000). The auditors also received remuneration for other services to the group totalling £4,000 (2001: £nil) and for the company £nil (2001: £nil). All of these costs have been borne by the subsidiary.

NORTH WILTSHIRE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

4 NET INTEREST PAYABLE AND SIMILAR CHARGES

Group	<u>2002</u> £'000	<u>2001</u> £'000
Interest payable on term loans	2,679	1,700
Interest payable on loan stock	252	87
Amortisation of debt issue costs	27	37
Less interest capitalised in the course of construction (note 5)	(282)	(1,496)
Interest payable and similar charges	<u>2,676</u>	<u>328</u>
Bank interest receivable	(88)	(11)
Imputed interest on contract debtor	(2,409)	(293)
Interest receivable and similar income	<u>(2,497)</u>	<u>(304)</u>
Net interest payable	<u>179</u>	<u>24</u>

Interest has been capitalised at the weighted average rate of 7.9% (2001: 7.4%).

Interest is imputed on the contract debtor using the property specific rate of 7.4% (2001: 7.4%).

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Group	<u>2002</u> £'000	<u>2001</u> £'000
a) Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	-	58
Adjustments in respect of previous periods	(58)	-
Total current tax	<u>(58)</u>	<u>58</u>
Deferred tax		
Origination and reversal of timing differences	179	-
Tax on profit on ordinary activities	<u>121</u>	<u>58</u>

The tax for the period is lower than (2001: the same as) the standard rate of corporation tax in the UK (30%).
The differences are explained below.

b) Factors affecting tax charge for the period

Profit on ordinary activities before tax	<u>298</u>	<u>194</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30%	89	58
Effects of:		
Remuneration of Contract Debtor less Capital Allowances and imputed interest for the period (restricted)	(89)	-
Current tax charge for the period	<u>-</u>	<u>58</u>

NORTH WILTSHIRE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

c) Factors that may affect future tax charges

The group has incurred significant expenditure in the construction of the facility on which it has claimed tax relief through capital allowances and claims for interest and loan related expenditure during the construction period. It has used these claims to offset its current liabilities and retains tax losses to offset liabilities in future years.

As amounts are recovered to remunerate these costs they will be brought into current taxation in the year in which they are received.

As a result of these claims there exist significant timing differences, which are expected to reverse over the concession period.

6 FIXED ASSETS

Group

	£'000
<u>Assets in the course of construction</u>	
Cost and net book value at 1 January 2002	23,372
Additions during the period	2,864
Capitalised interest costs	282
Transfer to contract debtor	(26,518)
Cost and net book value at 31 December 2002	-

Company

	Share in subsidiary £'000	Loan share £'000	Total £'000
Cost at 1 January 2002	50	1,887	1,937
Loan stock subscribed for in the year	-	252	252
Cost at 31 December 2002	50	2,139	2,189

The company owns 100% of the issued share capital (£50,000) of White Horse Education Partnership Limited (WHEP), which is registered in the United Kingdom.

The company has subscribed for £2,139,000 14% coupon cumulative subordinated loan stock in WHEP. The loan stock consists of £1,800,000, the original issue and a further issue of £252,000 in the current year (2001: £87,000) in lieu of unpaid interest. North Wiltshire Schools Limited has in turn issued corresponding loan stock to its shareholders in proportion to their shareholdings.

NORTH WILTSHIRE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

7 DEBTORS

	<u>2002</u>		<u>2001</u>	
	<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Other debtors and prepayments	-	515	-	262
VAT	-	-	-	271
Contract debtor	-	216	-	234
	<u>-</u>	<u>731</u>	<u>-</u>	<u>767</u>
Amounts falling due in more than one year				
Contract debtor	<u>-</u>	<u>35,769</u>	<u>-</u>	<u>11,626</u>

8 CREDITORS

	<u>2002</u>		<u>2001</u>	
	<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	-	188	-	171
Bank borrowings	-	819	-	360
Corporation tax	-	-	-	58
Accruals and deferred income	-	142	-	742
	<u>-</u>	<u>1,149</u>	<u>-</u>	<u>1,331</u>
Amounts falling due in more than one year:				
Bank borrowings	-	35,220	-	32,740
Less: unamortised issue costs	-	(255)	-	(282)
	<u>-</u>	<u>34,965</u>	<u>-</u>	<u>32,458</u>
Loan stock	2,139	2,139	1,887	1,887
	<u>2,139</u>	<u>37,104</u>	<u>1,887</u>	<u>34,345</u>

Bank borrowings relate to senior loan facilities granted by a group of banks led by Dresdner Bank AG. The senior facilities are for a total value of £36,400,000 (2001: £36,400,000) and have been fully utilised.

The group also has an additional junior loan facility of £1,800,000 (2001: £1,800,000) which has been fully utilised in 2002 (2001: £nil). A working capital facility of £100,000 has been granted by Dresdner Bank AG which has not been utilised as at 31 December 2002. Loan issue costs have been offset against bank borrowings and are amortised over the period of the loan in accordance with the provisions of Financial Reporting Standard Number 4.

NORTH WILTSHIRE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

8 CREDITORS (CONTINUED)

The senior loan facility consists of three separate facilities; £1,800,000 which was repaid in 2001, £4,500,000 which is repayable in 2005 and £30,100,000 which is repayable in fifty six-monthly instalments. As at the 31 December 2002 the total amount outstanding on the facility is £34,239,000 (2001: £33,100,000). Interest is charged on amounts drawn under the facilities based on the floating LIBOR rates.

The junior loan facility is repayable in twenty eight six-monthly instalments commencing in 2007. Interest is also charged on amounts drawn under this facility based on the floating LIBOR rate.

The group has entered into swap arrangements with Dresdner Bank AG in order to fix the base interest rate (LIBOR) of 6.33% applied to draw downs on the facilities to 2026 totalling £36,152,000.

The term loans and working capital facilities are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

The group issued £252,000 (2001: £87,000) of 14% coupon cumulative subordinated loan stock in lieu of unpaid interest.

MATURITY OF BANK DEBT

	<u>2002</u>	<u>2001</u>
	£'000	£'000
Group		
In one year or less	819	360
In more than one year, but not more than two years	825	819
In more than two years but not more than five years	7,578	7,156
In more than five years	26,817	24,765
	<u>36,039</u>	<u>33,100</u>

9 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>2002</u>	<u>2001</u>
	£'000	£'000
Provision for deferred tax		
Accelerated capital allowances and accelerated finance costs	179	-
Provision for deferred tax	179	-
Provision at 1 January 2002	-	-
Deferred tax charge in profit and loss account for the period (note 5)	179	-
Provision at 31 December 2002	<u>179</u>	-

NORTH WILTSHIRE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

10 CALLED UP SHARE CAPITAL

	<u>2002</u>	<u>2001</u>
	£	£
Authorised allotted and issued:		
25,000 'A' Ordinary shares of £1 each	25,000	25,000
25,000 'B' Ordinary shares of £1 each	25,000	25,000
	<u>50,000</u>	<u>50,000</u>

Each category of shares ranks equally.

11 PROFIT AND LOSS ACCOUNT

	<u>2002</u>
	Group
	£'000
At 1 January 2002	136
Retained profit for the financial year	177
At 31 December 2002	<u>313</u>

As permitted by Section 230 of the Companies Act 1985 the company has not presented its own profit and loss account. The result of North Wiltshire Schools Limited for the period was £nil (2001: £nil) which was also the total of the recognised gains and losses for the period.

12 OBLIGATIONS UNDER LEASES

The group has entered into operating leases and has annual commitments under leases for land and buildings of £1(2001: £1) expiring after five years.

13 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2002	Cash flows	Other non cash changes	At 31 December 2002
	£'000	£'000	£'000	£'000
Cash at bank and in hand	97	2,198	-	2,295
Other debt – loan stock	(1,800)	-	-	(1,800)
Bank borrowings	(32,818)	(2,939)	(27)	(35,784)
	<u>(34,521)</u>	<u>(741)</u>	<u>(27)</u>	<u>(35,289)</u>

NORTH WILTSHIRE SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002 (CONTINUED)

14 COMMITMENTS

Under the terms of a contract dated 27 October 2000 with Bilfinger Berger UK Limited (formerly Bilfinger + Berger UK Limited), a company related to Bilfinger Berger BOT Limited, the group is committed to payments totalling £34,367,000 in respect of design and construction services to be provided in the period to 31 December 2002. Payments are made as the design and construction work progresses. Payments in the year ended 31 December 2002 were £3,434,000 (2001: £24,235,000)

Under the terms of an operating agreement dated 27 October 2000 with Group 4 Falck Global Solutions UK Limited, a company related to Group 4 Falck Joint Ventures Limited, the group is committed to pay fixed and variable fees to Group 4 Falck Global Solutions UK Limited based on the availability of the schools. Payments in the year ended 31 December 2002 were £746,000 (2001: £488,000) and continue for the contract term.

Under the terms of a contract with Group 4 Falck Global Solutions UK Limited dated 27 October 2000, the group is committed to payments totalling £8,843,000 in respect of the capital replacement of life expired equipment over the contract term.

15 RELATED PARTY DISCLOSURES

In addition to contractual commitments set out in note 14 above, Group 4 Falck Global Solutions Limited provided administrative and technical services to the group during the period at a cost of £7,000 (2001: £7,000). Similar services were also provided by Group 4 Falck Global Solutions Limited, a company related to Group 4 Falck Global Solutions UK Limited at a cost of £7,000 (2001: £nil).

Similar services were also provided by Bilfinger Berger BOT Limited at a cost of £20,000 (2001: £6,000).

At the year end there was £6,000 (2001: £697,000) payable to Bilfinger Berger UK Limited, £nil (2001: £1,000) payable to Bilfinger Berger BOT Limited and £78,000 (2001: £174,000) payable to Group 4 Falck Global Solutions UK Limited by the group.

16 PARENT UNDERTAKINGS

Fifty percent of the shares of the company are held by Bilfinger Berger BOT Limited, with the remaining fifty percent held by Group 4 Falck Joint Ventures Limited. Both shareholders are companies incorporated in the United Kingdom.