

Company Registration No. 3381546 (England and Wales)

INHEALTH FACILITIES MANAGEMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

TUESDAY



LO361ZAS

LD3

29/04/2008

393

COMPANIES HOUSE

INHEALTH FACILITIES MANAGEMENT LIMITED

COMPANY INFORMATION

Directors

J I Bartlett
L J Ballinger-Finch
A Gibson
P Whitecross

Secretary

B R Ally

Company number

3381546

Registered office

Beechwood Hall
Kingsmead Road
High Wycombe
Buckinghamshire
HP11 1JL

Auditors

KPMG LLP
8 Salisbury Square
London
United Kingdom
EC4Y 8BB

Bankers

Bank of Scotland
Corporate Banking
110 Queen Street
Glasgow
G1 3BY

INHEALTH FACILITIES MANAGEMENT LIMITED

CONTENTS

	Page
Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and financial statements	2
Independent auditors' report to the members of InHealth Facilities Management Limited	3
Profit and loss account	5
Balance sheet	6
Statement of Total Recognised Gains and Losses	7
Reconciliation in Movements on Shareholders' Funds	8
Notes to the financial statements	9

INHEALTH FACILITIES MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The directors present their directors' report and the financial statements for the year ended 30 September 2006. The comparative figures shown are for the 6 month period ended 30 September 2005.

Principal activities and review of the business

The principal activities of the company are to provide soft facilities management at St David's Hospital in Cardiff. This contract ceased on 13 December 2005. The company has ceased trading after the contract ceased.

Results and dividends

The results of the company's activities can be found on page 5 of the financial statements.

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

L. J. Ballinger-Finch (Appointed 19 July 2007)

J. Bartlett (Resigned 20 June 2007)

A. Gibson

P. Whitecross

None of the directors who held office at the beginning and end of the financial year had any disclosable interest in the shares of the company.

According to the register of the directors' interests, no rights to subscribe for shares in or debentures of the Company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



P. Whitecross
Director

Beechwood Hall
Kingsmead Road
High Wycombe
Buckinghamshire
HP11 1JL

28 April 2008

INHEALTH FACILITIES MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2006

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 and loss for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.



KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INHEALTH FACILITIES MANAGEMENT LIMITED

We have audited the financial statements of InHealth Facilities Management Limited for the year ended 30 September 2006 which comprise of the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INHEALTH FACILITIES MANAGEMENT LIMITED (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of the loss 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

KPMG LLP

KPMG LLP

*Chartered Accountants
Registered Auditor*

28 April, 2008

INHEALTH FACILITIES MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2006

		Year ended 30 September 2006	6 month period ended 30 September 2005
	Notes	£	£
Turnover	2	315,263	702,499
Cost of sales		(383,705)	(708,688)
Gross loss		(68,442)	(6,189)
Administrative expenses		(53,678)	19,694
Operating (loss)/profit		(122,120)	13,505
Interest receivable and similar income	5	243	258
Interest payable and similar charges	6	(27,952)	(20,696)
Loss on ordinary activities before taxation	3	(149,829)	(6,933)
Tax on loss on ordinary activities	7	15,479	8,324
(Loss)/profit on ordinary activities after taxation	15	(134,350)	1,391

A note on historical cost gains and losses has not been included as part of these financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

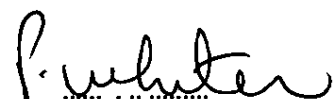
The turnover and operating result for the current and preceding period derive from discontinued operations

INHEALTH FACILITIES MANAGEMENT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2006

	Notes	30 September 2006		30 September 2005	
		£	£	£	£
Fixed assets					
Tangible assets	8		-		181,358
Current assets					
Stocks	9		-		5,439
Debtors	10	1,825,000		2,202,476	
		<u>1,825,000</u>		<u>2,207,915</u>	
Creditors amounts falling due within one year	11	(224,208)		(708,579)	
Net current assets			<u>1,600,792</u>		<u>1,499,336</u>
Total assets less current liabilities			<u>1,600,792</u>		<u>1,680,694</u>
Provisions for liabilities and charges	12		-		(21,552)
Net assets excluding pension liabilities			<u>1,600,792</u>		<u>1,659,142</u>
Pension liability	13		(407,000)		(280,665)
Net assets including pension liabilities			<u><u>1,193,792</u></u>		<u><u>1,378,477</u></u>
Capital and reserves					
Called up share capital	14		500,490		500,490
Profit and loss account	15		693,302		877,987
Shareholders' funds			<u><u>1,193,792</u></u>		<u><u>1,378,477</u></u>

The financial statements were approved by the board of directors on 28 April 2008 and were signed in its behalf by



P Whitecross
Director

INHEALTH FACILITIES MANAGEMENT LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Year ended 30 September 2006	6 month period ended 30 September 2005
	£	£
(Loss)/profit for the financial year	(134,350)	1,391
Losses associated with defined benefit pension schemes (<i>see note 13</i>)		
Actuarial loss	(22,000)	(158,000)
Deferred tax on origination and reversal of timing differences	(28,335)	30,900
Total Recognised gains and losses relating to the year	(184,685)	(125,709)
Prior period adjustment (<i>as explained in note 1</i>)	-	208,565
Total gains and losses recognised since last annual report	(184,685)	82,856

INHEALTH FACILITIES MANAGEMENT LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AS AT 30 SEPTEMBER 2006

	Year ended 30 September 2006 £	6 month period ended 30 September 2005 £
(Loss)/profit or the financial year	(134,350)	1,391
Recognised gain / (losses) relating to the pension liability	(50,335)	(127,100)
	<hr/>	<hr/>
Net reduction in shareholders' funds	(184,685)	(125,709)
	<hr/>	<hr/>
Opening shareholders' funds	1,378,477	1,504,186
	<hr/>	<hr/>
Closing shareholders' funds	1,193,792	1,378,477
	<hr/>	<hr/>

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- the presentation requirements of FRS 25 'Financial Instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

FRS 21 'Events after the balance sheet date' and FRS 25 'Financial Instruments presentation and disclosure' have had no material effect on the financial statements

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 'Cash Flow Statements', the company is exempt from the requirements to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

1.2 Related party transactions

As the company is a wholly owned subsidiary of the group headed by InHealth Group Holdings PLC, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related Party Transactions' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of InHealth Group Holdings PLC, within which this company is included, can be obtained from the address given in note 17

1.3 Prior year adjustment

The group adopted the recognition and measurement requirements of FRS 17 'Retirement benefits' for the first time in the financial year ended 30 September 2005

Under the recognition and measurement requirements of FRS 17 a company must include the deficit of the defined benefit pension scheme on the balance sheet. Movements on this liability are shown through the profit and loss account and the statement of total recognized gains and losses

The group has consistently applied FRS 17 in the financial year ended 30 September 2006

1.4 Turnover

Turnover represents amounts charged in respect of the provision of soft facilities management services (excluding value added tax) to St David's Hospital in Cardiff. Turnover is recognised on provision of the services

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures and fittings	over 3 years
Catering and office equipment	over 6 - 9 years

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

1. Accounting policies (*continued*)

1.7 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company and comprise a unitised with-profits policy held with Norwich Union. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Pension scheme assets are measured using market values. For quoted securities the mid-market price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Costs of defined contribution schemes are charged to the profit and loss account at the time the related pensionable pay is charged. The assets of the scheme are held separately from those of the company.

1.8 Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 'Deferred Taxation'.

2. Turnover

The whole of the turnover is attributable to the principle activity of the company and arose in the United Kingdom.

3. Notes to the profit and loss account

	Year ended 30 September 2006	6 month period ended 30 September 2005
Loss on ordinary activities before taxation is stated after charging	£	£
Auditors' remuneration		
Audit	5,244	1,500
Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information required instead to be disclosed on a consolidation basis in the consolidated financial statements of the company's intermediate parent, InHealth Group Holdings PLC		
Depreciation of tangible assets	5,108	15,323
Loss on disposal of tangible assets	12,229	-

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

4. Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows

	Year ended 30 September 2006	6 month period ended 30 September 2005
	Number of employees	
Catering and cleaning	11	45
Administration	-	2
	<u>11</u>	<u>47</u>

Staff costs, including directors' remuneration, was as follows

	Year ended 30 September 2006	6 month period ended 30 September 2005
	£	£
Wages and salaries	165,981	404,247
Social security costs	7,845	28,974
Pension costs (see note 13)	9,292	22,253
	<u>183,118</u>	<u>455,474</u>

The directors received no remuneration for their services to the company during the year (6 months ended 30 September 2005 £nil)

5 Interest receivable and similar income

	Year ended 30 September 2006	6 month period ended 30 September 2005
	£	£
Bank interest	<u>243</u>	<u>258</u>

6. Interest payable and similar charges

	Year ended 30 September 2006	6 month period ended 30 September 2005
	£	£
Bank overdrafts	19,952	18,696
Interest adjustment on pension provision (see note 13)	8,000	2,000
	<u>27,952</u>	<u>20,696</u>

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

7 Taxation

	Year ended 30 September 2006	6 month period ended 30 September 2005
	£	£
<i>Analysis of charge in the year</i>		
<i>UK corporation tax</i>		
Adjustment in respect of previous period	6,073	(10,424)
Current tax on result for the year	-	-
Total current tax	-	(10,424)
Deferred tax (see note 12)	(21,552)	2,100
Tax on loss on ordinary activities	(15,479)	(8,324)

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (6 months ended 30 September 2005 lower) than the standard rate of corporation tax in the UK 30% (6 months ended 30 September 2005 30%) The difference is explained below

	Year ended 30 September 2006	6 month period ended 30 September 2005
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(149,829)	(6,933)
Current tax at 30% (September 2005 30%)	(44,949)	(2,080)
Effects of		
Net expenditure not deductible/(income not taxable) for tax purposes	24,137	(16,500)
Capital Allowances for the period lower than/(in excess of) depreciation	21,552	(1,367)
Losses (claimed)/surrendered as group relief	(5,454)	10,255
Losses carried back to prior periods	-	9,692
Movement in deferred tax asset not provided	4,714	-
Adjustment in respect of previous period	6,073	(10,424)
Total current tax charge (see above)	6,073	(10,424)

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

8 Tangible fixed assets

	Fixtures and fitting £	Catering and office equipment £	Total £
Cost			
At beginning of year	261,211	26,345	287,556
Disposals	(261,211)	(26,345)	(287,556)
At year end	-	-	-
Depreciation			
At beginning of year	99,586	6,612	106,198
Charge for the year	4,404	704	5,108
Elimination on Disposals	(103,990)	(7,316)	(111,306)
At end of year	-	-	-
Net book value			
At 30 September 2006	-	-	-
At 30 September 2005	161,625	19,733	181,358

9 Stock and work in progress

	30 September 2006 £	30 September 2005 £
Finished goods and goods for resale	-	5,439

10 Debtors

	30 September 2006 £	30 September 2005 £
Trade debtors	-	130,395
Amounts owed by group undertakings	1,825,000	1,911,525
Other debtors	-	53,056
Accrued income	-	107,500
	1,825,000	2,202,476

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

11. Creditors' amounts falling due within one year

	30 September 2006	30 September 2005
	£	£
Bank overdrafts (secured)	224,208	577,192
Trade creditors	-	31,504
Taxation and social security	-	54,382
Other creditors and accruals	-	45,501
	<u>224,208</u>	<u>708,579</u>

The bank loans and overdrafts are secured by fixed and floating charges over the group and all property and assets, present and future, including goodwill, book debts, uncalled capital, building, fixtures and fixed plant and machinery

12 Provisions for liabilities and charges

	Deferred tax liability
	£
At beginning of year	21,552
Credit to profit and loss account (<i>see note 13</i>)	(21,552)
At end of year	<u>-</u>

The deferred tax liability is made up as follows

	30 September 2006	30 September 2005
	£	£
Accelerated capital allowances	-	21,359
Other timing differences	-	193
	<u>-</u>	<u>21,552</u>

The company has an unrecognised deferred tax asset of £4,714 (2005 *£nil*) The deferred tax asset has not been recognised as a result of uncertainty over the timing of future profitability and has arisen as follows

	30 September 2006	30 September 2005
	£	£
Unutilised non-trading losses carried forward	4,714	-
	<u>4,714</u>	<u>-</u>

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

13 Pensions

InHealth Facilities Management operates both defined contribution and defined benefit pension schemes

The pension cost for the defined contribution scheme for the year ended 30 September 2006, which represents contributions payable by the company amounted to £9,292 (2005 £22,253)

There were no outstanding or prepaid contributions at either beginning or end of the financial year

Contributions to the defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by an independent qualified actuary using the projected unit method. The most recent valuation was at 30 September 2006

A full actuarial valuation of the scheme was carried out as at 30 September 2006 by a qualified independent actuary. The results of the actuarial valuation have shown the scheme to be in deficit by £407,000 at 30 September 2006

The most recent actuarial valuation showed that the market value of the scheme's assets was £1,101,000 at 30 September 2006 and the assets of the scheme comprise a unitised with-profits policy held with Norwich Union

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions

The major assumptions used by the actuary were (in normal terms)

	Valuation at 30 September 2006	Valuation at 30 September 2005
Investment return	5.50% pa	5.75% pa
Pensionable salary growth	4.60% pa	3.25% pa
Pension escalation in payment	5.00% pa	5.00% pa
Discount rate	5.10% pa	5.00% pa
Inflation	3.10% pa	2.80% pa

The assets in the Scheme and the expected rate of return were

	Expected return for 2005/06	Value at 30 September 2006 £	Expected return for 2004/05	Value at 30 September 2005 £
Unitised with profits policy	5.50%	1,101,000*	5.75%	1,066,000*
Total market value of assets		1,101,000		1,066,000
Present value Scheme liabilities		(1,508,000)		(1,375,000)
Deficit in the Scheme		(407,000)		(309,000)
Related deferred tax asset		-		28,335
Net pension liability		(407,000)		(280,665)

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2006

13 Pension Scheme (*continued*)

* includes net current assets due for investment of £35,000 as at 30 September 2006 and £12,000 as at 30 September 2005

Analysis of other pension costs charged in arriving at operating loss

	For the year ended 30 September 2006 £	For the year ended 30 September 2005 £
Current service cost	(133,000)	(71,000)
Past service cost	(57,000)	-
Total operating charge	(190,000)	(71,000)

The projected unit valuation method has been used to arrive at the above service cost. The use of this method is prescribed in FRS17. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to a flow of new entrants to the scheme. If a scheme is closed to new members this will not be the case and the costs of benefits accruing, as a percentage of pensionable salaries, will be expected to increase over time.

Analysis of the amount credited to other finance income

	2006 £	2005 £
Expected return on pension Scheme assets	59,000	30,000
Interest on pension Scheme liabilities	(67,000)	(32,000)
Net return	(8,000)	(2,000)

Analysis of the amount recognised in the statement of total recognised gains and losses

	2006 £	2005 £
Experience gains and losses arising on the Scheme liabilities		
Actual return less expected return on pension Scheme assets	45,000	(20,000)
Experience gains and losses arising on the Scheme liabilities	19,000	6,000
Changes in assumptions underlying the present value of the Scheme liabilities	(86,000)	(144,000)
Actuarial loss recognised in statement of recognised gains and losses	(22,000)	(158,000)

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

13 Pensions (*continued*)

Movement in the present value of defined benefit obligation

	2006 £	2005 £
Deficit in Scheme at the beginning of the year	(309,000)	(206,000)
<i>Movement in year</i>		
Current service cost	(133,000)	(71,000)
Contributions paid by the employer	122,000	128,000
Past service costs	(57,000)	-
Other finance income	(8,000)	(2,000)
Actuarial loss	(22,000)	(158,000)
Deficit in Scheme at the end of the year	(407,000)	(309,000)

Over the year to 30 September 2006 the employer contributed £114,000. The cost of insuring the death in service benefits was paid in addition to this amount.

History of experience gains and losses

	For the year ended 30 September 2006	For the 6 months to 30 September 2005	For the 15 months to 31 March 2005	For the year ended 31 December 2003	For the year ended 31 December 2002
Difference between the expected and actual return on Scheme assets					
Amount (£)	45,000	(20,000)	58,000	(4,000)	(42,000)
Percentage of Scheme assets	4%	-2%	6%	-1%	-11%
Experience gains and losses on Scheme liabilities					
Amount (£)	19,000	6,000	32,000	25,000	(4,000)
Percentage of present value of Scheme liabilities	1%	<1%	3%	3%	-1%
Total amount recognised in the Statement of recognised gains and losses					
Amount (£)	(22,000)	(158,000)	104,000	(106,000)	(101,000)
Percentage of present value of Scheme liabilities	-1%	-11%	9%	-12%	-18%

INHEALTH FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

14 Called up share capital

	2006 £	2005 £
Authorised		
800,000 Ordinary shares of £1 each	800,000	800,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
500,490 Ordinary shares of £1 each	500,490	500,490
	<hr/>	<hr/>

15 Reserves

		Profit and loss account £
At beginning of year		877,987
Profit for the year		(134,350)
Actuarial loss		(22,000)
Deferred tax arising on losses in the pension scheme		(28,335)
		<hr/>
At end of year		693,302
		<hr/>
	2006 £	2005 £
Profit and loss reserve excluding pension liability	1,100,302	1,158,652
Pension liability	(407,000)	(280,665)
	<hr/>	<hr/>
Profit and loss reserve including pension liability	693,302	877,987
	<hr/>	<hr/>

16 Contingent liabilities

The company has entered together with its group undertakings into a cross guarantee agreement in connection with the borrowings of the group undertakings in favour of its bankers. The total borrowings of group undertakings who are part of this guarantee as at 30 September 2006 amounted to £5,014,168 (2005 £5,260,734)

17 Ultimate Parent Undertaking and Controlling Party

The company is a subsidiary of and controlled by the immediate parent company, InHealth Group Limited, a company registered in England and Wales. The largest group in which the results of this company are consolidated and which are publicly available is headed by InHealth Group Holdings PLC, a company incorporated in England and Wales. The ultimate parent undertaking is Pegasus Management (Holdings) SCA, ("Pegasus") a societe en commandite par actions, incorporated in Luxembourg. The consolidated financial statements of InHealth Group Holdings PLC are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.