

QUAYLE MUNRO LIMITED

APPENDIX 4

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22 September 2004

S Sanderson Esq
NHS Ayrshire & Arran
Crosshouse Hospital
Kilmarnock KA2 0BE

Dear Stuart

NEW MATERNITY UNIT – PROJECT AGREEMENT

As we are now approaching financial close, we have set out below the areas that we consider to have changed since we gave our opinion on the most appropriate accounting treatment for the Board.

The areas noted below are minor and do not impact upon our opinion that the new facility should be accounted for as “off balance sheet” for the Board.

The main differences can be summarised as follows:

Clause	Area	Comment
Schedule Part 18	Utilities	The changes were made to ensure that the agreement could be applied in practice.
36	Accidental damage	Finalisation of drafting, clarifying the risk allocation to that was expected.
16	Judicial review	Inclusion of detailed drafting concerning the risk of judicial review. Given the time that has already elapsed since the granting of planning permission without any challenges, the risk of judicial review is remote.
29.4/44	Termination	Finalisation of thresholds for breach.
35.2	Invoicing	Finalisation of drafting.

We would be happy to discuss the extent of these changes directly with Audit Scotland, if this is helpful.

Yours sincerely



Alan Ritchie

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