Kintra Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2013

Registered Number 3403304

Kintra Limited

Financial Statements

Year ended 31 December 2013

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Kintra Limited

Company Information

The board of directors	BIIF Corporate Services Limited Richard David Hoile
Company secretary	Infrastructure Managers Limited
Registered office	c/o Dundas & Wilson Northwest Wing Bush House Aldwych London WC2B 4EL
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Royal Bank of Scotland Plc PO Box 412 62/63 Threadneedle Street London EC2R 8LA

The directors present their report and the financial statements of the Company for the year ended 31 December 2013

Principal Activities and Business Review

The company was formed as a special purpose vehicle to provide Aneurin Bevan Health Board with serviced hospital facilities under an operating agreement signed 13 February 1998

Results and Dividends

The profit for the year, after taxation, amounted to £225,327 (2012 profit £190,102) Particulars of dividends paid are detailed in note 9 to the financial statements

The profit for the year will be transferred to reserves

The results for the year are in line with budget The Directors anticipate that the Company will perform in line with budget in the coming financial year

Key performance indicators

The performance of the Company from a cash perspective is assessed six monthly on a group basis by the testing of the covenants of the senior debt provider The company has been performing well and has been compliant with the covenants laid out in the Loan Agreement

Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 17 to the accounts

Directors

The directors who served the Company during the year and up to the date of this report are listed on page 1

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Kintra Limited

Directors' Report *(continued)*

Year ended 31 December 2013

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
c/o Dundas & Wilson
Northwest Wing Bush House
Aldwych
London
WC2B 4EL

Signed by order of the directors

Infrastructure Managers Limited
Company Secretary

Approved by the directors on 19 MAY 2014

Kintra Limited

Statement of Directors' Responsibilities

Year ended 31 December 2013

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 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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 year

In preparing those financial statements, the directors are required to·

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006 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

In so far as the directors are aware.

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Directors' responsibilities were approved by the board on 19 MAY 2014 and signed on its behalf by

Richard David Hoile

Kintra Limited

Independent Auditors' Report to the Members of Kintra Limited

Report on the Financial Statements

Our Opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say in the remainder of this report

What We Have Audited

The financial statements, which are prepared by Kintra Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account for the year then ended,
- the accounting policies, and
- the notes to the financial statements, which include other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

What an Audit of Financial Statements Involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Members of Kintra Limited *(continued)*

Other Matters on Which We are Required to Report by Exception

Adequacy of Accounting Records and Information and Explanations Received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's Members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Martin Cowie (Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

19 May 2014

Kintra Limited

Profit and Loss Account

Year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	**1,670,071**	1,625,930
Cost of sales		**(1,402,169)**	(1,361,466)
Gross Profit		**267,902**	264,464
Administrative expenses		**(61,918)**	(58,114)
Other operating income	3	**240,000**	240,000
Operating Profit	4	**445,984**	446,350
Interest receivable	6	**5,937**	9,827
Interest payable and similar charges	7	**(148,529)**	(174,964)
Profit on Ordinary Activities Before Taxation		**303,392**	281,213
Tax on profit on ordinary activities	8	**(78,065)**	(91,111)
Profit for the Financial Year		**225,327**	190,102

All of the activities of the Company are classed as continuing

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

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 9 to 17 form part of these financial statements.

Kintra Limited

Balance Sheet

As at 31 December 2013

	Note	2013 £	2012 £
Fixed Assets			
Tangible assets	10	**4,191,125**	4,566,905
Current Assets			
Debtors due within one year	11	**29,415**	8,574
Cash at bank		**1,286,307**	1,614,402
		1,315,722	1,622,976
Creditors: Amounts falling due within one year	13	**(1,527,132)**	(1,487,397)
Net Current (Liabilities)/Assets		**(211,410)**	135,579
Total Assets Less Current Liabilities		**3,979,715**	4,702,484
Creditors: Amounts falling due after more than one year	14	**(3,439,491)**	(3,989,584)
Provisions for Liabilities			
Deferred taxation	16	**(299,280)**	(370,283)
Net assets		**240,944**	342,617
Capital and Reserves			
Share capital	18	**10,000**	10,000
Profit and loss account	19	**230,944**	332,617
Equity Shareholders' Funds	20	**240,944**	342,617

These accounts on pages 7 to 17 were approved by the directors and authorised for issue on 19 May 2014, and are signed on their behalf by

Richard David Hoile

Company Registration Number 3403304

The notes on pages 9 to 17 form part of these financial statements.

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due

Cash flow statement

The Company is a wholly owned subsidiary of BIIF Holdco Limited and is included in the consolidated financial statements of BIIF Holdco Limited, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1

Turnover

The unitary charge is the turnover of the Company which is received from the provision of a PFI asset to the customer and is received over the life of the concession period

Fixed assets

Assets under construction are shown at cost In determining the relevant accounting treatment of the transactions, consideration is given to the provisions included in FRS 5 and HM Treasury guidance On the basis of this, fixed asset rather than finance lease accounting is considered to be the appropriate accounting treatment because the transaction results in the Company retaining substantially all the risks and rewards of ownership of the asset

Interest and other directly attributable finance costs in respect of loans for the purpose of constructing assets, are capitalised as part of the cost of constructing the buildings up to the date of practical completion Subsequent interest is charged to the profit and loss account

Depreciation

On completion of the project asset, depreciation is charged to the profit and loss account to write off the asset over its useful economic life at the following rate per annum

Leasehold Premises	-	4 00% straight line
Office Equipment	-	25 00% reducing balance
Office Furniture	-	25 00% reducing balance

1. Accounting policies *(continued)*

Deferred taxation

Deferred tax is fully provided on timing differences recognised by the balance sheet date when the Company has an obligation to pay more or less tax in the future as a result of these timing differences Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax)

Financial Instruments

The Company uses derivative financial instruments to manage exposures to fluctuations in interest rates Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest expense over the term of the contracts

Capital Instruments

Shares are included in shareholders' funds Other debt instruments, which contain an obligation to repay, are classified as liabilities In accordance with FRS 4 (Capital Instruments), the costs associated with the issue of capital instruments, other than shares, are charged to the Profit and Loss account over the life of the instrument, at a constant rate based on the carrying amount

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company An analysis of turnover is given below

	2013	2012
	£	£
United Kingdom	**1,670,071**	1,625,930

3. Other operating income

	2013	2012
	£	£
Other operating income	**240,000**	240,000

Other operating income consists of the amortisation of deferred income as outlined in note number 14

4. Operating profit

Operatıng profit ıs stated after chargıng

	2013	2012
	£	£
Depreciatıon of owned fixed assets	**375,780**	375,828
Audıtors' remuneratıon		
- as audıtor	**10,026**	8,000

5. Particulars of employees and directors

The Dırectors dıd not receıve any remuneratıon from the Company durıng the year (2012 £nıl) There were no employees ın the financıal year other than the dırectors (2012 nıl)

6. Interest receivable

	2013	2012
	£	£
Bank ınterest receıvable	**5,937**	9,827

7. Interest payable and similar charges

	2013	2012
	£	£
Interest payable on bank borrowıng	**133,629**	160,064
Amortısatıon of loan ıssue costs	**14,900**	14,900
	148,529	174,964

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013	2012
	£	£
Current tax		
In respect of the year		
UK Corporatıon tax based on the results for the year at 23 25% (2012 - 24 50%)	**149,068**	150,222
Total current tax	**149,068**	150,222
Deferred tax		
Orıgınatıon and reversal of tımıng dıfferences	**(71,003)**	(59,111)
Tax on profit on ordınary actıvıtıes	**78,065**	91,111

8. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23 25% (2012 - 24 50%)

	2013	2012
	£	£
Profit on ordinary activities before taxation	**303,392**	281,213
Profit on ordinary activities by rate of tax	**70,528**	68,890
Expenses not deductible for tax purposes	**52,149**	54,961
Capital allowances for year in excess of depreciation	**26,391**	26,371
Total current tax (note 8(a))	**149,068**	150,222

(c) Factors that may affect future tax charges

During the year, as a result of the reduction in the UK main corporation tax rate from 23% to 20% that was enacted on 17 July 2013 to take effect in two stages from 1 April 2014 (21%) and then from 1 April 2015 (20%), the relevant deferred tax balances have been re-measured at 20%

This change has reduced the deferred tax liability at the balance sheet date, and so has increased the profit in the year by £44,892

9. Dividends

Equity dividends

	2013	2012
	£	£
Paid during the year		
Dividend £32 70 per share (2012 £10 00)	**327,000**	100,000

Kintra Limited

Notes to the Financial Statements

Year ended 31 December 2013

10. Tangible fixed assets

	Leasehold Premises £	Office Equipment £	Office Furniture £	Total £
Cost				
At 1 January 2013 and 31 December 2013	**9,391,193**	**29,075**	**9,606**	**9,429,874**
Depreciation				
At 1 January 2013	**4,824,808**	**28,692**	**9,469**	**4,862,969**
Charge for the year	**375,652**	**96**	**32**	**375,780**
At 31 December 2013	**5,200,460**	**28,788**	**9,501**	**5,238,749**
Net Book Value				
At 31 December 2013	**4,190,733**	**287**	**105**	**4,191,125**
At 31 December 2012	4,566,385	383	137	4,566,905

The net book value of leasehold premises includes £58,996 (2012 £64,568) of directly attributable finance costs

11. Debtors

	2013 £	2012 £
Trade debtors	**22,899**	–
Prepayments and accrued income	**6,287**	8,574
Other prepayments and accrued income	**229**	–
	29,415	8,574

12. Cash at bank and in hand

Cash at bank and in hand at the year-end includes £694,813 (2012 £739,826) which is held in a sinking fund account Under the terms of the Operating Agreement and the bank loan agreement this account can only be used for capital expenditure to be incurred in maintaining the premises

13. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Trust capital contribution	**240,000**	240,000
Bank loans	**310,093**	304,345
Trade creditors	**140,912**	126,778
Amounts owed to group undertakings	**275,613**	276,784
Other taxation	**30,135**	30,227
Accruals and deferred income	**530,379**	509,263
	1,527,132	1,487,397

Amounts owed to group undertakings relate to group relief

14. Creditors: Amounts falling due after more than one year

	2013	2012
	£	£
Bank loans	**1,009,983**	1,320,076
Trust capital contribution	**2,429,508**	2,669,508
	3,439,491	3,989,584

The amount shown as bank loan is stated net of the arrangement fee of £183,767 (2012 £198,667), which is being amortised over the period of the loan in accordance with FRS25/26

The bank loan is secured by a bond and floating charge over all the assets, rights and undertakings of the Company It is repayable in variable quarterly instalments and has a final repayment date in April 2025

The interest rate on the bank loan is 8 25% per annum

Deferred income

	2013	2012
	£	£
Trust capital contribution		
Opening balance	2,909,508	3,149,508
Amortised during the year	(240,000)	(240,000)
Closing balance	2,669,508	2,909,508

An advance payment of service fees was received from Aneurin Bevan Health Board (formerly Gwent Healthcare NHS Trust) with the successful completion of the building contract on 14 February 2000 and the acceptance by the Trust that the Hospital met their output requirements It is company policy to release this balance to the profit and loss account on a straight line basis over the period of the arrangement

Kintra Limited

Notes to the Financial Statements

Year ended 31 December 2013

15. Creditors - capital instruments

Creditors include loans which is due for repayment as follows

	2013	2012
	£	£
Amounts repayable		
In one year or less or on demand	**310,093**	304,345
In more than one year but not more than two years	**195,127**	310,093
In more than two years but not more than five years	**239,335**	352,990
In more than five years	**575,521**	656,993
	1,320,076	1,624,421

16. Deferred taxation

The movement in the deferred taxation provision during the year was

	2013	2012
	£	£
Provision brought forward	**370,283**	429,394
Profit and loss account movement arising during the year	**(71,003)**	(59,111)
Provision carried forward	**299,280**	370,283

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2013	2012
	£	£
Excess of taxation allowances over depreciation on fixed assets	**299,280**	370,283
	299,280	370,283

17. Financial risk management objectives and policies

Due to the nature of the Company's business, the only financial risks the directors consider relevant to this Company is credit, cash flow, interest rate and liquidity risk The credit and cash flow risks are not considered significant as the client is a quasi governmental organisation

Interest rate risk

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions The Company uses interest rate swaps to reduce its exposure to interest rate movements Financial instruments are not used for speculative purposes

Liquidity risk

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings

17. Financial risk management objectives and policies
(continued)

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements at other than fair values

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Financial liabilities				
Long-term borrowing	**(1,488,944)**	**(1,380,003)**	(1,808,189)	(1,600,759)
Interest rate swap	**–**	**(108,941)**	–	(207,430)

The fair values of the fixed rate borrowing and the interest rate swap have been calculated by discounting the fixed cash flows at the prevailing interest rates at the year end

18. Share capital

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	**10,000**	**10,000**	10,000	10,000

19. Profit and loss account

	2013	2012
	£	£
Balance brought forward	**332,617**	242,515
Profit for the financial year	**225,327**	190,102
Equity dividends	**(327,000)**	(100,000)
Balance carried forward	**230,944**	332,617

20. Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	**225,327**	190,102
Equity dividends	**(327,000)**	(100,000)
Net (reduction)/addition to shareholders' funds	**(101,673)**	90,102
Opening shareholders' funds	**342,617**	252,515
Closing shareholders' funds	**240,944**	342,617

21. Related party disclosures

The Directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required

22. Ultimate parent company

The immediate parent company is Anavon Limited

The ultimate parent and controlling entity is Barclays Integrated Infrastructure Fund LP Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control