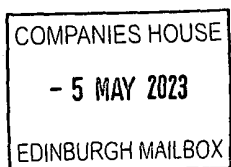
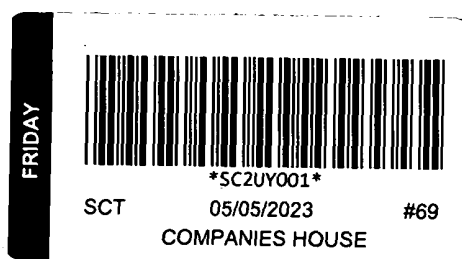


REGISTERED NUMBER: 03649489 (England and Wales)



**Strategic Report, Directors' Report and  
Audited Financial Statements for the Year Ended 31 December 2022**  
for  
**Worcestershire Hospital SPC Plc**



**Contents of the Financial Statements  
for the year ended 31 December 2022**

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# **Worcestershire Hospital SPC Plc**

## **Company Information for the year ended 31 December 2022**

<b>Directors:</b>	A Birch L W McKenna B P Millsom N Rae C T Solley J I Cavill F Laing M J Knight
<b>Secretary:</b>	A Mitchell
<b>Registered office:</b>	C/O Albany SPC Services Ltd 3rd Floor 3 - 5 Charlotte Street Manchester M1 4HB
<b>Registered number:</b>	03649489 (England and Wales)
<b>Independent auditor:</b>	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE
<b>Bankers:</b>	Bank of Scotland Lending Operations New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN
<b>Solicitors:</b>	Dundas & Wilson Northwest Wing Bush House Aldwych London WC2B 4EZ

**Strategic Report  
for the year ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

**Company objectives**

The objectives of the company are to successfully design, construct, finance, refurbish and operate certain facilities and provide non-clinical services at Worcester Royal Infirmary for a period of 30 years ending on 31 December 2031 under a concession agreement with Worcester Acute Hospitals NHS Trust.

**Company's strategy**

To ensure that the company achieves its objective, the strategy is to implement processes, policies and procedures to comply with the control matrices stipulated in the project documentation committed to at the inception of the project. This includes minimising performance and availability deductions, cash monitoring and maintenance of good working relationships between all stakeholders.

**Review of business**

The profit for the year is £5,001,000 (2021: £2,403,000). The net assets at 31 December 2022 are £14,128,000 (2021: £11,772,000).

**Principal risks and uncertainties**

As the project is currently in its operational phase, operational risks are monitored closely. This takes the form of full-time representation on site through the company's management services agent and periodic reporting by the independent Technical Assessor plus regular dialogue with the executive team of the Worcester Acute Hospitals NHS Trust.

The company's revenues have largely been in line with expectations, with very few deductions applied for non-availability of the assets. Any such deductions are generally passed down to the subcontractors so there is usually no direct financial consequence to the company. Compliance with the detailed and complex operational requirements of the PFI projects remains a key risk given the potential termination consequences. Directors receive regular reports on actual performance compared to termination trigger thresholds.

Another risk is the continued funding from the public sector counterparties to the PFI project agreements, especially as these counterparties are under pressure to make savings in their operational PFI contracts. To date, most of the pressure to make such cost savings has fallen on the sub-contractors to the project companies rather than on the project companies themselves. Furthermore, it is understood that current policy from central government is not to encourage voluntary termination of PFI projects.

**Key performance indicators**

There are two KPIs which are monitored:

- The level of performance and availability deductions arising from failures to achieve specified levels of contract service. These are reported quarterly to the Board and have been extremely small in relation to total unitary payments; and,
- The ratio of operating cash flow to the senior debt service amount. This ratio is tested at six-monthly intervals and each time it has been to the satisfaction of the senior debt provider. These have been maintained with comfortable headroom, at December 2022 and June 2022, above the lock up level of 1.20.

**Business review and future developments**

The company made a pre-tax profit of £6,476,000 (2021: £5,462,000).

The delivery of operational services is generally running well and is expected to continue to do so.

**Strategic Report  
for the year ended 31 December 2022**

**Statement in respect of section 172(1) of the companies act 2006**

The Board of Directors of the Company, both individually and collectively, consider they have acted appropriately and in such a way as to promote the long term success of the Company for the benefit of its members as a whole.

The Company has no direct employees as the Company is managed under a Managed Service Agreement. The Board of Directors is satisfied that those people employed under the MSA are appropriately qualified and have the support systems in place to carry out their role. The Directors are engaged with each team under the MSA to ensure the ongoing management of the underlying contracts of the Company and they work collaboratively with the teams to achieve success.

The Company is a special purpose company which has a finite lifespan with a defined set of obligations under Concession Agreements. The Company delivers its objectives through effective relationships with its stakeholders including suppliers and customers. This is affected by regular reporting and reviews with suppliers and customers to ensure delivery of the Company's objectives, whilst considering those stakeholders' needs. The Directors of the Company meet regularly to review strategies for effective risk mitigation and service delivery in the context of its impact on all stakeholder interests, including shareholders, suppliers, customers and the wider community.

Due to the nature of the Company's operations, their impact on the community and environment is of paramount importance to the Company's success. Operating safely is the Company's primary objective and is as such integrated in everything the Company undertakes. A safe environment is managed through effective leadership, implementation of robust policies, procedures and instructions, safety management review processes both internally and externally with relevant stakeholders, reporting, audit and monitoring. An independent safety advisor is appointed by each of the companies within the Company, who reports directly to the Board of Directors.

The Company delivers contracts to support essential services to the public sector and takes its responsibility for ensuring that an appropriate environment is managed and maintained extremely seriously, ensuring the highest quality service is delivered from the assets under the Company's management.

**On behalf of the board:**



.....  
Director - L W McKenna

29 / 04 / 2023  
Date: .....

**Directors' Report  
for the year ended 31 December 2022**

The Directors present their report with the audited financial statements of the company for the year ended 31 December 2022.

**Principal activities**

The principal activities of the company are to design, construct, finance, refurbish and operate certain facilities and provide non-clinical services at Worcester Royal Infirmary for a period of 30 years under a concession agreement with Worcester Acute Hospitals NHS Trust.

**Results**

The profit for the year is £5,001,000 (2021 £2,403,000).

**Dividends**

The company made a £2,645,000 dividend payment in the year (2021: £2,674,000).

There are no unpaid dividends at the year end relating to the year ending 31 December 2022 (2021: none).

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

A Birch  
L W McKenna  
B P Millsom  
N Rae  
C T Solley  
J I Cavill

Other changes in directors holding office are as follows:

A L Tennant - resigned 30 November 2022  
P J Sheldrake - resigned 27 January 2022  
J Wrinn - appointed 27 January 2022  
F Laing - appointed 1 December 2022

M J Knight was appointed as a director after 31 December 2022 but prior to the date of this report.

J Wrinn ceased to be a director after 31 December 2022 but prior to the date of this report.

**Directors' indemnity insurance**

No directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

**Other Information**

An indication of performance of the business and likely future developments in the business have been included in the Strategic Report.

**Political donations and expenditure**

There have been no political donations or political expenditure made during the year (2021: No such expenditure).

**Directors' Report  
for the year ended 31 December 2022**

**Financial risk management**

There is no RPI swap to reduce volatility of operating cash flows in relation to the fixed rate debt service. However, this is under continuous review by the directors. Current forecasts show that increases in RPI would have a favourable impact on project economics.

The company's principal financial instruments comprise the Finance Debtor, secured bonds, a mezzanine loan and unsecured loan stock. The terms of these financial instruments are such that the profile of the debt service costs is tailored to match expected revenues arising from the concession.

**Interest rate risk**

The company does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities. The secured bonds and the unsecured loan stock are not exposed to interest rate risk.

A small proportion of cash flow is derived from bank interest on cash balances. The current low levels of interest rates have reduced this interest but this has not impacted on debt covenant compliance.

**Liquidity risk**

The latest financial forecasts show that unitary payment receivable under the Concession Agreement will be sufficient to repay all future debt payments as they fall due.

**Credit risk**

The Company receives the majority of its income from the Trust and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

**Other information**

An indication of performance of the business and likely future developments in the business have been included in the Strategic Report.

The Company itself is a low energy user as energy consumption is below 40,000kwh per annum and therefore energy and carbon information has not been disclosed.

**Going concern**

The directors have reviewed the balance sheet position at 31 December 2022 together with the company's forecasts and projections, taking account of reasonably possible changes in trading performance and believe that it will not impact on the ability of the company to continue trading for at least 12 months from the date of signing the annual report and financial statements and have therefore prepared the financial statements on a going concern basis.

**Directors' Report  
for the year ended 31 December 2022**

**Internal control and corporate governance**

The directors are responsible for the Company's system of internal control and for reviewing its effectiveness. They recognise the importance of a robust control environment to mitigate the key risks of the Company and they consider that the material risks are managed adequately. Responsibility for overseeing the interpretation of this rests with the Audit Committee.

The MSA provider on behalf of the directors has designed the Company's system of internal control in order to provide the shareholders with assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

There are no significant issues for the year ended 31 December 2022 that have required the Board to deal with any related material internal control issues.

The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period and confirms that the systems and controls that are currently in place are considered sufficient to be satisfied that all key risks to the business are adequately managed and mitigated.

**Statement as to 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company auditors are aware of that information.

**Independent Auditor**

The auditor, Johnston Carmichael LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**



.....  
L W McKenna - Director

29 / 04 / 2023  
Date: .....



**Statement of Directors' Responsibilities  
for the year ended 31 December 2022**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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 and Article 4 of the IAS Regulation.

# **Independent Auditor's Report to the members of Worcestershire Hospital SPC Plc (Registered number: 03649489)**

## **Opinion**

We have audited the financial statements of Worcestershire Hospital SPC Plc (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022, 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.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Our approach to the audit**

We planned our audit by first obtaining an understanding of the Company and its environment, including its key activities delegated by the Board to relevant approved third-party service providers and the controls over provision of those services.

We conducted our audit using information maintained and provided by Albany SPC Services Limited (the "Management Service Provider") to whom the Company has delegated the provision of services.

We tailored the scope of our audit to reflect our risk assessment, taking into account such factors as the Company's financial model and the nature of the activities within the Company, the involvement of the Management Service Provider, the accounting processes and controls, and the industry in which the Company operates.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in the evaluation of the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We summarise below the key audit matters in arriving at our audit opinion above, together with how our audit addressed these matters and the results of our audit work in relation to these matters.

# Independent Auditor's Report to the members of Worcestershire Hospital SPC Plc (Registered number: 03649489)

## Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition and allocation of unitary charge receipts</b></p> <p>The company is in a service concession arrangement with the Worcester Acute Hospitals NHS Trust to design, construct, finance, operate and maintain certain facilities and provide non-clinical services at Worcester Royal Infirmary. The company accounts for the service concession arrangement as a finance debtor with amortisation and financial income recognised each year at a constant rate.</p> <p>Revenue in the year of £51.0M (2021: £44.6M) consists of the unitary charge income of £15.3M, offset by finance debtor amortisation and interest adjustments of £7.2M, and £42.9m of passthrough income (see note 3 and accounting policy in note 2).</p> <p>Accounting for the service concession contract and finance debtor requires an allocation of unitary charge income based on estimation of service margins, finance debtor interest and associated amortisation profile which is based on forecast results of the contract. Given the amount of estimation and judgement involved we therefore consider this to be the most significant assessed risk of material misstatement due to fraud or error.</p>	<p>Testing performed on revenue recognition focused on the key components of unitary charge income, the margins recognised year on year on turnover, amortisation of the finance debtor and finance income receivable on the finance debtor.</p> <p>We recalculated the unitary charge received by taking the base charge per the project agreement and uplifting for RPI. We also agreed a sample of monthly income receipts to invoice and bank statements.</p> <p>We performed an assessment on the service margins used in the year and we agreed margins used to the active financial models for the year. We also checked that the margin used was consistent with the prior year, and our expectations given the nature of the service concession agreement.</p> <p>In addition, we reconciled the finance income and amortisation to the finance debtor reconciliation to ensure the allocation methodology was in line with contractual terms and relevant accounting standards.</p> <p>We agreed the amortisation of the finance debtor to the financial model and assessed whether, consistent with our expectations, the amortisation charged for the year had not significantly fluctuated to the previous year.</p> <p>We assessed whether performance of the underlying service concession is in line with the contract, with no performance issues noted.</p> <p>The procedures outlined above did not identify any material misstatements in the recognition of revenue.</p>

## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature and extent of our work and in evaluating the results of that work.

# Independent Auditor's Report to the members of Worcestershire Hospital SPC Plc (Registered number: 03649489)

## Our application of materiality (continued)

Materiality Measure	Value
<p><b>Materiality for the financial statements as a whole</b> – we have set materiality as 0.75% (2021 - 0.75%) of the gross assets of the company (at the planning stage of the audit) as we believe that gross assets is the primary performance measure used by the shareholders and is the key driver of the ability to service the debt of the company. We determined the measurement percentage to be commensurate with the risk and complexity of the audit and the company's listed status.</p>	£670,000 (2021: £691,000)
<p><b>Performance materiality</b> - Performance materiality represents amounts set by the auditor at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.</p> <p>In setting this we consider the company's overall control environment and our past experience of the audit, that indicates a lower risk of material misstatements. Based on our judgement of these factors, we have set performance materiality at 75% (2021: 50%) of our overall financial statement materiality. The threshold has increased from prior year due to this being our second year as auditors and our re-evaluation based on our experience as the company's auditors.</p>	£502,500 (2021: £345,500)
<p><b>Specific materiality</b> - Recognising that there are transactions and balances of a lesser amount which could influence the understanding of users of the financial statements we calculate a lower level of materiality for testing such areas.</p> <p>We have set a specific materiality in respect of related party transactions. We used our judgement in setting these thresholds and considered our past experience of the audit, the history of misstatements and industry benchmarks for specific materiality.</p>	£10,000 (2021: £10,000)
<p><b>Communication of misstatements to the Directors</b> - We agreed with the directors that we would report to them all differences in excess of 5% (2021: 5%) of overall materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.</p>	£33,500 (2021: £34,550)

During the course of the audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year-end

## **Independent Auditor's Report to the members of Worcestershire Hospital SPC Plc (Registered number: 03649489)**

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- assessing and challenging the forecast cashflows and associated sensitivity modelling used by management in support of their going concern assessment by reference to supporting documentation, Board approved budgets, our own understanding of the company and the economic environment in which it operates, and the results of other audit work;
- reviewing the adherence to covenants in place based on the forecasts and considered the likelihood of these being breached in the future via the sensitivity analyses performed;
- evaluating the directors' assumptions used in their assessment of the company's financial position against available financial information and our understanding of the business in the context of its ability to service future expenses and ability to meet current and future lending covenants; and
- assessing the adequacy of the Company's going concern disclosures included in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

## **Independent Auditor's Report to the members of Worcestershire Hospital SPC Plc (Registered number: 03649489)**

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### *Extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- United Kingdom Generally Accepted Accounting Practice, including FRS 102;
- Listing rules continuing obligations (Chapter 17);
- Financial Conduct Authority (FCA) rules; and
- UK Companies Act 2006

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and board meeting minutes.

## **Independent Auditor's Report to the members of Worcestershire Hospital SPC Plc (Registered number: 03649489)**

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified heightened fraud risks in relation to Revenue recognition (audit procedures performed in response to this risk are set out in the section on key audit matters above) and management override of controls (procedures in response to this risk are included below).

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Completion of appropriate checklists and use of our experience to assess the company's compliance with the Companies Act 2006 and the Listing Rules;
- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services and;
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

### **Other matters which we are required to address**

We were appointed by the directors of Worcestershire Hospital SPC Plc on 20 December 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of our total uninterrupted engagement is 2 years, covering the years ended 31 December 2021 to 31 December 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the directors.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

**Independent Auditor's Report to the members of Worcestershire Hospital SPC  
Plc (Registered number: 03649489)**

*Johnston Carmichael LLP*

**Grant Roger (Senior Statutory Auditor)  
for and on behalf of Johnston Carmichael LLP**

**30 / 04 / 2023**

.....

**Chartered Accountants  
Statutory Auditor**

**7-11 Melville Street  
Edinburgh  
EH3 7PE**



**Worcestershire Hospital SPC Plc (Registered number: 03649489)**

**Statement of Comprehensive Income  
for the year ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
<b>Turnover</b>	3	50,997	44,589
Cost of sales		(43,234)	(37,549)
<b>Gross profit</b>		7,763	7,040
Administrative expenses		(865)	(970)
<b>Operating profit</b>	5	6,898	6,070
Interest receivable and similar income	6	3,363	3,448
Interest payable and similar expenses	7	(3,785)	(4,056)
<b>Profit before taxation</b>		6,476	5,462
Tax on profit	8	(1,475)	(3,059)
<b>Profit for the financial year</b>		5,001	2,403
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		5,001	2,403

The notes on pages 18 to 29 form part of these financial statements

**Worcestershire Hospital SPC Plc (Registered number: 03649489)****Balance Sheet  
31 December 2022**

	Notes	2022 £'000	2021 £'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	14,854	14,806
Debtors: amounts falling due after more than one year	10	64,597	68,447
Investments	11	6,037	-
Cash at bank	12	3,731	9,210
		<u>89,219</u>	<u>92,463</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(11,696)</u>	<u>(10,742)</u>
<b>Net current assets</b>		<u>77,523</u>	<u>81,721</u>
<b>Total assets less current liabilities</b>		<u>77,523</u>	<u>81,721</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(46,853)	(52,369)
<b>Provisions for liabilities</b>	16	<u>(16,542)</u>	<u>(17,580)</u>
<b>Net assets</b>		<u><u>14,128</u></u>	<u><u>11,772</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	60	60
Retained earnings		<u>14,068</u>	<u>11,712</u>
<b>Shareholders' funds</b>		<u><u>14,128</u></u>	<u><u>11,772</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 / 04 / 2023 and were signed on its behalf by:



.....  
L W McKenna - Director

The notes on pages 18 to 29 form part of these financial statements

**Worcestershire Hospital SPC Plc (Registered number: 03649489)**

**Statement of Changes in Equity  
for the year ended 31 December 2022**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2021</b>	60	11,983	12,043
<b>Changes in equity</b>			
Total comprehensive income	-	2,403	2,403
Dividends	-	(2,674)	(2,674)
Total transactions with owners, recognised directly in equity	-	(2,674)	(2,674)
<b>Balance at 31 December 2021</b>	60	11,712	11,772
<b>Changes in equity</b>			
Total comprehensive income	-	5,001	5,001
Dividends	-	(2,645)	(2,645)
Total transactions with owners, recognised directly in equity	-	(2,645)	(2,645)
<b>Balance at 31 December 2022</b>	60	14,068	14,128

The notes on pages 18 to 29 form part of these financial statements

**Notes to the Financial Statements  
for the year ended 31 December 2022**

**1. Statutory information**

Worcestershire Hospital SPC Plc is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. Accounting policies**

**Basis of preparing the financial statements**

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**Measurement convention**

The financial statements are prepared on the historical cost basis.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The following exemption has been taken in these financial statements:

- Service concession arrangements - the company entered into its service concession arrangement before the date of transition to this FRS102. Therefore its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

The Company's ultimate parent undertaking, Consolidated Investment Holdings Limited includes the company in its consolidated financial statements. The consolidated financial statements of Consolidated Investment Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and  
- Key Management Personnel compensation.

**Accounting Policies Adopted**

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As the consolidated financial statements of Consolidated Investment Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by Sections 11 and 12 of FRS 102 (Basic Financial Instruments and Other Financial Instrument Issues respectively) in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**2. Accounting policies - continued**

**Going concern**

The company currently has £52,963,000 (2021: £58,727,000) of total debt. The company's forecasts and projections, take account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities.

The company has considerable financial resources together with long-term contracts with the Worcester Acute Hospitals NHS Trust. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing the annual report and financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", not to disclose related party transactions with wholly owned subsidiaries within the group.

**Significant judgements and estimates**

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting estimates in applying the Group's accounting policies are described below:

- Accounting for the service concession contract and finance debtors require an estimation of service margins, finance debtors interest rates and associated amortisation profile which are based on forecast results of the PFI contract. Note 10 discloses the finance debtor falling due within one year, £4,231,000 (2021: £3,975,000) and falling due after more than one year, £45,189,000 (2021: £49,419,000).

**Finance debtor and service income**

The Company is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the company because the risks and rewards of ownership are deemed to lie principally with Worcestershire Acute Hospitals NHS Trust.

In the operational phase, the balance of unitary payments received, after accounting for the finance debtor interest and amortisation components (which together sum to a constant figure in each period, as in a lease) is accounted for as turnover (service income shown in Note 3). This figure is adjusted in each period to ensure that income recognised more accurately reflects the value of economic benefits provided to the public sector client in each period, and is necessary due to the inflationary nature of the unitary payments. As a consequence of this adjustment to turnover, which is generally positive in the first half of the concession and negative in the second half (and must net out over the whole concession), a unitary payment control account debtor is recorded on the balance sheet.

Medical Equipment Services (MES) income relates to the supply of medical equipment to the Trust as a passthrough from subcontractors.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**2. Accounting policies - continued**

**Classification of financial instruments issued by the company**

In accordance with Section 22 of FRS 102, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**Basic financial instruments**

**(a) Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

**(b) Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Restricted cash**

The company is obligated to keep a separate cash reserve in respect of future financing costs. This restricted cash balance, which is shown on the balance sheet within the "investments" and "cash at bank" balances, amounts to £3,874,000 at the year end (2021: £4,117,000).

The company is also obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "investments" and "cash at bank" balance, amounts to £2,008,000 at the year end (2021: £1,676,000).

**Interest receivable and interest payable**

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest payable and similar expenses include interest payable on borrowings and associated ongoing financing fees.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Other interest receivable and similar income is recognised in profit or loss as it accrues.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**2. Accounting policies - continued**

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**Deferred tax**

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

**Provisions**

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date and are discounted. Provisions are made in respect of lifecycle maintenance costs to the extent that the company is obligated to undertake maintenance in future periods.

**Impairment excluding deferred tax assets**

**Financial assets (including trade and other debtors)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**3. Turnover**

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Operational services	<b>40,040</b>	<b>34,629</b>
Medical equipment and services	<b>10,957</b>	<b>9,960</b>
	<b><u>50,997</u></b>	<b><u>44,589</u></b>

The turnover arose entirely within the United Kingdom.

**4. Employees and directors**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Recharges in respect of non-executive directors' services	<b><u>306</u></b>	<b><u>281</u></b>

The company had no employees during the year (2021: none). Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractor's service charges. The Directors received no remuneration for their services during the year (2021: £nil). A payment is made for the services of the non-executive directors to their employer. The disclosure above shows the payment made to the employers of the non-executive directors for their services to Worcestershire Hospital SPC Plc during the year.

**5. Operating profit**

The operating profit is stated after charging:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Audit of these financial statements	<b>20</b>	<b>18</b>
Audit of the financial statements of parent company	<b><u>3</u></b>	<b><u>3</u></b>

**6. Interest receivable and similar income**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Bank Interest	<b>154</b>	<b>-</b>
Finance debtor interest receivable	<b><u>3,209</u></b>	<b><u>3,448</u></b>
	<b><u>3,363</u></b>	<b><u>3,448</u></b>



**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**7. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans	407	436
Bond interest	2,904	3,146
To immediate parent undertaking	474	474
	<u>3,785</u>	<u>4,056</u>

**8. Tax on profit**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Current tax:		
UK corporation tax	1,952	1,710
Adjustment to tax charge in respect of previous periods	-	(52)
Total current tax	<u>1,952</u>	<u>1,658</u>
Deferred tax	<u>(477)</u>	<u>1,401</u>
Tax on profit	<u>1,475</u>	<u>3,059</u>

UK corporation tax was charged at 19% in 2021.

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax	<u>6,476</u>	<u>5,462</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,230	1,038
Effects of:		
Income not taxable for tax purposes	(10)	(10)
Adjustments to tax charge in respect of previous periods	-	(52)
Change in effective tax rate to 24.87% (2021 24.44%)	255	2,083
Total tax charge	<u>1,475</u>	<u>3,059</u>

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**8. Tax on profit - continued**

Deferred tax charge/(credit) relate to:

	2022 £'000	2021 £'000
Origination and reversal of timing differences	(613)	(443)
Effects of changes in tax rates	136	1,844
	<u>477</u>	<u>1,401</u>

**Factors that may affect future tax charges**

On 3 March 2021, the UK Chancellor announced that the main rate of UK corporation tax will be increasing to 25% with effect from 1 April 2023. As the change had been substantively enacted at the balance sheet date, its effects are included in these financial statements.

**9. Dividends**

The dividend per share paid during the year is £44.08 per share in the current year (2021: £44.57).

**10. Debtors**

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	2,483	1,357
Finance debtor	4,231	3,975
Other debtors	8,036	8,517
Unitary Payment Account	-	513
Corporation Tax	-	103
Prepayments and accrued income	104	341
	<u>14,854</u>	<u>14,806</u>
Amounts falling due after more than one year:		
Finance debtor	45,189	49,419
Reimbursement Asset	163	194
Unitary Payment Account	19,245	18,834
	<u>64,597</u>	<u>68,447</u>
Aggregate amounts	<u>79,451</u>	<u>83,253</u>

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**10. Debtors - continued**

**Reimbursement Asset**

The reimbursement asset relates to the Settlement Provision signed in June 2016. The Hard Services subcontractor agreed to the contractual terms of the settlement and variation agreement which reduces the overall cost to the SPC.

**Other Debtors**

Other Debtors include a Lifecycle amount which represents the difference between the cumulative charge to profit and loss and the cumulative amount of cash expenditure paid to the lifecycle sub-contractor. Lifecycle expenditure is charged to profit and loss on a systematic basis, so as to give an annual charge, increasing with inflation each year, which in total equates to the total amount of the forecast lifecycle expenditure to be paid over the whole concession. The estimated annual charge expected in the next reporting period is £953,000. The amounts and timing of these payments are defined in the sub-contract agreement. The payments in the next reporting period are estimated to be £476,000.

**11. Current asset investments**

	2022	2021
	£'000	£'000
Cash held on deposits maturing within 1 year	6,037	-

**12. Cash at bank**

	2022	2021
	£'000	£'000
Cash at bank	3,731	9,210

**13. Creditors: amounts falling due within one year**

	2022	2021
	£'000	£'000
Loans (see note 15)	714	643
Fixed-rate guaranteed secured bonds (see note 15)	4,802	4,976
Trade creditors	2,634	1,383
Corporation Tax	7	-
VAT	487	463
Other creditors	1,425	1,447
Accruals and deferred income	1,627	1,830
	11,696	10,742

**14. Creditors: amounts falling due after more than one year**

	2022	2021
	£'000	£'000
Loans (see note 15)	3,947	4,660
Fixed-rate guaranteed secured bonds (see note 15)	42,906	47,709
	46,853	52,369

Included within Loan are Amounts Owed to Related Undertakings. These are amounts repayable after five years of £3,157,000 (2021: £3,157,000) respectively. These amounts are unsecured and are due to be repaid in a lump sum in December 2031.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**15. Loans**

An analysis of the maturity of loans is given below:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year or on demand:		
Mezzanine loan	<b>714</b>	<b>643</b>
Fixed-rate guaranteed secured bonds	<b>4,802</b>	<b>4,976</b>
	<b><u>5,516</u></b>	<b><u>5,619</u></b>
Amounts falling due between one and two years:		
Mezzanine loan	<b>790</b>	<b>713</b>
Fixed-rate guaranteed secured bonds	<b>5,041</b>	<b>4,802</b>
	<b><u>5,831</u></b>	<b><u>5,515</u></b>
Amounts falling due between two and five years:		
Mezzanine loan	<b>-</b>	<b>790</b>
Fixed-rate guaranteed secured bonds	<b>17,100</b>	<b>15,994</b>
	<b><u>17,100</u></b>	<b><u>16,784</u></b>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Amounts owed to related undertakings	<b>3,157</b>	<b>3,157</b>
	<b><u>3,157</u></b>	<b><u>3,157</u></b>
Repayable by instalments		
Fixed-rate guaranteed secured bonds	<b>20,765</b>	<b>26,913</b>
	<b><u>20,765</u></b>	<b><u>26,913</u></b>

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**15. Loans - continued**

**Terms and debt repayment schedule**

The total cash repayable on the loan is as follows:

	Currency	Nominal interest rate	Year of maturity	2022 £'000	2021 £'000
Fixed-rate guaranteed secured bonds	GBP	5.57%	2030	48,300	53,417
Repayment schedule: Semi-annual					
Mezzanine loan	GBP	LIBOR plus 5%	2024	1,506	2,153
Repayment schedule: Semi-annual					
Amounts owed to related undertakings	GBP	15%	2031	3,157	3,157
Repayment schedule: Interest- semi-annually, Capital- one payment					

The fixed-rate guaranteed secured bonds are secured by a fixed charge over the whole of the property, assets and undertaking of the company, assignment of all rights to any proceeds of any insurance policies and all present and future book and other charges over all assets which have not been secured by way of a fixed charge or assignment.

The mezzanine loan and amounts owed to related undertakings are unsecured.

There are issue costs relating to the secured bond and the mezzanine loan of £592,000 and £2,000 respectively, these have not been included in the total cash repayable table above.

**16. Provisions for liabilities**

	2022 £'000	2021 £'000
Deferred tax		
Accelerated capital allowances	4,696	4,980
Other timing differences	3,130	3,323
	<u>7,826</u>	<u>8,303</u>
Other provisions		
Settlement provision	8,716	9,277
	<u>8,716</u>	<u>9,277</u>
Aggregate amounts	<u>16,542</u>	<u>17,580</u>

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**16. Provisions for liabilities - continued**

	<b>Deferred tax</b>	<b>Settlement Provision</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 January 2022	8,303	9,277
Provided during year	136	-
Unwinding of discounted amount	-	367
Utilised during year	(613)	(928)
	<hr/>	<hr/>
Balance at 31 December 2022	7,826	8,716
	<hr/>	<hr/>

The provision for a settlement figure relates to the dispute over certain defects and the level of availability deductions which should apply as a consequence. The amount of the settlement provision is based on a discount rate of 3.75% (2021: 1.46%) which represents the 15-year gilt yields. The undiscounted settlement provision is £9,972,000 (2020: £9,731,000).

**17. Called up share capital**

Allotted, issued and fully paid:			<b>2022</b>	<b>2021</b>
Number:	Class:	Nominal value:	<b>£</b>	<b>£</b>
60,000	Ordinary	£1	<b>60,000</b>	<b>60,000</b>
			<hr/>	<hr/>

**18. Ultimate parent company**

The immediate parent company is Worcestershire Hospital SPC Holdings Limited, a company incorporated in England and Wales, of which 67% is owned by Consolidated Investment Holdings Limited.

The ultimate parent company is Consolidated Investment Holdings Limited, a company incorporated in England and Wales. No other group financial statements include the results of the company. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2022**

**19. Related party disclosures**

**Civis PFI/PPP Infrastructure Fund LP**

The related party is a 50% shareholder in Consolidated Investment Holdings Limited, an indirect 33.3% shareholder in Worcestershire Hospital SPC Holdings Ltd. It provided the company with directors' services in the year amounting to £102,000 (2021: £90,000). At the balance sheet date, the amount owing to the related party was £Nil (2021: £Nil). It charged the company with loan stock interest in the year amounting to £158,000 (2021: £158,000). At the balance sheet date, the amount owing to the related party was £1,052,000 (2021: £1,052,000).

**Aberdeen Infrastructure (No.3) Finance GP Ltd**

The related party is a sister company of Aberdeen Infrastructure (No. 3) Limited, 50% shareholder in Consolidated Investment Holdings Limited, an indirect 33.3% shareholder in Worcestershire Hospital SPC Holdings Ltd.. It provided the company with directors' services in the year amounting to £102,000 (2021: £95,000). At the balance sheet date, the amount owing to the related party was £26,000 (2021: £Nil). It charged the company with loan stock interest in the year amounting to £158,000 (2021: £158,000). At the balance sheet date, the amount owing to the related party was £1,052,000 (2021: £1,052,000).

**BIIF Bidco Limited**

The related party is a 16.7% shareholder in Worcestershire Hospital SPC Holdings Limited, being the parent company of Elbon Holdings (2) Limited, provided the company with directors' services and consultancy services in the year amounting to £51,000 (2021: £48,000). At the balance sheet date, the amount owing to the related party was £Nil (2021: £Nil).

**Semperian PPP Investment Partners No.2 Limited**

The related party is a 16.7% shareholder in Worcestershire Hospital SPC Holdings Limited, and provided the company with directors' services and consultancy services in the year amounting to £51,000 (2021: £48,000). At the balance sheet date, the amount owing to the related party was £13,000 (2021: £Nil). It charged the company with loan stock interest in the year amounting to £79,000 (2021: £79,000). At the balance sheet date, the amount owing to the related party was £526,000 (2021: £526,000).

**Albany SPC Services Ltd**

The related party is 100% owned by Civis PFI/PPP Infrastructure Fund LP, and provided the company with management and other services in the year amounting to £81,000 (2021: £76,000). At the balance sheet date, the amount owing to the related party was £Nil (2021: £Nil).

**Elbon Holdings (2) Limited**

The related party is a 16.7% shareholder in Worcestershire Hospital SPC Holdings Limited, and charged the company with loan stock interest in the year amounting to £79,000 (2021: £79,000). At the balance sheet date, the amount owing to the related party was £526,000 (2021: £526,000). Elbon Holdings (2) Limited is a wholly owned subsidiary of BIIF Bidco Limited which provides directors' services and consultancy services to Worcestershire Hospital SPC Holdings Limited.

**Imagile Professional Services Limited**

The related party is also a related party of Semperian PPP Investment Partners No.2 Limited through common ownership. It provided consultancy services in the period of £60,000 (2021: £125,000). At the balance sheet date, the amount owing to the related party was £5,000 (2021: £25,000).

**Imagile Infrastructure Management Ltd**

The related party is also a related party of Semperian PPP Investment Partners No.2 Limited through common ownership. It provided consultancy services in the period of £338,000 (2021: £318,000). At the balance sheet date, the amount owing to the related party was £Nil (2021: £Nil).