

Health Management (UCLH) Holdings Limited

Annual report and financial statements
for the year ended 31 December 2015

Registered number: 3765827

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Annual report and financial statements for the year ended 31 December 2015

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Directors, officers and advisors

Directors

R Ammoun
CJ Blundell
SM Jones
RJ Marsden
N Rae
AG Ray

Company secretary

Semperian Secretariat Services Limited

Registered office

Third Floor
Broad Quay House
Prince Street
Bristol
BS1 4DJ
United Kingdom

Independent auditor

Deloitte LLP
Chartered accountants and statutory auditor
London
United Kingdom

Strategic report

For the year ended 31 December 2015

Strategic Review

The principal activity of the Company is to hold an investment in a company, Health Management (UCLH) Limited. On 12 July 2000, Health Management (UCLH) Limited entered into a Private Finance Initiative ("PFI") concession contract with the University College London Hospitals NHS Trust ("the Trust") to design, build, finance and operate a new hospital in London on a 40 year contract.

Construction of the new hospital and associated facilities commenced in July 2000. On 19 April 2005, Health Management (UCLH) Ltd handed over phase 1 of the hospital to the Trust and commenced the provision of all non-clinical services for which it has been receiving income from the Trust. Following completion of phase 1, construction of phase 2 of the hospital commenced. On 5 August 2008, Health Management (UCLH) Limited handed over phase 2 of the hospital to the Trust and commenced the provision of all non-clinical services in that phase, for which it has been receiving income from the Trust. Construction of phase 2 has been funded through a combination of capital grants from the Trust and operating cashflow of Health Management (UCLH) Limited generated from phase 1 operations.

Review of the Business

The Company is an investment holding company whose sole business is the holding of an investment in Health Management (UCLH) Limited.

Future developments

The Directors expect trading conditions in the coming year to be broadly similar to those in the year ended 31 December 2015.

Key performance indicators ('KPIs')

The Company has set specific business objectives, which are monitored using a number of key performance indicators ("KPIs"). The relevant KPIs for this report are detailed below.

	2015	2014
	£000	£000
Profit after taxation	17,789	20,662
Net assets	2,821	2,821

Principal risks and uncertainties

As described above, Health Management (UCLH) Holdings Limited acts as a holding company for its subsidiary, Health Management (UCLH) Limited. As such the principal risks adopted by Health Management (UCLH) Limited are applicable to the effective management of the Company. These are detailed in the strategic report of the financial statements of Health Management (UCLH) Limited for the year ended 31 December 2015.

Approved by the Board and signed on its behalf by:



N. Rae
Director
14 June 2016

Directors' report

For the year ended 31 December 2015

Registered number: 3765827

Financial statements

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Future developments

No significant changes are expected to the Group's activities, as set out in the Strategic Report, in the foreseeable future.

Results and Dividends

The results of the Company for the year ended 31 December 2015 are set out in the profit and loss account on page 7, which shows a profit after tax of £17,789,000 (2014: £20,662,000). The Directors consider the results for the year to be satisfactory. The Directors approved the payment of a dividend in respect of the year ended 31 December 2015 of £17,789,000 (2014: £20,662,000) which constitutes 630.6p per share (2014: 732.5p per share). A further dividend of £9,284,000 was paid on 31 March 2016.

Financial risk management

As described in the strategic report, Health Management (UCLH) Holdings Limited acts as a holding company for its subsidiary, Health Management (UCLH) Limited. As such the financial risk management adopted by Health Management (UCLH) Limited are applicable to the effective management of the Company. These are detailed in the strategic report of the financial statements of Health Management (UCLH) Limited for the year ended 31 December 2015.

Going concern

The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Directors

The Directors of the Company during the year and up to the date of signing the financial statements are set out below. Directors were in office for the entire year.

R Ammoun
CJ Blundell
SM Jones
RJ Marsden
N Rae
AG Ray

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Directors' report

For the year ended 31 December 2015 (continued)

Statement of disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

Deloitte LLP, Chartered Accountants and Registered Auditors, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



N. Rae
Director
14 June 2016

Directors' responsibilities statement

For the year ended 31 December 2015

The Directors are responsible for preparing the Annual 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 period. In preparing these 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.

Independent auditor's report to the members of Health Management (UCLH) Holdings Limited

We have audited the Company's financial statements ("the financial statements") of Health Management (UCLH) Holdings Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 10. 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and the Company's profit for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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:

- 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.


Mark Beddy FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
14 June 2016

Profit and loss account

For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover	3	<u>17,789</u>	<u>20,662</u>
Operating profit		<u>17,789</u>	<u>20,662</u>
Profit on ordinary activities before taxation		17,789	20,662
Tax charge on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit for the financial year		<u>17,789</u>	<u>20,662</u>

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

There is no difference between the profit for the year on ordinary activities before taxation and the profit for the year as stated and their historical cost equivalent.

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income

For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Profit for the financial year		17,789	20,662
Cash flow hedges			
Gains/ (losses) arising during the year		-	-
Less: reclassified to profit and loss account		-	-
Tax relating to components of other comprehensive income		-	-
Other comprehensive income		-	-
Total comprehensive income		17,789	20,662

Balance sheet

As at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investment	7	2,821	2,821
Total assets less current liabilities		2,821	2,821
Net assets		2,821	2,821
Capital and reserves			
Called up share capital	8	2,821	2,821
Profit and loss reserve		-	-
Total shareholders' funds		2,821	2,821

The financial statements of Health Management (UCLH) Holdings Limited (registered number: 3765827) including pages 7 to 15 were approved by the Board on 14 June 2016 and signed on its behalf by:



N Rae
Director

The accompanying notes are an integral part of the financial statements.

Statement of changes in equity

At 31 December 2015

	Note	Share capital £000	Retained earnings £000	Total £000
At 31 December 2013 (as previously stated)		2,821	-	2,821
Changes on transition for FRS102	10	-	-	-
At 1 January 2014		2,821	-	2,821
Profit for the year		-	20,662	20,662
Other comprehensive income		-	-	-
Total comprehensive income		-	20,662	20,662
Dividends	6	-	(20,662)	(20,662)
At 31 December 2014		2,821	-	2,821
Profit for the year		-	17,789	17,789
Other comprehensive income		-	-	-
Total comprehensive income		-	17,789	17,789
Dividends	6	-	(17,789)	(17,789)
At 31 December 2015		2,821	-	2,821

Notes to the financial statements

for the year ended 31 December 2015

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

General information and basis of preparation

Health Management (UCLH) Holdings Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The functional currency of Health Management (UCLH) Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year (note 10).

Going Concern

The Company exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made.

The directors therefore, at the time of approving the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Fixed asset investments

Investments in subsidiary undertakings in the form of equity are held as fixed assets and are stated at cost less provision for any impairment. When a dividend distribution is received immediately after an investment is purchased, the fixed asset investment is amortised by an amount equal to the amount of the dividend received. Any impairment of fixed assets is shown as impairment charges. Any impairment is assessed by comparing the book value of the investment with the discounted value of estimated cash flows expected from the investment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Notes to the financial statements

for the year ended 31 December 2015 (continued)

1 Accounting policies (continued)

Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(i) Financial assets (continued)

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. [FRS 102 para 1.12]. These exemptions are:

- (i) the requirement to prepare a statement of cash flows. [Section 7 of FRS 102 and para 3.17(d)];
- (ii) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. [FRS 102 paras 11.39 - 11.48A, 12.26 - 12.29].

The Company is a wholly owned subsidiary of UCLH Investors Limited. It is included in the consolidated financial statements of UCLH Investors Limited. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Notes to the financial statements

for the year ended 31 December 2015 (continued)

2 Critical accounting judgements and estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 subsequently differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates made 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.

3 Turnover

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

4 Auditor's and directors' remuneration

Fees payable to Deloitte for the audit of the Company's annual accounts were included within the fee charged to Health Management (UCLH) Limited and are not rechargeable to the Company.

Emoluments receivable by the directors of the Company or payments to third parties for the directors' services to the Company were £nil (2014: £nil). The Company had no employees, other than the directors, during the year. No retirement benefits are accruing for directors. The directors have no contract of services with the company. The directors' services to this company are primarily of a non-executive nature and the fees above represent recharges from controlling parties in respect of these services.

Notes to the financial statements

for the year ended 31 December 2015 (continued)

5 Tax charge on profit for the year

	2015 £000	2014 £000
<i>a) Analysis of charge for the year</i>		
Current tax	-	-
Deferred tax	-	-
Tax charge on profit	-	-
<i>b) Factors affecting the current tax for the year</i>		
	2015 £000	2014 £000
The tax assessed on the profit on ordinary activities is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%). The differences are explained below.		
Profit on ordinary activities before taxation	17,789	20,662
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	3,602	4,442
Effect of:		
Income not taxable	(3,602)	(4,442)
Total tax for the year	-	-

The standard rate of tax applied to reported profit on ordinary activities is 20.25% (2014: 21.50%).

Changes to the UK corporation tax rate were substantively enacted as part of the Finance Bill 2015 on 26 October 2015. These include reductions to reduce the main UK tax rate to 19% from 1 April 2017 and 18% from 1 April 2020.

6 Equity dividends paid

	2015 £000	2014 £000
Dividend of 630.6p (2014: 732.5p) per ordinary share	17,789	20,662

Notes to the financial statements

for the year ended 31 December 2015 (continued)

7 Fixed asset investment

	2015 £000	2014 £000
Cost		
Equity investment in subsidiary undertaking	2,821	2,821
At 31 December	2,821	2,821

The Company's investment in shares comprises 100% of the issued ordinary share capital of Health Management (UCLH) Limited, a company registered in England & Wales, whose principal activity is the design, build, financing and operation of a hospital in London on a 40 year contract.

8 Called up share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
2,820,936 ordinary shares of £1 each	2,821	2,821

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

9 Controlling parties

The Company's immediate parent undertaking is UCLH Investors Limited, a company registered in England and Wales. UCLH Investors Limited is owned 20% by Semperian PPP Holdings Limited and 80% by UCLH Investors (Holdings) Limited. The Directors understand that the shareholders of UCLH Investors (Holdings) Limited are Interserve Investments Limited (50%) and CFG Unicorn Holdings SPV, LLC (50%). The Directors consider there to be no ultimate controlling entity.

The results of the Company are consolidated in UCLH Investors Limited. Copies of the Group financial statements are available from its registered office: Third Floor, Broad Quay, Prince Street, Bristol BS1 4DJ.

10 Explanation of transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The adoption of FRS 102 has resulted in no change in the profit for the year ended 31 December 2014 from UK GAAP to FRS 102. The adoption of FRS 102 has resulted in no movement in total equity under UK GAAP at 1 January 2014 and 31 December 2014 to total equity under FRS 102.