Company Registration No. 3765827

HEALTH MANAGEMENT (UCLH) HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

STRATEGIC REPORT

Strategic Review

On 12 July 2000, Health Management (UCLH) Limited (formerly Health Management (UCLH) plc) 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) Limited (formerly Health Management (UCLH) plc) 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, the Group 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 the Group generated from phase 1 operations.

Review of the Business

There were many projects completed in 2014 with a value of over £100,000 as detailed below :

i. Replacement of 3 No CT Scanners
ii. Creation of an additional 9 Major treatment bay in A&E (MEGA)
iii. Replacement of 2 No Fluroscopy Scanners
iv. Replacement of 1 No X-Ray machine
v. Creation of an Infusion Clinic on T-1
vi. Uplift Radiotherapy Reception (P-2)
vii. Conversion of T11 school room into 2 single ensuite bedrooms
viii. Conversion of T11 seminar room into a combine school and seminar room
ix. Creation of a Bowel Cancer Unit (Endoscopy Phase 1) P2
x. Reconfiguration of Tower bed space

Total value of the above was approximately £2,200,000
Lifecycle works completed during the year was approximately £650,000
Over 80 smaller value projects were completed during the same year which amounted to a total value of approximately £750,000.
Several major projects of a value over £750,000 were commenced during the year which are programmed to be completed in 2015.

Key performance indicators

The Group 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.

	2014	2013
	£'000	£'000
Profit after taxation	**20,399**	19,029
Net assets	**8,088**	8,351

Principal risks and uncertainties

The Group recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the PFI contract and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil the Group's contractual obligations.

Interest rate risk
The financial risk management objectives of the Group are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. Financial instruments are not used for speculative purposes. Interest swaps are in place between 2000 and 2035 to give an effective fixed interest rate payable on the majority of the bank debt.

STRATEGIC REPORT continued

Credit risk
Any credit and cash flow risks to the Group arise from its client, the Trust. The credit and cash flow risks are not considered significant as the client is a quasi-governmental organisation.

Liquidity risk
The Group's liquidity risk is principally managed through financing the Group by means of long-term borrowings with an amortising profile that matches the expected availability of funds from the Group's operating activities. In addition the Group maintains reserve bank accounts to provide short-term liquidity against future debt service and other expenditure requirements.

Contractual relationships
The Group operates within a contractual relationship with its primary client, the Trust. Failure to perform obligations under this contract could have a direct and detrimental effect on the Group's result and could result in termination of the concession. To manage this risk the Group has regular meetings with the Trust including discussions on performance, project progress, future plans and customer requirements carrying out all the routine and major life cycle maintenance for the life of the concession.

Future developments

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

Approved by the board and signed on its behalf by:

N. Rae
Director
12 June 2015
Registered Office
Third Floor, Broad Quay
Prince Street
Bristol
BS1 4DJ

DIRECTORS REPORT

The Directors present their annual report together with the financial statements and the auditor's report for the year ended 31 December 2014.

The following information has been disclosed in the strategic report:
• Financial Risk Management
• Indication of likely future developments in the business

Going Concern

Following the commencement of full service at the University College London Hospital in 2008, the Group has been able to generate sufficient cash to meet its liabilities as they fall due. Substantial senior debt was raised at the start of the PFI contract and funding commitments from shareholders are supported by letters of credit from financial institutions with adequate credit ratings or by parent company guarantees.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details can be found in statement of Accounting policies in the financial statements.

Results and Dividends

'The Group profit for the year after taxation amounted to £20,399,000 (2013 : £19,029,000). The Directors approved the payment of a dividend in respect of the year ended 31 December 2014 of £20,662,000 (2013 : £18,773,000) which constitutes 732.5p per share (2013 : 665.5p per share).

Directors

The Directors of the Company during the financial year and up to the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

S.M.Jones	
R.J.Marsden	
N.Rae	
R.Ammoun	
A.G.Ray	
C. Blundell	(appointed 7 October 2014)
S.P.Hornby	(resigned 7 October 2014)

No Director had any interests in the issued share capital or material interest in any contract of the Company or the Company's subsidiary undertaking.

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 continued

Provision of information to Auditors

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

1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of that information.
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP 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 auditors in the absence of an Annual General Meeting.

Approved by the board and signed on its behalf by:

N. Rae
Director
12 June 2015
Registered Office
Third Floor, Broad Quay
Prince Street
Bristol
BS1 4DJ

DIRECTORS' RESPONSIBILITIES STATEMENT

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 (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge :

(i) the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, and financial position of the Company and the undertakings included in the consolidation taken as a whole; and

(ii) the management report, which is incorporated into the Strategic report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the board and signed on its behalf by :

N. Rae
Director
12 June 2015
Registered Office
Third Floor, Broad Quay
Prince Street
Bristol
BS1 4DJ

INDEPENDENT AUDITOR'S REPORT
to the members of Health Management (UCLH) Holdings Limited

We have audited the Group and parent Company financial statements ("the financial statements") of Health Management (UCLH) Holdings Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 26. 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).

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.

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 Group's and the parent company's affairs as at 31 December 2014 and the Group'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 parent company 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

Mark Beddy FCA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
12 June 2015

HEALTH MANAGEMENT (UCLH) HOLDINGS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group	
		2014	2013
	Notes	**£'000**	£'000
Turnover	2	**45,434**	43,536
Cost of sales		**(41,098)**	(39,579)
Gross profit		**4,336**	3,957
Net operating expenses		**(1,562)**	(1,397)
Operating profit	3	**2,774**	2,560
Interest receivable	5	**36,696**	36,469
Interest payable and similar charges	6	**(12,946)**	(13,290)
Profit on ordinary activities before taxation		**26,524**	25,739
Taxation	7	**(6,125)**	(6,710)
Profit for financial year		**20,399**	19,029

All the Group's activities were derived from continuing operations in both the current and the preceding year.

The Group has no recognised gains or losses other than those stated in the profit and loss account for the year ended 31 December 2014 and 31 December 2013 and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying notes are an integral part of this profit and loss account.

HEALTH MANAGEMENT (UCLH) HOLDINGS LIMITED
BALANCE SHEETS
AT 31 DECEMBER 2014

		Group		Company	
		2014	2013	**2014**	2013
	Notes	**£'000**	£'000	**£'000**	£'000
Fixed Assets					
Investments	10	-	-	**2,821**	2,821
Tangible assets	11	**29**	47	-	-
		29	47	**2,821**	2,821
Current Assets					
Debtors : due within one year	12	**20,247**	19,483	-	-
Debtors : financial asset due within one year	14	**1,609**	1,031	-	-
Cash at bank and in hand	13	**15,457**	18,886	-	-
		37,313	39,400	-	-
Debtors : amounts falling due after more than one year					
Debtors : financial asset due after one year	14	**265,320**	263,126	-	-
Debtors : due after one year	15	**6,635**	6,635	-	-
		271,955	269,761	-	-
Current Liabilities					
Creditors : amounts falling due within one year	16	**(26,362)**	(27,469)	-	-
Net Current Assets		**282,906**	281,692	-	-
Total Assets less Current Liabilities		**282,935**	281,739	2,821	2,821
Creditors : amounts falling due after more than one year					
Borrowings	17	**(233,039)**	(237,705)	-	-
		(233,039)	(237,705)	-	-
Provisions for liabilities and charges	19	**(41,808)**	(35,683)	-	-
Net Assets		**8,088**	8,351	**2,821**	2,821
Capital and Reserves					
Called-up share capital	20	**2,821**	2,821	**2,821**	2,821
Profit and loss account	21	**5,267**	5,530	-	-
Shareholders' Funds	22	**8,088**	8,351	**2,821**	2,821

The financial statements of Health Management (UCLH) Holdings Limited were approved by the Board of Directors and authorised for issue on 12 June 2015. They were signed on its behalf by :

N.Rae
Director
12 June 2015
(Company Registration № - 3765827)

The accompanying notes are an integral part of this balance sheet.

HEALTH MANAGEMENT (UCLH) HOLDINGS LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow/(outflow) from operating activities	23	**(1,775)**	3,232
Returns on investment and servicing of finance			
Interest received		**36,199**	35,512
Interest and fees paid		**(12,842)**	(13,216)
		23,357	22,296
Tax paid			
Payment/(Receipt) in respect of corporation tax consortium relief		**-**	-
Capital expenditure			
Purchase of tangible fixed assets		**(6)**	-
		(6)	-
Equity dividends paid		**(20,662)**	(18,773)
Net cash inflow before use of liquid resources and financing		**914**	6,755
Financing			
Decrease in secured senior loans		**(4,343)**	(3,943)
		(4,343)	(5,234)
Increase/(Decrease) in cash		**(3,429)**	1,521

Reconciliation of net cash flow to movement in net debt

	Notes	2014 £'000	2013 £'000
Increase/(Decrease) in cash		**(3,429)**	1,521
Cash outflow from secured senior loans		**4,343**	3,943
Cash outflow from repayment of unsecured subordinated loan stock		**-**	1,291
Change in net debt resulting from cash flows	24	**914**	6,755
Amortisation of senior loan arrangement fees		**(104)**	(103)
		810	6,652
Net debt as at 1 January		**(223,160)**	(229,812)
Net debt as at 31 December	24	**(222,350)**	(223,160)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

A summary of the principal accounting policies of the Group, all of which have been applied consistently in the current and prior year, is set out below:

a) Basis of preparation
The financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards and the Companies Act 2006. They include the results of the activities described in the Directors' Report, all of which are continuing.

b) Group financial statements
The Group financial statements consolidate the financial statements of the Company and of its subsidiary undertaking. The acquisition method of accounting has been adopted.

c) Investments
Investment in the subsidiary undertaking is stated at cost. The carrying value of this investment is reviewed annually by the Directors to determine whether there has been any impairment to its value.

d) Turnover
Turnover, which is stated net of value added tax, represents income for services provided in the year.

The Group has adopted the provisions of FRS 5 Application Note F "Private Finance Initiative and Similar Contracts". It has been determined that the balance of risks and rewards derived from the underlying asset is not borne by the Group and as such the asset created under the contract has been accounted for as a financial asset.

Revenues received from the customer are apportioned between the financial asset and operating revenue. The "finance income" element is shown within interest receivable.

e) Financial asset
The financial asset is a debt due in respect of the cost of the property constructed under a PFI arrangement. The financial asset is reduced as payments are received and financial income on the financial asset is recognised using a property specific interest rate. The residual income, being the cash received less the imputed finance income and capital repayments, is recorded within operating income.

f) Current tax
The tax charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

g) Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more, tax, with the following exception.
- *deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than* not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

h) Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation. Cost represents the original purchase price. Depreciation is provided at rates calculated to write off the cost less any residual value of these assets on a straight line basis over their estimated useful lives, commencing when the assets are brought into use, as follows:

IT equipment	3 years
Building improvements	5 years

Carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

i) Deferred income
Deferred income represents contributions from the Trust towards the project construction cost. The contributions are deducted from long term construction work in progress as the related construction costs are incurred.

NOTES TO THE FINANCIAL STATEMENTS continued

1 Accounting policies continued

j) Capital instruments
Equity instruments are included in shareholders' funds. Other financial instruments are classified as liabilities if they contain an obligation to transfer economic benefits. The finance cost recognised in the profit and loss account in respect of financial instruments other than equity shares is allocated to periods over the term of the instrument, at a constant rate on the carrying amount.

k) Leasing
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

l) Interest rate swaps
The Group's criteria for entering into interest rate swaps are :
- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing within net interest payable. Interest rate swaps are not revalued to fair value or shown on the Group balance sheet at the year end.

m) Provisions for liabilities
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle this obligation.

n) Going Concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report. The current economic conditions create some general uncertainty. The Directors have reviewed the Company's supply chain and do not believe that any specific risk has been identified that would adversely affect the Company's ability to meet its obligations. The Directors have also considered the ability of local government authorities to continue to pay unitary fees due to the Company's fellow subsidiary and consider it is not unreasonable to assume that the UK Government will continue to meet its obligations in this respect. The Company's forecasts and projections, taking account of reasonably possible counterparty performance, show the Company expects to be able to continue to operate for the full term of the concession. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

o) Financial liabilities

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The Group de-recognises its financial liabilities when the Groups obligations are discharged, cancelled or they expire. The effective interest rate method is a method of calculating amortised costs of the financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS continued

2 Turnover

Turnover is attributable to one geographical market, the United Kingdom, and can be analysed as follows :

	Group	
	2014	2013
	£'000	£'000
Provision of services	**45,434**	43,536

3 Operating profit

Operating profit is stated after charging :

	Group	
	2014	2013
	£'000	£'000
Depreciation	**24**	27
Auditor's remuneration for audit services	**16**	15

Audit fees for the Company amounted to £1,000 (2013: £1,000) which were borne by the Company's subsidiary Health Management (UCLH) Limited.

The Directors are employed by the shareholding companies. Directors are seconded to the Group from the shareholders; with a recharge to the Group for the use of the services of the Directors.

	Group	
	2014	2013
	£'000	£'000
Fees payable to shareholding companies	**414**	202

No Director was a member of a pension scheme to which the Group contributed at any time during the year ended 31 December 2014 (2013: none).

The Directors received no salary, fees or other benefits in the performance of their duties in respect of the Company in the current year. The ultimate controlling parties received £414,000 (*2013:* £202,000) for the provision of Directors' services. All other staff costs are covered by a Management Services Agreement with Semperian Capital Management Limited (a related party of Semperian PPP Holdings Limited) or by secondments from shareholder group companies for which a related service cost is charged to the Company. The Company had no employees during the year (*2013*: nil).

4 Hedging

In order to hedge against RPI variations the Company entered into a RPI swap agreement with a bank whereby at intervals of three months until April 2035 sums are exchanged reflecting the difference between actual and predetermined RPI rates, calculated on a predetermined notional principal amount. The fair value of the swap as at 31 December 2014 was a liability of £28,778,000 (2013: £31,773,000 liability). A discounted cash flow was used to determine the fair value.

5 Interest receivable

	Group	
	2014	2013
	£'000	£'000
Bank interest receivable	**134**	135
Financial asset interest receivable	**36,562**	36,334
	36,696	36,469

6 Interest payable and similar charges

	Group	
	2014	2013
	£'000	£'000
Interest and fees payable on secured senior loan	**12,842**	13,107
Interest payable on unsecured subordinated loan	**-**	80
Amortisation of loan arrangement costs	**104**	103
	12,946	13,290

NOTES TO THE FINANCIAL STATEMENTS continued

7 Taxation

The tax charge for the year is made up as follows :

	Group	
	2014	2013
	£'000	£'000
a) Tax on profit on ordinary activities		
Current tax		
UK corporation tax	**-**	996
Total current tax (note 7b))	**-**	996
Deferred tax		
Origination and reversal of timing differences	**5,703**	5,986
Prior year adjustment	**422**	3,637
Effect of decreased tax rate on opening liability	**-**	(3,909)
Total deferred tax	**6,125**	5,714
Tax on profit on ordinary activities	**6,125**	6,710

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2013: lower) than the effective rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are reconciled below.

	Group	
	2014	2013
	£'000	£'000
Profit on ordinary activities before tax	**26,524**	25,739
@ 21.50% (2013: 23.25%)	**5,703**	5,984
Expenses not deductible for tax purposes	**-**	2
Capital allowances in excess of depreciation	**(661)**	(860)
Deemed lease premium relief	**(91)**	(197)
Short term timing differences	**(596)**	(305)
Losses utilised	**(4,355)**	(4,624)
Consideration receivable on losses previously	**-**	996
Total current tax (note 7a))	**-**	996

8 Dividends

The Directors approved a payment of a dividend in respect of 2014 of £20,662,000 (2013: £18,773,000) which constitutes 732.5p per share (2013: 665.5p per share)

9 Profit for the financial period transferred to reserves

The profit for the financial year dealt with in the financial statements of the parent company, Health Management (UCLH) Holdings Limited, was £nil (2013: £nil). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

NOTES TO THE FINANCIAL STATEMENTS continued

10 Fixed asset investments

	Company	
	2014	2013
	£'000	£'000
Shares in subsidiary undertaking	**2,821**	2,821
Cost	**2,821**	2,821

Principal subsidiary undertakings

The parent company has investments in the following subsidiary undertaking.

Name:	Health Management (UCLH) Limited
Activity:	Concession company
Country of operation:	England
Shareholding:	100%

11 Tangible fixed assets

	Group
	Total
	£'000
Cost	
At 31 December 2013	171
Additions	**6**
At 31 December 2014	**177**
Depreciation	
At 31 December 2013	124
Charge for the year	**24**
At 31 December 2014	**148**
Net Book Value	
At 31 December 2014	**29**
At 31 December 2013	47

12 Debtors : due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Prepayments	**323**	443	**-**	-
Trade debtors	**19,922**	18,976	**-**	-
Accrued income	**2**	64	**-**	-
	20,247	19,483	**-**	-

13 Cash at bank and in hand

Cash at bank includes £13,683,000 (2013: £12,639,000) of restricted cash held in reserve bank accounts under the terms of the senior loan facility.

14 Analysis of net investment in the financial asset

	Group	
	2014	2013
	£'000	£'000
At beginning of year	**264,157**	260,517
Added within the year :		
Life cycle replacement costs	**220**	703
Notional interest on financial asset	**36,562**	36,334
Cash received	**(36,065)**	(35,376)
Recognised in operating profit	**2,055**	1,979
At end of year	**266,929**	264,157

Included in the financial asset is an amount of £265,320,000 due after more than one year (2013: £263,126,000). Included in the financial asset is an amount of £45,121,000 net interest capitalised (2013: £45,121,000).

NOTES TO THE FINANCIAL STATEMENTS continued

15 Other debtors : due after more than one year

	Group	
	2014	2013
	£'000	£'000
Corporation tax consortium relief debtor	**6,635**	6,635
	6,635	6,635

Amounts due are shown at 20% (2013: 20%) of losses surrendered, being the rate expected to apply when payment is due.

16 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Secured senior loans - principal (note 18)	**4,768**	4,341	-	-
Trade creditors	**2,448**	3,560	-	
VAT creditor	**2,724**	2,663	-	-
Other accruals	**751**	1,687	-	-
Advance billings	**15,671**	15,218	-	-
	26,362	27,469	-	-

17 Creditors : amounts falling due after more than one year

Borrowings

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Secured senior loans (note 18)	**233,039**	237,705	-	-
	233,039	237,705	-	-

In order to hedge against interest rate variations on its senior loan, the Company's subsidiary has entered into an interest rate swap agreement with a bank whereby at intervals of six months sums are exchanged reflecting the difference between floating and fixed interest rates, calculated on a predetermined notional principal amount. The fair value of the interest rate swap as at 31 December 2014 was a liability of £76,641,000 (2013: £52,648,000 liability). Market value has been used to determine the fair value.

18 Secured senior loans

	Group	
	2014	2013
	£'000	£'000
Not wholly repayable within five years :		
£238,910,000 of bank loan at LIBOR + 0.90%	**238,910**	243,253
Amounts repayable		
In one year or less	**4,768**	4,341
In one year to two years	**5,224**	4,786
In two years to five years	**18,992**	17,256
In more than five years	**209,926**	216,870
	238,910	243,253
Less : unamortised issue expenses	**(1,103)**	(1,207)
	237,807	242,046
Less : included within creditors due within one year	**(4,768)**	(4,341)
	233,039	237,705

The secured senior loan represents amounts borrowed by the Company's subsidiary under a facility agreement with a syndicate of banks. The bank loan bears interest at a margin of 0.90% (2013: 0.90%) over LIBOR and is repayable in instalments between 2005 and 2035. The loan is secured by fixed and floating charges over the undertaking, property, assets and rights of the Company's subsidiary, and has certain covenants attached.

NOTES TO THE FINANCIAL STATEMENTS continued

19 Provisions for liabilities and charges

	Group			
	2014		2013	
	£'000		£'000	
	Recognised	**Unrecognised**	Recognised	Unrecognised
Deferred taxation				
a) Deferred taxation provided				
Accelerated capital allowances	**24,113**	**-**	23,243	-
Other timing differences	**20,251**	**-**	19,291	-
Tax losses carried forward	**(2,556)**	**-**	(6,851)	-
	41,808	**-**	35,683	-

	2014	2013
	£'000	£'000
b) Movement during the year		
At 31 December 2013	**35,683**	29,968
Provided during the year	**6,125**	5,715
At 31 December 2014	**41,808**	35,683

20 Share capital

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Authorised share capital				
30,000,000 ordinary shares of £1 each	**30,000**	30,000	**30,000**	30,000

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Allotted, called up and fully paid share capital				
2,820,936 (2013: 2,820,936) ordinary shares of £1 each	**2,821**	2,821	**2,821**	2,821

21 Reserves

	Group	Company
	2014	**2014**
	£'000	**£'000**
<u>Profit and loss account</u>		
At 1 January	**5,530**	**-**
Profit for the year	**20,399**	**20,662**
Dividends on equity shares	**(20,662)**	**(20,662)**
At 31 December	**5,267**	**-**

22 Reconciliation of movements in shareholders' funds

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Opening shareholders' funds	**8,351**	8,095	**2,821**	2,821
Profit for the year	**20,399**	19,029	**20,662**	18,773
Dividends on equity shares	**(20,662)**	(18,773)	**(20,662)**	(18,773)
Closing shareholders' funds	**8,088**	8,351	**2,821**	2,821

NOTES TO THE FINANCIAL STATEMENTS continued

23 Reconciliation of operating profit to net cash inflow from operating activities

	Group	
	2014	2013
	£'000	£'000
Operating profit	**2,774**	2,560
Depreciation	**24**	27
Increase in financial asset	**(2,275)**	(2,682)
Increase in debtors	**(764)**	419
Increase in creditors	**(1,534)**	2,908
Net cash inflow from operating activities	**(1,775)**	3,232

24 Analysis of net debt

	At 1 January 2014	Cash flow	Other non cash changes	At 31 December 2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	18,886	(3,429)	-	15,457
Secured senior loans	(242,046)	4,343	(104)	(237,807)
	(223,160)	914	(104)	(222,350)

25 Related party transactions

During the year, the Company paid interest of £Nil (2013: £107,000) on the subordinated loan stock to Health Management (UCLH) Holdings Limited, and UCLH Investors Limited.

During the year, amounts payable by the Company's subsidiary to a subsidiary of Interserve plc for provision of services to the Trust totalled £38,347,000 (2013: £36,805,000). Amounts invoiced and unpaid at 31 December 2014 totalled £1,997,000 (2013: £3,245,000) and are included in creditors: amounts falling due within one year.

During the year, amounts payable by the Company to a subsidiary of Semperian PPP Holdings Limited for management services totalled £412,000 (2013: £346,000). Amounts invoiced and unpaid at 31 December 2014 totalled £42,000 (2013: £21,000).

Employees are seconded to the Company from subsidiaries of Interserve plc. Amounts payable for their services and associated costs during the year totalled £149,000 (2013: £239,000). Amounts invoiced and unpaid at 31 December 2014 totalled £Nil (2013: £13,000) and are included in creditors: amounts falling due within one year.

The Directors received no salary, fees or other benefits in the performance of their duties in respect of the Company in the current year. The ultimate controlling parties received £414,000 (2013: £202,000) for the provision of Directors' services. All other staff costs are covered by a Management Services Agreement with Semperian Capital Management Limited (a related party of Semperian PPP Holdings Limited) or by secondments from shareholder group companies for which a related service cost is charged to the company. The Company had no employees during the year (2013: nil).

Previous years' corporation tax losses have in part been surrendered to subsidiaries of Interserve plc and AMEC plc, under the terms of a contract between the Company and the controlling parties. Under the terms of the contract, payment for the losses is to be made to the Company at the time it becomes liable for corporation tax. Amounts due are shown within Note 15.

26 Ultimate parent undertaking

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 CFIG Unicorn Holdings SPV, LLC (50%)