

Health Management (UCLH) Holdings Limited

Annual report and financial statements
for the year ended 31 December 2017

Registered number: 03765827

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Annual report and financial statements for the year ended 31 December 2017

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Directors, officers and advisors

Directors

R Ammoun
CJ Anderson
JS Gordon
H O’Gorman
N Rae

Company secretary

Semperian Secretariat Services Limited

Registered office

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

Independent auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

For the year ended 31 December 2017

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 Foundation Trust ("the Trust") to design, build, finance and operate a new hospital in London with a 40 year term.

Construction of the new hospital and associated facilities commenced in July 2000. On 19 April 2005, Health Management (UCLH) Limited 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 cash flow 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 2017.

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.

	2017	2016
	£000	£000
Profit after taxation	12,616	18,538
Net assets	2,821	2,861

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 2017.

Approved by the Board and signed on its behalf by:



N. Rae
Director
11 May 2018

Directors' report

For the year ended 31 December 2017

Registered number: 03765827

Financial statements

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

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 2017 are set out in the profit and loss account on page 9, which shows a profit after tax of £12,616,000 (2016: £18,538,000). 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 2017 of £12,656,000 (2016: £18,498,000) which constitutes 448.6p per share (2016: 655.7p per share). A further dividend of £7,688,000 was paid on 9 March 2018.

Financial risk management objectives and policies

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 2017.

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 who held office during the year were as follows:

R Ammoun

CJ Anderson (appointed 24 January 2017)

CJ Blundell (resigned 24 January 2017)

JS Gordon (appointed 1 September 2017)

SM Jones (resigned 1 September 2017)

RJ Marsden (resigned 1 September 2017)

H O'Gorman (appointed 24 January 2017)

N Rae

AG Ray (resigned 1 September 2017)

Events after the balance sheet date

A dividend of £7,688,000 was paid on 9 March 2018.

Directors' report

For the year ended 31 December 2017 (continued)

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.

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 auditor

Deloitte LLP, Statutory Auditor, 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
11 May 2018

Directors' responsibilities statement

For the year ended 31 December 2017

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), 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Health Management (UCLH) Holdings Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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's 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, and we have fulfilled our other 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Responsibilities of directors

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, 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's 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

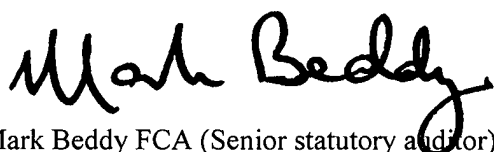
Independent auditor's report to the members of Health Management (UCLH) Holdings Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Mark Beddy FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
11 May 2018

Profit and loss account

For the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Turnover	3	12,616	18,698
Administrative expenses		-	(200)
Operating profit		12,616	18,498
Profit on ordinary activities before taxation		12,616	18,498
Tax charge on profit on ordinary activities	5	-	40
Profit for the financial year		12,616	18,538
Total comprehensive income for the financial year		12,616	18,538

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.

Balance sheet

As at 31 December 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Investment	7	2,821	2,821
Current assets			
Debtors: due within one year	8	-	40
Total assets less current liabilities		2,821	2,861
Net assets		2,821	2,861
Capital and reserves			
Called up share capital	9	2,821	2,821
Profit and loss reserve		-	40
Total shareholders' funds		2,821	2,861

The financial statements of Health Management (UCLH) Holdings Limited (registered number: 03765827) including pages 9 to 16 were approved by the Board on 11 May 2018 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 2017

	Notes	Share capital £000	Retained earnings £000	Total £000
At 1 January 2016		2,821	-	2,821
Profit for the year		-	18,538	18,538
Other comprehensive income		-	-	-
Total comprehensive income		-	18,538	18,538
Dividends	6	-	(18,498)	(18,498)
At 31 December 2016		2,821	40	2,861
Profit for the year		-	12,616	12,616
Other comprehensive income		-	-	-
Total comprehensive income		-	12,616	12,616
Dividends	6	-	(12,656)	(12,656)
At 31 December 2017		2,821	-	2,821

Notes to the financial statements

for the year ended 31 December 2017

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 in Note 2.

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.

Investment Income

Investment income may include dividends and interest receivable. Dividends are included, as Income from shares in group undertakings', when declared by the paying company.

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 2017 (continued)

1 Accounting policies (continued)

Financial Instruments

The company has adopted 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.

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 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. [Section 11 & 12 of FRS 102 paras 11.39 - 11.48A, 12.26 - 12.29];
- (iii) related party disclosure [Section 33 of FRS 102 para 33.7].

The Company is consolidated within the group accounts of UCLH Investors Limited. 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 above (i), (ii) and (iii).

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 2017 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements

No material judgements have been required in order to present the annual report and financial statements.

Key sources of estimation uncertainty

No material estimations were required in presenting the annual report or financial statements, so no uncertainty exists in relation to estimates.

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 of £2,000 (2016: £2,000) 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 (2016: £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 2017 (continued)

5 Tax charge on profit for the year

	2017 £000	2016 £000
<i>a) Tax credit included in profit or loss</i>		
Current tax	-	40
Deferred tax	-	-
Tax credit on profit	-	40

b) Reconciliation of tax charge

2017 £000	2016 £000
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The tax assessed on the profit on ordinary activities is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.0%). The differences are explained below.

Profit on ordinary activities before taxation	12,616	18,498
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.0%)	2,428	3,700
Effect of:		
Income not taxable	(2,428)	(3,740)
Total tax for the year	-	(40)

The standard rate of tax applied to reported profit on ordinary activities is 19.25% (2016: 20.0%).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. From 1 April 2017, changes to the legislation in respect of the utilisation of carried forward tax losses and the restriction of interest deductions have come into force. Changes to the rules governing the treatment of hybrids were also adopted from 1 January 2017. We have therefore reviewed the impact of these changes, with the encompassed figures reflecting their implementation.

6 Equity dividends paid

	2017 £000	2016 £000
Dividend of 448.6p (2016: 655.7p) per ordinary share	12,656	18,498

Notes to the financial statements
for the year ended 31 December 2017 (continued)

7 Fixed asset investment

	2017 £000	2016 £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 and Wales, whose principal activity is the design, build, financing and operation of a hospital in London on a 40 year contract. The registered office of Health Management (UCLH) Limited is Third Floor, Broad Quay House, Prince Street, Bristol BS1 4DJ.

8 Debtors: amounts falling due within one year

	2017 £000	2016 £000
Group relief	-	40

9 Called up share capital and reserves

	2017 £000	2016 £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.

10 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 PFI 2005 Limited (47.45%) and CFG Unicorn Holdings SPV, LLC (52.55%). 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.