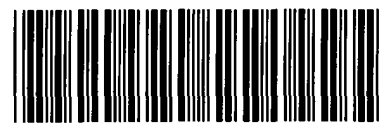


**HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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COMPANIES HOUSE

<b>HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED</b>
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**COMPANY INFORMATION**

<b>Directors</b>	Rose Deeley Kirsty O'Brien Achal Bhuwania Peter Sheldrake
<b>Company secretary</b>	Amit Thakrar
<b>Registered number</b>	3977135
<b>Registered office</b>	Welken House 10-11 Charterhouse Square London EC1M 6EH
<b>Independent auditors</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Bankers</b>	Societe Generale SG House, 41 Tower Hill London EC3N 4SG

<b>HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED</b>
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# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

### Introduction

The directors present the strategic report and financial statements for the year ended 31 December 2016.

### Principal activity

The Company is principally engaged in the performance of a PFI contract with Barts Health NHS Trust (formerly Newham Healthcare National Health Service Trust).

### Business review

Financial close was achieved on 27 January 2004. Construction of the Newham Hospital was completed on 23 June 2006 and is now operational. The concession period is 35 years.

### Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including liquidity risk, interest rate risk and credit risk. These risks are further explained in the Directors' Report.


### Financial key performance indicators

The key performance indicator for the Group is the level of performance and unavailability deductions levied by the client, since this reflects the quality of the service being provided. During the period, the Group suffered nominal deductions.

### Future Developments

The directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

This report was approved by the board and signed on its behalf.

  
.....  
**Peter Sheldrake**  
Director

Date: 20 July 2017

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

### Results and dividends

The profit for the year, after taxation, amounted to £892,000 (2015 - £897,000).

There were no dividends paid within the year (2015: £135,000). The directors do not recommend payment of a final dividend.

### Directors

The directors who served during the year and up to the date of signature of the financial statements were:

Rose Deeley (appointed 1 June 2016)  
Kirsty O'Brien  
Achal Bhuvania (appointed 1 June 2016)  
Peter Sheldrake  
James Heath (resigned 1 February 2016)  
Joanna Griffin (resigned 1 June 2016)  
Carl Dix (appointed 1 February 2016, resigned 1 June 2016)

### Future developments

The directors are not aware, at the date of this report, of any major changes in the Group's activities in the next year.

### Financial instruments

#### Liquidity Risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the Group negotiated debt facilities with an external party to ensure that the Group has sufficient funds over the life of the PFI concession.

#### Interest Rate Risk

The Group's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Group has indexed-linked debt to manage the risk and reduce its exposure to changes in interest rates.

#### Credit Risk

The Group's principal financial assets are cash, financial assets and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board of directors this risk is limited as the receivables are with a local government authority.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Post balance sheet events**


There have been no significant events affecting the Group since the year end.

**Auditors**

Deloitte LLP resigned as auditor in the year and BDO LLP were appointed in their place.

BDO LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

  
.....  
Peter Sheldrake  
Director

Date: 20 July 2017

<b>HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED</b>
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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 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'. 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

<b>HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED</b>
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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED**

We have audited the financial statements of Healthcare Support (Newham) Holdings Limited for the year ended 31 December 2016, which comprise the consolidated profit and loss account, consolidated and company balance sheet, consolidated and company statement of changes in equity, consolidated cash flow statement and related notes. The relevant financial reporting framework that has been applied in their preparation is the applicable law and the 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 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 Auditors**

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.



**HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HEALTHCARE SUPPORT (NEWHAM)  
HOLDINGS LIMITED (CONTINUED)**

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

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

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

- adequate accounting records have not been kept by the parent Company, 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.



Alexander Tapp (Senior statutory auditor)  
for and on behalf of

**BDO LLP**  
55 Baker Street  
London  
W1U 7EU

Date: 20 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2015 £000
	3		
Turnover		11,264	10,955
Cost of sales		(10,041)	(9,746)
<b>Gross profit</b>		<b>1,223</b>	<b>1,209</b>
Interest receivable and similar income	6	2,490	2,314
Interest payable and similar expenses	7	(2,598)	(2,398)
<b>Profit before tax</b>		<b>1,115</b>	<b>1,125</b>
Tax on profit	8	(223)	(228)
<b>Profit for the year</b>		<b>892</b>	<b>897</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent		892	897
		<b>892</b>	<b>897</b>

All amounts related to ongoing activities.

There were no items of other comprehensive income other than the profit for the year.


The notes on pages 15 to 27 form part of these financial statements.

**HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED**  
**REGISTERED NUMBER: 3977135**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	48,283	49,716
Debtors: amounts falling due within one year	11	4,273	7,367
Cash at bank and in hand	12	6,397	2,157
		<u>58,953</u>	<u>59,240</u>
Creditors: amounts falling due within one year	13	(5,712)	(6,209)
<b>Net current assets</b>		<u>53,241</u>	<u>53,031</u>
<b>Total assets less current liabilities</b>		<u>53,241</u>	<u>53,031</u>
Creditors: amounts falling due after more than one year	14	(48,537)	(49,219)
<b>Provisions for liabilities</b>			
<b>Net assets excluding pension asset</b>		<u>4,704</u>	<u>3,812</u>
<b>Net assets</b>		<u><u>4,704</u></u>	<u><u>3,812</u></u>
<b>Capital and reserves</b>			
Called up share capital		50	50
Profit and loss account		4,654	3,762
		<u>4,704</u>	<u>3,812</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 .....  
**Peter Sheldrake**  
 Director

Date: 20 July 2017

The notes on pages 15 to 27 form part of these financial statements.

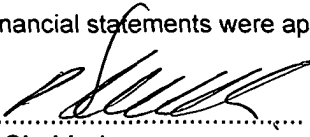
**HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED**  
**REGISTERED NUMBER: 3977135**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Investments		50	50
		<u>50</u>	<u>50</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	1,240	1,360
Debtors: amounts falling due within one year	11	112	41
		<u>1,352</u>	<u>1,401</u>
Creditors: amounts falling due within one year	13	(112)	(41)
<b>Net current assets</b>		<u>1,240</u>	<u>1,360</u>
<b>Total assets less current liabilities</b>		<u>1,290</u>	<u>1,410</u>
Creditors: amounts falling due after more than one year	14	(1,240)	(1,360)
<b>Net assets</b>		<u>50</u>	<u>50</u>
<b>Capital and reserves</b>			
Called up share capital		50	50
		<u>50</u>	<u>50</u>

The parent company profit for the year is £Nil (2015: £135,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**Peter Sheldrake**  
 Director

Date: 20 July 2017

The notes on page 15 to 27 form part of these financial statements.

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 January 2016	50	3,762	3,812	3,812
<b>Comprehensive income for the year</b>				
Profit for the year	-	892	892	892
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	892	892	892
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2016</b>	<b>50</b>	<b>4,654</b>	<b>4,704</b>	<b>4,704</b>

The notes on page 15 to 27 form part of these financial statements.

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000
At 1 January 2015	50	3,000	3,050	3,050
<b>Comprehensive income for the year</b>				
Profit for the year	-	897	897	897
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	897	897	897
Dividends: Equity capital	-	(135)	(135)	(135)
<b>Total transactions with owners</b>	-	(135)	(135)	(135)
<b>At 31 December 2015</b>	<b>50</b>	<b>3,762</b>	<b>3,812</b>	<b>3,812</b>

The notes on pages 15 to 27 form part of these financial statements.

**HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Called up share capital £000</b>	<b>Total equity £000</b>
At 1 January 2016	<b>50</b>	<b>50</b>
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Total transactions with owners	-	-
At 31 December 2016	<b>50</b>	<b>50</b>

The notes on page 15 to 27 form part of these financial statements.

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2015	50	-	50
<b>Comprehensive income for the year</b>			
Profit for the year	-	135	135
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	135	135
<b>Contributions by and distributions to owners</b>			
Dividends Paid	-	(135)	(135)
<b>Total transactions with owners</b>	-	(135)	(135)
<b>At 31 December 2015</b>	<b>50</b>	<b>-</b>	<b>50</b>

The notes on pages 15 to 27 form part of these financial statements.



# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £000	2015 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	892	897
<b>Adjustments for:</b>		
Interest paid	2,598	2,398
Interest received	(2,490)	(2,314)
Taxation charge	223	228
Decrease in debtors	3,153	803
Service charge margin	(10,979)	(10,910)
(Decrease) in creditors	(623)	(1,850)
Corporation tax received/(paid)	126	(116)
<b>Net cash generated from operating activities</b>	<u>(7,100)</u>	<u>(10,864)</u>
<b>Cash flows from investing activities</b>		
Interest received	25	24
Receipts on financial asset	14,820	14,405
<b>Net cash from investing activities</b>	<u>14,845</u>	<u>14,429</u>
<b>Cash flows from financing activities</b>		
Repayment of loans	(858)	(985)
Repayment of other loans	(49)	(355)
Dividends paid	-	(135)
Interest paid	(2,598)	(2,403)
<b>Net cash used in financing activities</b>	<u>(3,505)</u>	<u>(3,878)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>4,240</u>	<u>(313)</u>
Cash and cash equivalents at beginning of year	2,157	2,470
<b>Cash and cash equivalents at the end of year</b>	<u><u>6,397</u></u>	<u><u>2,157</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	6,397	2,157
	<u><u>6,397</u></u>	<u><u>2,157</u></u>

The notes on pages 15 to 27 form part of these financial statements.

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The following principal accounting policies have been applied:

#### 1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December each year.

#### 1.3 Going Concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company and group 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.

#### 1.4 Revenue

The assets of the Group fall under Service Concession Arrangements by virtue of the fact that the public sector customer ("Grantor") passes both elements of the asset control test:

- i) The Grantor controls the use of the asset via the project agreement and all service level requirements contained therein;
- ii) The Grantor controls the entitlement to residual asset proceeds via an entitlement to purchase the asset prior to an offer to the open market which can be exercised at the Grantor's discretion.

Under section 34 of FRS102, such assets should be capitalised into a financial asset attributed to the provision of services.

Pursuant to section 23 of FRS102, revenue associated with the financial asset comprises service income related to facilities management, lifecycle maintenance and other administrative running costs of the Group.

#### 1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. Accounting policies (continued)**

**1.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**1.7 Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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.

**Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

**Service Concession**

The Group has been established to provide services under certain private finance agreements with Barts Health NHS Trust. Under the terms of these Agreements, the Barts Health NHS Trust (as grantor) controls the services to be provided by the Group over the contract term. Based on the contractual arrangements the Group has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

The Group has chosen to adopt the transitional arrangements available within FRS 102, Section 35.10 (i) and as such the service concession arrangement has continued to be accounted for using the same accounting policies being applied at the date of transition to FRS 102 (1 January 2014). The nature of the asset has therefore not changed; however, there has been a change in the description from Finance Debtor to Financial Asset.

Under the terms of the arrangement, the Group has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Trust), and as such the asset is accounted for as a financial asset. The financial asset has initially been

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. Accounting policies (continued)**

**1.7 Financial instruments (continued)**

recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.9 Finance costs**

Finance costs are charged to the Consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**1.11 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. Accounting policies (continued)**

**1.12 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**1.13 Taxation**

Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

**Critical judgements**

Concession arrangements - The concession arrangements undertaken by the company are considered to fall within the scope of section 34 of FRS 102 "Service Concession Arrangements", as described in the Turnover note. This judgement has been based on a consideration of the nature and terms of the agreements.

**Key sources of estimation uncertainty**

Financial Asset Interest Rate - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a quarterly basis.

Service Margin - After the property is constructed, the company provides property management services. The remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. The service margin rate used in 2016 is 11.93% (2015: 12.40%) per annum.

Trade creditors and trade debtors - There is an ongoing dispute between the company, Barts Health NHS Trust ('the Trust') and ISS, the Facilities Management service provider relating to receivables of £1,704,000 due to the company from the Trust and corresponding related payables of £1,988,000 owed by the company to ISS. This dispute concerns the contractual obligations under the agreements between each party. Over a number of years, amounts have been withheld on the basis that services have been provided by the respective parties that were not requested or formally agreed and therefore there is no obligation for payment to be made for these services. Discussions are ongoing between all three parties to reach a tripartite settlement. The directors have given consideration to the expected amounts that they will receive and are obligated to pay and the balances included in these financial statements in trade debtors and creditors reflect the best estimate of the final settlement position expected.

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 3. Turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Service fee income	11,029	10,910
Pass-through income	235	45
	<u>11,264</u>	<u>10,955</u>

All turnover arose within the United Kingdom.

### 4. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	10	16

### 5. Employees

Staff costs were as follows:

The Company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL).

### 6. Interest receivable

	2016 £000	2015 £000
Financial asset interest income	2,465	2,290
Interest on bank deposits	25	24
	<u>2,490</u>	<u>2,314</u>

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 7. Interest payable and similar charges

	2016 £000	2015 £000
Bank loan interest payable	2,445	2,212
Loans from group undertakings	153	186
	<u>2,598</u>	<u>2,398</u>

### 8. Taxation

	2016 £000	2015 £000
<b>Corporation tax</b>		
Current tax on profits for the year	223	228
	<u>223</u>	<u>228</u>
<b>Total current tax</b>	<u>223</u>	<u>228</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>223</u>	<u>228</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%) as set out below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	1,115	1,125
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	223	228
<b>Effects of:</b>		
<b>Total tax charge for the year</b>	<u>223</u>	<u>228</u>



# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 8. Taxation (continued)

#### Factors that may affect future tax charges

Reductions in the rate of corporation tax to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17%-(effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

### 9. Dividends

	2016 £000	2015 £000
Interim dividends paid	-	135
	<u>-</u>	<u>135</u>

No dividends (2015: £2.70) per share were paid during the year.

### 10. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements. The profit after tax of the parent Company for the year was £NIL (2015 - £135135,000 thousand).

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 11. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	1,240	1,360
Financial asset	48,283	49,716	-	-
	<u>48,283</u>	<u>49,716</u>	<u>1,240</u>	<u>1,360</u>
	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Due within one year</b>				
Trade debtors	19	1,169	-	-
Other financial assets	3,251	5,272	-	-
Financial Asset	913	856	-	-
Amount owed by group undertakings	-	-	112	41
Prepayments and accrued income	90	70	-	-
	<u>4,273</u>	<u>7,367</u>	<u>112</u>	<u>41</u>

Other financial assets include amounts held within deposit accounts with a maturity of not less than 3 months from the initial deposit.

### 12. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	6,397	2,157	-	-
	<u>6,397</u>	<u>2,157</u>	<u>-</u>	<u>-</u>

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 13. Creditors: Amounts falling due within one year

	<b>Group</b> <b>2016</b> <b>£000</b>	<i>Group</i> <i>2015</i> <i>£000</i>	<b>Company</b> <b>2016</b> <b>£000</b>	<i>Company</i> <i>2015</i> <i>£000</i>
Bank loans (Note 15)	1,940	2,236	-	-
Trade creditors	2,519	2,793	-	-
Amounts owed to group undertakings	112	41	112	41
Corporation tax	315	(34)	-	-
Other taxation and social security	93	304	-	-
Other creditors	350	417	-	-
Accruals and deferred income	383	452	-	-
	<b>5,712</b>	<b>6,209</b>	<b>112</b>	<b>41</b>

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

	<b>Group</b> <b>2016</b> <b>£000</b>	<i>Group</i> <i>2015</i> <i>£000</i>	<b>Company</b> <b>2016</b> <b>£000</b>	<i>Company</i> <i>2015</i> <i>£000</i>
Bank loans (Note 15)	47,297	47,859	-	-
Other loans (Note 15)	1,240	1,360	1,240	1,360
	<b>48,537</b>	<b>49,219</b>	<b>1,240</b>	<b>1,360</b>

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 15. Loans

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Amounts falling due within one year</b>				
Bank loans	1,940	2,236	-	-
	<u>1,940</u>	<u>2,236</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	2,119	1,986	-	-
	<u>2,119</u>	<u>1,986</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due 2-5 years</b>				
Bank loans	6,507	6,564	-	-
	<u>6,507</u>	<u>6,564</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due after more than 5 years</b>				
Bank loans	38,671	39,309	-	-
Other loans	1,240	1,360	1,240	1,360
	<u>39,911</u>	<u>40,669</u>	<u>1,240</u>	<u>1,360</u>
	<u><u>50,477</u></u>	<u><u>51,455</u></u>	<u><u>1,240</u></u>	<u><u>1,360</u></u>

Amounts repayable by installment due after 5 years total £38,673,000 (2015: £39,309,000).

#### **Bonds**

In 2004 the Company issued £46,620,000 in aggregate principal amount of 3.2655 per cent index-linked security bonds due in 2037 under a Bond Trust Deed, with Prudential Trustee Company Limited as trustee, which provides funds for the construction of the project. The bond is repayable in instalments based on the Bond Trust Deed over the next 27 years.

#### **Subordinated debt**

At the year end, the Company owed £1,238,301 in loans to the immediate parent companies Palio (No4) Limited (50%) and CFS Newham Limited (50%) which in turn are owned by Equitix Fund IV (50%) and Equitix Fund MA 1 (50%) respectively. The subordinated debt is unsecured and is subject to interest at 12%. The debt is repayable by instalments from surplus funds to 2039.

# HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 16. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
<b>Financial assets</b>				
Financial assets measured at amortised cost	58,916	59,170	1,350	1,401
	<u>58,916</u>	<u>59,170</u>	<u>1,350</u>	<u>1,401</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(53,991)	(55,158)	(1,352)	(1,402)
	<u>(53,991)</u>	<u>(55,158)</u>	<u>(1,352)</u>	<u>(1,402)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, financial asset and trade and other debtors.

Financial Liabilities measured at amortised cost comprise trade creditors, accruals, loans and provisions.

### 17. Share capital

	2016 £000	2015 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

### 18. Controlling party

The Company is a joint venture between Palio (No 4) Limited (50%) and CFS Newham Limited (50%). CFS Newham Limited and Palio (No 4) Limited are incorporated and registered in England and Wales. The directors consider there to be no ultimate controlling entity at the year end.

### 19. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Healthcare Support Newham Limited	Ordinary shares	100 %

**HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**19. Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves £000</b>	<b>Profit/(loss) £000</b>
- Healthcare Support Newham Limited	50	4,802
	<b>50</b>	<b>4,802</b>

The registered address of the Company's subsidiary is the same as the Company's.