

Registered number: 3977135

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

COMPANY INFORMATION

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

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

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HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present the strategic report and financial statements for the year ended 31 December 2017.

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.


Kirsty O'Brien
Director

Date: 30 April 2018

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amounted to £758,000 (2016 - £892,000).

Dividends of £1,477,000 were paid during the year (2016: £Nil). The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

Rosemary Deeley
Kirsty O'Brien
Achal Bhawania
Peter Sheldrake

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.

Post balance sheet events

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

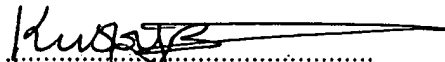
HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Auditors

The auditors, 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.



Kirsty O'Brien
Director

Date: 30 April 2018

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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 to 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.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

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

Opinion

We have audited the financial statements of Healthcare Support (Newham) Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Profit and loss account, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 Group's or the parent 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.

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.

Other information

The directors are responsible for the other information. The other information comprises the information included

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

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

in the Annual Report, other than the financial statements and our Auditors' 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.

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 this regard.

Opinion 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

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

Auditors' 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 Auditors' 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 Auditors' report.

BDO LLP

Paul Bailey (Senior statutory auditor)
for and on behalf of
BDO LLP
55 Baker Street
London
W1U 7EU

30 April 2018

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 2017

	Note	2017 £000	2016 £000
Turnover	3	14,430	11,264
Cost of sales		(13,217)	(10,041)
Gross profit		1,213	1,223
Interest receivable and similar income	6	3,295	2,490
Interest payable and similar expenses	7	(3,566)	(2,598)
Profit before tax		942	1,115
Tax on profit	8	(184)	(223)
Profit for the financial year		758	892
Profit for the year attributable to:			
Owners of the parent		758	892
		758	892

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated profit and loss account.

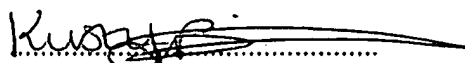
The notes on pages 16 to 26 form part of these financial statements.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED
REGISTERED NUMBER: 3977135

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Current assets			
Debtors: amounts falling due after more than one year	12	47,419	48,283
Debtors: amounts falling due within one year	12	7,234	4,273
Cash at bank and in hand	13	3,869	6,397
		<u>58,522</u>	<u>58,953</u>
Creditors: amounts falling due within one year	14	(6,594)	(5,712)
Net current assets		<u>51,928</u>	<u>53,241</u>
Total assets less current liabilities		<u>51,928</u>	<u>53,241</u>
Creditors: amounts falling due after more than one year	15	(47,943)	(48,537)
Provisions for liabilities			
Net assets excluding pension asset		<u>3,985</u>	<u>4,704</u>
Net assets		<u><u>3,985</u></u>	<u><u>4,704</u></u>
Capital and reserves			
Called up share capital	18	50	50
Profit and loss account		3,935	4,654
Equity attributable to owners of the parent Company		<u>3,985</u>	<u>4,704</u>
		<u><u>3,985</u></u>	<u><u>4,704</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 April 2018.


Kirsty O'Brien
 Director

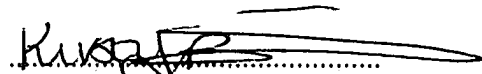
The notes on pages 16 to 26 form part of these financial statements.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED
REGISTERED NUMBER: 3977135

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments		50	50
		<u>50</u>	<u>50</u>
Current assets			
Debtors: amounts falling due after more than one year	12	1,238	1,240
Debtors: amounts falling due within one year	12	37	112
		<u>1,275</u>	<u>1,352</u>
Creditors: amounts falling due within one year	14	(37)	(112)
Net current assets		<u>1,238</u>	<u>1,240</u>
Total assets less current liabilities		<u>1,288</u>	<u>1,290</u>
Creditors: amounts falling due after more than one year	15	(1,238)	(1,240)
Net assets		<u>50</u>	<u>50</u>
Capital and reserves			
Called up share capital	18	50	50
		<u>50</u>	<u>50</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 April 2018.


Kirsty O'Brien
Director

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000
At 1 January 2017	50	4,654	4,704	4,704
Comprehensive income for the year				
Profit for the year	-	758	758	758
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	758	758	758
Dividends: Equity capital	-	(1,477)	(1,477)	(1,477)
Total transactions with owners	-	(1,477)	(1,477)	(1,477)
At 31 December 2017	50	3,935	3,985	3,985

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

The notes on pages 16 to 26 form part of these financial statements.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	50	-	50
Comprehensive income for the year			
Profit for the year	-	1,477	1,477
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,477	1,477
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,477)	(1,477)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(1,477)	(1,477)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	50	-	50
	<hr/>	<hr/>	<hr/>

The notes on page 16 to 26 form part of these financial statements.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

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

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

The notes on pages 16 to 26 form part of these financial statements.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the financial year	758	892
Adjustments for:		
Interest paid	3,307	2,598
Interest received	(3,295)	(2,490)
Taxation charge	184	223
(Increase)/decrease in debtors	(148)	3,153
Service charge margin	(14,320)	(10,979)
Increase/(decrease) in creditors	301	(623)
(Decrease)/increase in amounts owed to groups	(75)	-
Corporation tax (paid)/received	(4)	126
Net cash generated from operating activities	(13,292)	(7,100)
Cash flows from investing activities		
Interest received	33	25
Receipts on financial asset	16,630	14,820
Net cash from investing activities	16,663	14,845
Cash flows from financing activities		
Repayment of loans	(1,115)	(858)
Repayment of other loans	-	(49)
Dividends paid	(1,477)	-
Interest paid	(3,307)	(2,598)
Net cash used in financing activities	(5,899)	(3,505)
Net (decrease)/increase in cash and cash equivalents	(2,528)	4,240
Cash and cash equivalents at beginning of year	6,397	2,157
Cash and cash equivalents at the end of year	3,869	6,397
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,869	6,397
	3,869	6,397

The notes on pages 16 to 26 form part of these financial statements.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

2. Judgements 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 2017 is 11.93% (2016: 11.93%) per annum.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Turnover

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

	2017 £000	2016 £000
Service fee income	14,321	11,029
Pass-through income	109	235
	<u>14,430</u>	<u>11,264</u>

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>10</u>	<u>10</u>

5. Employees

The Group and Company have no employees other than the directors, who did not receive any remuneration (2016 - £NIL).

6. Interest receivable

	2017 £000	2016 £000
Financial asset interest income	3,262	2,465
Interest on bank deposits	33	25
	<u>3,295</u>	<u>2,490</u>

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Interest payable and similar charges

	2017 £000	2016 £000
Bank loan interest payable	3,417	2,445
Loans from group undertakings	149	153
	<u>3,566</u>	<u>2,598</u>

8. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	184	223
	<u>184</u>	<u>223</u>
Total current tax	<u>184</u>	<u>223</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>184</u>	<u>223</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%) as set out below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	<u>942</u>	<u>1,115</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	188	223
Effects of:		
Adjustment for change in tax rates	(4)	-
Total tax charge for the year	<u>184</u>	<u>223</u>

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8. Taxation (continued)

Factors that may affect future tax charges

A Corporation Tax 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

	2017 £000	2016 £000
Interim dividends paid	1,477	-
	<u>1,477</u>	<u>-</u>

Dividends of £29.54 per share (2016: £Nil) 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 £1,477,000 (2016: £Nil).

11. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Healthcare Support Newham Limited	Ordinary Shares	100 %	Delivery of PFI contract with Bart's NHS Trust

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit/(loss) £000
Healthcare Support Newham Limited	3,985	758
	<u>3,985</u>	<u>758</u>

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

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	50
At 31 December 2017	50
Net book value	
At 31 December 2017	50
At 31 December 2016	50

12. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Due after more than one year				
Amounts owed by group undertakings	-	-	1,238	1,240
Other debtors	47,419	48,283	-	-
	<u>47,419</u>	<u>48,283</u>	<u>1,238</u>	<u>1,240</u>
Due within one year				
Trade debtors	-	19	-	-
Amounts owed by group undertakings	5,197	3,251	-	-
Amounts owed by joint ventures and associated undertakings	988	913	-	-
Other debtors	-	-	37	112
Prepayments and accrued income	1,049	90	-	-
	<u>7,234</u>	<u>4,273</u>	<u>37</u>	<u>112</u>

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	3,869	6,397	-	-
	<u>3,869</u>	<u>6,397</u>	<u>-</u>	<u>-</u>

14. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans (note 16)	2,247	1,940	-	-
Trade creditors	1,703	2,519	-	-
Amounts owed to group undertakings	37	112	37	112
Corporation tax	495	315	-	-
Other taxation and social security	234	93	-	-
Other creditors	240	1	-	-
Accruals and deferred income	1,638	732	-	-
	<u>6,594</u>	<u>5,712</u>	<u>37</u>	<u>112</u>

15. Creditors: Amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans (Note 16)	46,706	47,299	-	-
Other loans (Note 16)	1,237	1,238	1,238	1,240
	<u>47,943</u>	<u>48,537</u>	<u>1,238</u>	<u>1,240</u>

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

16. Loans

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Amounts falling due within one year				
Bank loans	2,247	1,940	-	-
	<u>2,247</u>	<u>1,940</u>	<u>-</u>	<u>-</u>
Amounts falling due 1-2 years				
Bank loans	2,279	2,119	-	-
	<u>2,279</u>	<u>2,119</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Bank loans	6,829	6,507	-	-
	<u>6,829</u>	<u>6,507</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than 5 years				
Bank loans	37,598	38,673	-	-
Other loans	1,238	1,238	1,238	1,240
	<u>38,836</u>	<u>39,911</u>	<u>1,238</u>	<u>1,240</u>
	<u>50,191</u>	<u>50,477</u>	<u>1,238</u>	<u>1,240</u>

Amounts repayable by installment due after 5 years total £37,838,000 (2016: £38,763,000).

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 installments based on the Bond Trust Deed over the next 27 years.

Subordinated debt

At the year end, the Company owed £1,238,300 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 installments from surplus funds to 2039.

HEALTHCARE SUPPORT (NEWHAM) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. Financial instruments

	Group 2017 £000	<i>Group 2016 £000</i>	Company 2017 £000	<i>Company 2016 £000</i>
Financial assets				
Financial assets measured at amortised cost	58,487	<i>58,916</i>	1,240	<i>1,350</i>
	58,487	<i>58,916</i>	1,240	<i>1,350</i>
Financial liabilities				
Financial liabilities measured at amortised cost	(54,048)	<i>(53,991)</i>	(1,276)	<i>(1,352)</i>
	(54,048)	<i>(53,991)</i>	(1,276)	<i>(1,352)</i>

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.

18. Share capital

	2017 £000	<i>2016 £000</i>
Shares classified as equity		
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50	<i>50</i>

19. 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.