

**Healthcare Providers (Gloucester) Limited**  
**Financial Statements**  
**31 December 2016**



# **Healthcare Providers (Gloucester) Limited**

## **Financial Statements**

**Year ended 31 December 2016**

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# **Healthcare Providers (Gloucester) Limited**

## **Strategic Report**

**Year ended 31 December 2016**

### **Principal activities and business review**

The principal activity of the company is that of a holding company with a single subsidiary, Gloucester Healthcare Partnership Limited.

The principal activity of the group is the provision of operational and maintenance services for the Gloucestershire Royal Hospital, in accordance with a Project Agreement entered into with Gloucestershire Hospitals National Health Service Trust.

The hospital became fully operational in 2004. The group is currently operating the facility for a 30 year period, providing a full range of facilities management services under a contractual agreement that provides a regular income stream which is subject to deductions for service shortfalls and the unavailability of the facility.

The group operates in a PFI market under strict contractual obligations.

The result for the group for the year is shown in the Consolidated Profit and Loss Account and Statement of other Comprehensive Income on page 8.

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to cash flow management, facility management compliance and review of the insurance cover and lifecycle profile.

The Board formally reviews risks and appropriate processes are put in place to mitigate them.

### **Financial risk management**

The group's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

The group's financial instruments comprise floating rate and fixed rate borrowings, the main purpose of which is to raise finance for the group's operations. The group does use derivative financial instruments and has entered into interest rate swaps, the purpose of which is to manage interest rate risks on the group's floating rate borrowings.

Apleona GVA Asset Management Limited (formerly Bilfinger RE Asset Management Limited), as a provider of management and financial services to the group under a contractual arrangement, implements the policies set by the Board of directors.

### **Liquidity risk**

The group minimises the risk of uncertain funding in its operations by having long-term committed and drawn facilities available.

### **Interest rate cash flow risk**

The group's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

# Healthcare Providers (Gloucester) Limited

## Strategic Report *(continued)*

Year ended 31 December 2016

### Financial risk management *(continued)*

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation under the contract giving rise to the financial instrument. The group's credit risk is concentrated as its cash flows are generated from the PFI schools concession asset. The concentration of risk is mitigated as the cash flows are secured under contract with Gloucestershire Hospitals National Health Service Trust, a government body.

#### Key performance indicators

##### 1. Performance deductions under the service contract

Financial penalties are levied by the Authority in the event of performance standards not being achieved according to detailed criteria set out in the Project Agreement. These deductions were passed on to the service provider. In the year ended 31 December 2016, deductions of £2,000 (2015: £2,000) had been levied which represents 0.08% (2015: 0.07%) of revenue. The directors believe the performance for the year to be satisfactory.

##### 2. Financial performance

The directors have modelled the anticipated financial outcome of the Project across its full term. The directors monitor actual financial performance against this anticipated performance. The directors believe the performance for the year to be satisfactory.

#### Going concern

The directors have reviewed the groups's projected cash flows by reference to a financial model covering accounting periods up to 31 December 2034. The directors have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the available information, the directors consider that the group and parent company will be able to meet its financial obligations on the due dates for the foreseeable future. Accordingly, the directors consider that it is appropriate for the financial statements of the group and parent company to be prepared on a going concern basis.

This report was approved by the Board of directors on 30 August 2017 and signed on behalf of the Board by:



A Maafs  
Director

Registered office:  
1 Grenfell Road  
Maidenhead  
Berkshire  
SL6 1HN

# **Healthcare Providers (Gloucester) Limited**

## **Directors' Report**

### **Year ended 31 December 2016**

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

#### **Directors**

The directors who served the company during the year and up to the date of this report are shown below:

F Schramm	
A Naafs	
I Tayler	
N Rae	
R Little	(Appointed 1 June 2016)
P Dodd	(Resigned 1 June 2016)

#### **Dividends**

The directors have recommended a dividend of £567,000 (2015: £97,000).

#### **Future developments**

The updated forecast for the project confirms that it is performing satisfactorily and management of the scheme both logistically and financially remains under control. The directors remain confident that the group will maintain the current level of performance and keep meeting the obligations under the contract.

#### **Donations**

The group and parent company made no political donations during the year (2015: £nil).

#### **Disclosure of information to the auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

#### **Disclosure of information in the Strategic Report**

Principal activities and business review, financial risk management and going concern are detailed in the Strategic Report.

#### **Independent auditors**

During the year, KPMG LLP resigned and PricewaterhouseCoopers LLP were appointed to fill the casual vacancy arising. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

# Healthcare Providers (Gloucester) Limited

## Directors' Report *(continued)*

**Year ended 31 December 2016**

This report was approved by the Board of directors on 30 August 2017 and signed on behalf of the Board by:



A Naafs  
Director

Registered office:  
1 Grenfell Road  
Maidenhead  
Berkshire  
SL6 1HN

# Healthcare Providers (Gloucester) Limited

## Statement of Directors' Responsibilities

**Year ended 31 December 2016**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board by:

  
A. Naafs  
Director

*30 August 2017*

**Healthcare Providers (Gloucester) Limited**  
**Independent Auditors' Report to the Members of Healthcare Providers**  
**(Gloucester) Limited**  
**Year ended 31 December 2016**

**Report on the financial statements**

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**Our opinion**

In our opinion, Healthcare Providers (Gloucester) Limited's group financial statements and parent company financial statements (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 2016 and of the group's profit and cash flows 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.
- 

**What we have audited**

The financial statements, included within this report, comprise:

- the Consolidated and Company Balance Sheets as at 31 December 2016;
- the Consolidated Profit and Loss Account and Statement of Other Comprehensive Income for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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**Opinions on other matters prescribed by the Companies Act 2006**

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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 addition, in light of the knowledge and understanding of the group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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**Other matters on which we are required to report by exception**

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**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.



# Healthcare Providers (Gloucester) Limited

## Independent Auditors' Report to the Members of Healthcare Providers (Gloucester) Limited *(continued)*

Year ended 31 December 2016

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### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

*Jonathan Studholme*

Jonathan Studholme (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

*5 September* 2017

# Healthcare Providers (Gloucester) Limited

## Consolidated Profit and Loss Account and Statement of Other Comprehensive Income

Year ended 31 December 2016

	Note	2016 £000	2015 Restated £000
<b>Turnover</b>	<b>5</b>	<b>2,578</b>	2,734
Cost of sales		(1,741)	(1,797)
Administrative expenses		(169)	(167)
<b>Operating profit</b>		<b>668</b>	770
Interest receivable and similar income	<b>8</b>	<b>1,964</b>	2,016
Interest payable and similar expenses	<b>9</b>	(1,674)	(1,710)
<b>Profit before taxation</b>		<b>958</b>	1,076
Tax on profit	<b>10</b>	(32)	12
<b>Profit for the financial year</b>		<b>926</b>	1,088
Fair value movements on cash flow hedging instruments		(1,271)	1,078
Tax recognised in relation to change in fair value cash flow hedges	<b>10</b>	133	(382)
<b>Other comprehensive (expense)/income for the year</b>		<b>(1,138)</b>	696
<b>Total comprehensive (expense)/income for the year</b>		<b>(212)</b>	1,784

All the activities of the group are from continuing operations.

# Healthcare Providers (Gloucester) Limited

## Consolidated Balance Sheet

31 December 2016

	Note	2016 £000	2016 £000	2015 Restated £000
<b>Current assets</b>				
Debtors (including £31,011,000 (2015: £31,730,000) due after more than one year)	14	32,496		34,216
Cash at bank and in hand		3,671		1,980
<b>Total current assets</b>		<b>36,167</b>		<b>36,196</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(885)</b>		<b>(840)</b>
<b>Net current assets</b>			<b>35,282</b>	<b>35,356</b>
<b>Total assets less current liabilities</b>			<b>35,282</b>	<b>35,356</b>
<b>Creditors: amounts falling due after more than one year</b>	16		<b>(37,761)</b>	<b>(37,056)</b>
<b>Net liabilities</b>			<b>(2,479)</b>	<b>(1,700)</b>
<b>Capital and reserves</b>				
Called up share capital	20		38	38
Cash flow hedge reserve	21		(7,957)	(6,819)
Profit and loss account			5,440	5,081
<b>Total equity</b>			<b>(2,479)</b>	<b>(1,700)</b>

The notes on pages 14 to 23 form an integral part of these financial statements.

The financial statements on pages 8 to 23 were approved by the Board of directors on 30 August 2017 and signed on behalf of the Board by:

  
A. Naafs  
Director

Company registration number: 04341295

# Healthcare Providers (Gloucester) Limited

## Company Balance Sheet

31 December 2016

	Note	2016 £000	2016 £000	2015 £000
<b>Fixed assets</b>				
Investments	13		38	38
<b>Current assets</b>				
Debtors (including £2,382,000 (2015: £2,382,000) due after more than one year)	14	2,382		2,382
<b>Total current assets</b>		<u>2,382</u>		<u>2,382</u>
<b>Net current assets</b>			<u>2,382</u>	<u>2,382</u>
<b>Total assets less current liabilities</b>			<u>2,420</u>	<u>2,420</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(2,382)</u>	<u>(2,382)</u>
<b>Net assets</b>			<u>38</u>	<u>38</u>
<b>Capital and reserves</b>				
Called up share capital	20		38	38
Profit and loss account brought forward			—	—
Profit and loss account current year			—	—
<b>Total equity</b>			<u>38</u>	<u>38</u>

The notes on pages 14 to 23 form an integral part of these financial statements.

The financial statements on pages 8 to 23 were approved by the Board of directors on 30 August 2017 and signed on behalf of the Board by:

  
A. Naafs  
Director

Company registration number: 04341295

# Healthcare Providers (Gloucester) Limited

## Consolidated Statement of Changes in Equity

Year ended 31 December 2016

	Note	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account restated £000	Total equity £000
<b>At 1 January 2015</b>		38	(7,515)	4,090	(3,387)
Profit for the financial year restated		–	–	1,088	1,088
Other comprehensive income/(expense) for the year:					
Fair value movements on cash flow hedging instruments		–	1,078	–	1,078
Tax recognised in relation to change in fair value cash flow hedges	10	–	(382)	–	(382)
<b>Total comprehensive income for the year restated</b>		–	696	1,088	1,784
Dividends paid and payable	12	–	–	(97)	(97)
<b>Total investments by and distributions to owners</b>		–	–	(97)	(97)
<b>At 31 December 2015 restated</b>		38	(6,819)	5,081	(1,700)
Profit for the financial year		–	–	926	926
Other comprehensive (expense)/income for the year:					
Fair value movements on cash flow hedging instruments		–	(1,271)	–	(1,271)
Tax recognised in relation to change in fair value cash flow hedges	10	–	133	–	133
<b>Total comprehensive (expense) for the year</b>		–	(1,138)	926	(212)
Dividends paid and payable	12	–	–	(567)	(567)
<b>Total investments by and distributions to owners</b>		–	–	(567)	(567)
<b>At 31 December 2016</b>		38	(7,957)	5,440	(2,479)

# Healthcare Providers (Gloucester) Limited

## Company Statement of Changes in Equity

Year ended 31 December 2016

	Note	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2015</b>		38	–	38
Profit for the financial year		–	97	97
<b>Total comprehensive income for the year</b>		–	97	97
Dividends paid and payable	12	–	(97)	(97)
<b>Total investments by and distributions to owners</b>		–	(97)	(97)
<b>At 31 December 2015</b>		38	–	38
Profit for the financial year		–	567	567
<b>Total comprehensive income for the year</b>		–	567	567
Dividends paid and payable	12	–	(567)	(567)
<b>Total investments by and distributions to owners</b>		–	(567)	(567)
<b>At 31 December 2016</b>		38	–	38

# Healthcare Providers (Gloucester) Limited

## Consolidated Cash Flow Statement

Year ended 31 December 2016

	2016 £000	2015 Restated £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	926	1,088
<i>Adjustments for:</i>		
Interest receivable and similar income	(1,964)	(2,016)
Interest payable and similar expenses	1,674	1,710
Tax on profit	32	(12)
<i>Changes in:</i>		
Trade and other debtors	1,852	(450)
Trade and other creditors	(9)	9
Cash generated from operations	2,511	329
Interest paid	(1,674)	(1,710)
Interest received	1,964	2,016
Net cash generated from operating activities	2,801	635
<b>Cash flows from financing activities</b>		
Repayment of bank loan	(543)	(633)
Dividends paid	(567)	(97)
Net cash used in financing activities	(1,110)	(730)
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,691	(95)
<b>Cash and cash equivalents at beginning of year</b>	1,980	2,075
<b>Cash and cash equivalents at end of year</b>	3,671	1,980

# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements

Year ended 31 December 2016

### 1. General information

Healthcare Providers (Gloucester) Limited is a private company limited by shares incorporated in the United Kingdom, which is registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. The principal activity of the company is that of a holding company with a single subsidiary, Gloucester Healthcare Partnership Limited.

### 2. Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in September 2015. The presentation currency of these financial statements is sterling.

The consolidated financial statements of Healthcare Providers (Gloucester) Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### 3. Critical accounting estimates and assumptions

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Certain critical accounting judgements in applying the group's accounting policies are described below:

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the PFI contract. Quarterly management accounts are produced, which compare actual performance with a detailed financial model. Variances are investigated and consideration given to the impact of any major variances. The financial model is updated on a six monthly basis, to reflect actual performance to date and accommodate any changes in economic assumptions. These processes ensure that the project remains robust and viable throughout the life of the contract.

### 4. Summary of significant accounting policies

#### Measurement convention

The financial statements were prepared in accordance with the Companies Act 2006, on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

#### Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, Gloucester Healthcare Partnership Limited. The acquisition method of accounting has been adopted. The parent company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.



# **Healthcare Providers (Gloucester) Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2016**

### **4. Summary of significant accounting policies *(continued)***

#### **Going concern**

The directors have reviewed the cash flow forecast and taking into account of reasonable possible changes in operations, believe that the group and parent company will be able to settle liabilities as they fall due for payment for the foreseeable future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

#### **Exemptions for qualifying entities under FRS 102**

The parent company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes.

#### **Turnover**

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. During the operational phase, turnover is recognised as contract activity progresses at a mark up on costs related to the provision of services. In line with FRS 102 23.22(a), the mark up is calculated based upon the forecast service revenues and costs over the concession period.

All turnover originates in the United Kingdom.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is recognised on trading losses carried forward and on the fair value movement of the swap derivative.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

#### **Investments**

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 4. Summary of significant accounting policies *(continued)*

#### Financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses in the case of trade debtors.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and treasury deposits.

##### *Restricted cash*

The group is obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £3,260,000 at the year-end (2015: £1,779,000).

#### Other financial instruments

##### *Financial instruments not considered to be basic financial instruments (other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

#### Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

The group has entered into an interest rate swap and designated these as hedges for highly probable forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 4. Summary of significant accounting policies *(continued)*

#### Finance debtor

The group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the group under FRS 102 section 34.12C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23.22(a). The group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

#### Expenses

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable on borrowings and associated on-going financing fees.

Interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method.

### 5. Turnover

Turnover arises from:

	2016 £000	2015 £000
Service income	<u>2,578</u>	<u>2,734</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

### 6. Auditors' remuneration

	2016 £000	2015 £000
Audit of these financial statements	<u>11</u>	<u>13</u>

The audit fee in respect of the group was £11,000 (2015: £13,000) and for the company £2,000 (2015: £3,000). The group incurred tax fees of £3,000 (2015: £5,000) during the year. All of these costs have been borne by the subsidiary undertaking.

# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 7. Staff costs and directors' remuneration

The group and parent company had no employees during the year (2015: nil). No key personnel received any remuneration during the year (2015: nil). The directors have no contract of service with the group and parent company. During the year the group incurred charges of £76,000 (2015: £74,000) from BBGI Management HoldCo S.a.r.l. (an indirect and wholly owned subsidiary of BBGI SICAV S.A., which are both registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg) and £76,000 (2015: £74,000) from Semperian PPP Investment Partners No.2 Limited (which is registered and domiciled in the United Kingdom at 4<sup>th</sup> Floor, 1 Gresham Street, London, EC2V 7BX), for making available the services of the directors.

### 8. Interest receivable and similar income

	2016 £000	2015 £000
Bank interest receivable	5	4
Finance debtor interest receivable	1,959	2,012
	<u>1,964</u>	<u>2,016</u>

Interest is imputed on the finance debtor using the property specific rate of 7%.

### 9. Interest payable and similar expenses

	2016 £000	2015 £000
Interest payable on bank loan	1,509	1,544
Interest payable on subordinated debt	162	163
Other interest payable and similar expenses	3	3
	<u>1,674</u>	<u>1,710</u>

Interest payable and similar expenses are recognised using the effective interest rate method.

### 10. Tax on profit

#### Major components of tax expense

	2016 £000	2015 Restated £000
<b>Deferred tax:</b>		
In respect of current year	32	(12)
Total deferred tax	<u>32</u>	<u>(12)</u>
<b>Tax on profit</b>	<u>32</u>	<u>(12)</u>

#### Tax recognised as other comprehensive income or equity

The aggregate deferred tax relating to items recognised as other comprehensive income or equity for the year was £(133,000) (2015: £382,000). The effect of changes in tax rates and laws is £(121,000) (2015: £(166,000)).

# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 10. Tax on profit *(continued)*

##### Reconciliation of tax expense

The tax assessed on the profit before taxation for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.50%).

	2016 £000	2015 Restated £000
Profit on before taxation	958	1,076
Profit by rate of tax	192	218
Adjustment to tax charge in respect of prior periods	(20)	–
Effect of expenses not deductible for tax purposes	63	60
Adjustments to deferred tax carried forward and closing balances	–	(20)
Adjust closing deferred tax to current rate of 20%	(428)	(299)
Adjust opening deferred tax to current rate of 20%	266	29
Effective interest rate adjustment	(41)	–
Tax on profit	32	(12)

##### Factors that may affect future tax expense

The UK corporation tax rate will reduce to 19% from 1 April 2017 and to 17% from 1 April 2020. This will reduce the group's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

#### 11. Profit for the financial year of the parent company

The profit for the financial year of the parent company was £567,000 (2015: £97,000).

#### 12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £000	2015 £000
Dividends on ordinary shares	567	97

During the year the group made a dividend payment of £567,000 (2015: £97,000) to its shareholders, BBGI Investments S.C.A. and Semperian PPP Investment Partners No.2 Limited, split in accordance with their shareholdings.

#### 13. Investments

Company	Shares in subsidiary undertaking £000
Cost	
At 1 January 2016 and 31 December 2016	38
Impairment	
At 1 January 2016 and 31 December 2016	–
Carrying amount	
At 31 December 2015 and 31 December 2016	38

# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 13. Investments *(continued)*

The company owns 100% of the issued share capital (£38,000) of Gloucester Healthcare Partnership Limited, which is registered in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN.

### 14. Debtors

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade debtors	544	1,555	–	–
Amounts owed by group undertakings	–	–	2,382	2,382
Deferred tax asset	1,630	1,497	–	–
Finance debtor	28,189	29,007	–	–
Prepayments and accrued income	2,133	2,157	–	–
	<u>32,496</u>	<u>34,216</u>	<u>2,382</u>	<u>2,382</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Amounts owed by group undertakings	–	–	2,382	2,382
Deferred tax asset	1,630	1,497	–	–
Finance debtor	27,312	28,189	–	–
Prepayments and accrued income	2,069	2,044	–	–
	<u>31,011</u>	<u>31,730</u>	<u>2,382</u>	<u>2,382</u>

Amounts owed by group undertakings are repayable by 2034 and attract interest at LIBOR + 4%.

### 15. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank loans and overdrafts	605	573	–	–
Trade creditors	57	–	–	–
Other taxation and social security	98	161	–	–
Accruals and deferred income	125	106	–	–
	<u>885</u>	<u>840</u>	<u>–</u>	<u>–</u>

### 16. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank loans and overdrafts	23,013	23,588	–	–
Subordinated debt	2,382	2,382	2,382	2,382
Deferred tax liability	2,426	2,395	–	–
SWAP liability	9,587	8,316	–	–
Accruals and deferred income	353	375	–	–
	<u>37,761</u>	<u>37,056</u>	<u>2,382</u>	<u>2,382</u>

# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 16. Creditors: amounts falling due after more than one year *(continued)*

Included within Bank loans and overdrafts is an amount repayable after five years of £19,917,000 (2015: £20,648,000) and included within subordinated debt are amounts repayable after five years of £2,382,000 (2015: £2,382,000) respectively.

Bank loan relates to senior secured funding granted by a consortium of banks led by Helaba (Landesbank Hessen-Thüringen Girozentrale). The senior loan facility is for a total value of £35,600,000.

The senior loan facility consists of a term loan facility of £34,500,000 which is repayable in fifty six, six-monthly instalments ending 21 August 2032. As at 31 December 2016, the total amount outstanding on the facility is £23,417,000 (2015: £23,991,000) and is based on the contractual loan agreement.

Interest is charged on amounts drawn under the facility at LIBOR + 0.75%.

The senior loan facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

Subordinated debt represents a £2,382,000 (2015: £2,382,000) unsecured loan facility due to its shareholders and is based on the contractual loan agreement. The subordinated loan facility bears interest at LIBOR + 4% and is fully repayable by 2034.

#### 17. Deferred income

A lease premium of £1,000,000 from Gentian (GHP) Limited in respect of retail premises at the hospital is being released over the period of the lease, which expires in February 2034. At 31 December 2016, the balance outstanding is £375,000 (2015: £397,000).

#### 18. Deferred tax

The deferred tax asset included in the group balance sheet is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Deferred tax on revaluation of fair value of derivatives	<b>1,630</b>	1,497	–	–

The deferred tax liability included in the group balance sheet is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>Restated £000</b>	<b>£000</b>	<b>£000</b>
Difference between accumulated amortisation and capital allowances	<b>2,238</b>	2,403	–	–
Losses carried forward	<b>(860)</b>	(1,033)	–	–
Short lease premium relief	<b>1,005</b>	976	–	–
FRS 102 transition – effective interest rate	<b>43</b>	49	–	–
	<b>2,426</b>	2,395	–	–

# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 19. Financial instruments

#### (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016 £000	2015 £000
<b>Financial assets</b>		
Financial assets measured at amortised cost - finance debtor and trade debtors	28,733	30,562
Other financial instruments - cash and cash equivalents	<u>3,671</u>	<u>1,980</u>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value - interest rate swap	(9,587)	(8,316)
Financial liabilities measured at amortised cost - trade and other payables, bank loans and overdrafts, subordinated debt	<u>(26,057)</u>	<u>(26,543)</u>

#### (b) Financial instruments measured at fair value

##### *Derivative financial instruments*

Market values have been used to determine the fair value of the swap arrangement.

#### (c) Hedge accounting

The following table indicates the periods in which the cash flows associated with the cash flow hedging instrument are expected to occur as required by FRS102.29(a) for the cash flow hedge accounting models and also the associated cash flow hedging instruments are expected to affect profit and loss:

	Carrying Amount £000	Within 1 year £000	Between 1-2 years £000	Between 2-5 years £000	5 years and over £000
<b>31 December 2016</b>					
Interest Rate Swap	<u>(9,587)</u>	<u>(1,048)</u>	<u>(857)</u>	<u>(1,789)</u>	<u>(2,714)</u>
<b>31 December 2015</b>					
Interest Rate Swap	<u>(8,316)</u>	<u>(1,135)</u>	<u>(1,111)</u>	<u>(3,142)</u>	<u>(7,272)</u>

The group has entered into an interest rate swap agreement under the bank loan in order to fix the base interest rate (LIBOR) at 5.595% on the facilities to 2032. At the year end all the group's floating rate borrowings were at fixed rates after taking account of interest rate swaps.

#### (d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2016 £000	2015 £000
Interest rate swap contract	<u>(9,587)</u>	<u>(8,316)</u>

### 20. Called up share capital

#### Group and company

#### Issued, called up and fully paid

	2016		2015	
	No	£000	No	£000
Ordinary shares of £1 each	<u>37,884</u>	<u>38</u>	<u>37,884</u>	<u>38</u>



# Healthcare Providers (Gloucester) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 21. Reserves

#### *Cash flow hedge reserve*

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

### 22. Related parties

During the year the group entered into the following transactions with related parties:

	Transactions with related parties		Payables to related parties	
	2016 £000	2015 £000	2016 £000	2015 £000
BBGI Management HoldCo S.a.r.l.	76	74	19	18
BBGI Investments S.C.A.	81	82	1,177	1,191
Semperian PPP Investment Partners No.2 Limited	170	170	1,205	1,216
BBGI SICAV S.A.	13	15	20	7

During the year the group incurred charges of £13,000 (2015: £15,000) from BBGI SICAV S.A., (which is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg) and £13,000 (2015: £14,000) from Semperian PPP Investment Partners No.2 Limited (which is registered and domiciled in the United Kingdom at 4<sup>th</sup> Floor, 1 Gresham Street, London, EC2V 7BX), for Letter of Credit fees.

The group incurred interest of £81,000 (2015: £82,000) on the subordinated debt during the year payable to Semperian PPP Investment Partners No.2 Limited (a 50% shareholder of the company). In addition, the group incurred directors' fees of £76,000 (2015: £74,000) payable to Semperian PPP Investment Partners No.2 Limited.

### 23. Parent undertaking

At 31 December 2016, 50% of the share capital in the company was held by BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI SICAV S.A., which are both registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg), with the remaining 50% held by Semperian PPP Investment Partners No.2 Limited, which is registered and domiciled in the United Kingdom at 4<sup>th</sup> floor, 1 Gresham Street, London, EX2V 7BX.

BBGI SICAV S.A. is listed on the London Stock Exchange, and is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg.

Semperian PPP Investment Partners No.2 Limited is a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited, incorporated in Jersey.

There is no ultimate controlling party.

No other financial statements include the results of the group.

### 24. Prior year adjustments

The prior year adjustment relates to the correction of balances carried forward for deferred tax in relation to the effective interest rate and tax losses to reflect the 2015 submitted tax return. At 31 December 2015, the deferred tax balance carried forward has been restated to £2,395,000. The balance previously reported was £2,413,000, an adjustment of £18,000 within creditors: amounts due after more than one year. The effect is to increase the profit for 2015 to £1,088,000 (2015: previously £1,070,000). Within the Profit and Loss Account, the adjustment has resulted in a tax credit of £(12,000) instead of a tax charge of £6,000, as previously stated. There is no change to the opening reserves position.