

**Healthcare Providers (Gloucester) Limited**  
**Financial Statements**  
**31 December 2017**



# **Healthcare Providers (Gloucester) Limited**

## **Financial Statements**

**Year ended 31 December 2017**

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# **Healthcare Providers (Gloucester) Limited**

## **Directors' Report**

### **Year ended 31 December 2017**

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

#### **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 running the operation and maintenance services for the period to 22 February 2034, 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 result for the group for the year is shown in the Consolidated Profit and Loss Account and Statement of Comprehensive Income on page 7.

#### **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

#### **Dividends**

The directors recommended a dividend of £213,000 (2016: £567,000) during the year.

#### **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 company will maintain the current level of performance and keep meeting the obligations under the contract.

#### **Donations**

Neither the company nor its subsidiary undertaking made any political donations during the year (2016: £nil).

#### **Small company exemption**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The directors have taken advantage of the small companies exemptions provided by Sections 415A and 415B of the Companies Act 2006, which includes those in relation to the exemption from certain requirements of the Directors' report and the available exemption to not prepare a Strategic report.

# Healthcare Providers (Gloucester) Limited

## Directors' Report *(continued)*

Year ended 31 December 2017

### 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.

### Independent auditors

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.

### Going concern

The directors have reviewed the group'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 31 July 2018 and signed on behalf of the Board by:



A. Naafs  
Director

Registered office:  
Part First Floor  
1 Grenfell Road  
Maidenhead  
Berkshire  
SL6 1HN

# Healthcare Providers (Gloucester) Limited

## Directors' Responsibilities Statement

**Year ended 31 December 2017**

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

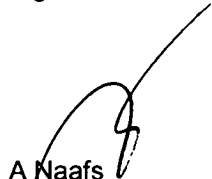
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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 company and of the profit or loss of the group and 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 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

Registered office:  
Part First Floor  
1 Grenfell Road  
Maidenhead  
Berkshire  
SL6 1HN

Date: 31 July 2018

# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

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### Opinion

In our opinion, Healthcare Providers (Gloucester) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2017; the Consolidated Profit and Loss Account and Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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 and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

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### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial

# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### *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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the 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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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the 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 2017

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### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

*Jonathan Studholme*

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

31 July 2018



# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	4	2,944	2,578
Cost of sales		(2,037)	(1,741)
Administrative expenses		(165)	(169)
<b>Operating profit</b>		<b>742</b>	<b>668</b>
Interest receivable and similar income	7	1,935	1,964
Interest payable and similar expenses	8	(1,632)	(1,674)
<b>Profit before taxation</b>		<b>1,045</b>	<b>958</b>
Tax on profit	9	(287)	(32)
<b>Profit for the financial year</b>		<b>758</b>	<b>926</b>
Fair value movements on cash flow hedging instruments		899	(1,271)
Tax recognised in relation to change in fair value cash flow hedges	9	(153)	133
<b>Other comprehensive income/(expense) for the year</b>		<b>746</b>	<b>(1,138)</b>
<b>Total comprehensive income/(expense) for the financial year</b>		<b>1,504</b>	<b>(212)</b>

The notes on pages 13 to 23 form part of these financial statements.

All the activities of the group are from continuing operations.

# Healthcare Providers (Gloucester) Limited

## Consolidated Balance Sheet

As at 31 December 2017

	Note	2017 £000	2016 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	1,544	1,485
Debtors: amounts falling due after more than one year	12	30,133	31,011
Cash at bank and in hand		4,701	3,671
<b>Total current assets</b>		<b>36,378</b>	<b>36,167</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(1,186)</b>	<b>(885)</b>
<b>Net current assets</b>		<b>35,192</b>	<b>35,282</b>
<b>Total assets less current liabilities</b>		<b>35,192</b>	<b>35,282</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(36,380)</b>	<b>(37,761)</b>
<b>Net liabilities</b>		<b>(1,188)</b>	<b>(2,479)</b>
<b>Capital and reserves</b>			
Called up share capital	18	38	38
Cash flow hedge reserve	19	(7,211)	(7,957)
Profit and loss account		5,985	5,440
<b>Total equity</b>		<b>(1,188)</b>	<b>(2,479)</b>

The notes on pages 13 to 23 form part of these financial statements.

The financial statements on pages 7 to 23 were approved by the Board of directors on 31 July 2018,  
and signed on behalf of the Board by:

  
A Naafs  
Director

Company registration number: 04341295

# Healthcare Providers (Gloucester) Limited

## Company Balance Sheet

As at 31 December 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	11	38	38
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	12	<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>	14	<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	18	<u>38</u>	<u>38</u>
<b>Total equity</b>		<u>38</u>	<u>38</u>

The notes on pages 13 to 23 form part of these financial statements.

The profit for the financial year of the parent company was £213,000 (2016: £567,000).

The financial statements on pages 7 to 23 were approved by the Board of directors on 31 July 2018 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 2017

	Note	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2016</b>		38	(6,819)	5,081	(1,700)
Profit for the financial year		–	–	926	926
Other comprehensive income/(expense) 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	9	–	133	–	133
<b>Total comprehensive expense for the financial year</b>		–	(1,138)	926	(212)
Dividends paid and payable	10	–	–	(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)
Profit for the financial year		–	–	758	758
Other comprehensive income/(expense) for the year:					
Fair value movements on cash flow hedging instruments		–	899	–	899
Tax recognised in relation to change in fair value cash flow hedges	9	–	(153)	–	(153)
<b>Total comprehensive income for the financial year</b>		–	746	758	1,504
Dividends paid and payable	10	–	–	(213)	(213)
<b>Total investments by and distributions to owners</b>		–	–	(213)	(213)
<b>At 31 December 2017</b>		<b>38</b>	<b>(7,211)</b>	<b>5,985</b>	<b>(1,188)</b>

The notes on pages 13 to 23 form part of these financial statements.

# Healthcare Providers (Gloucester) Limited

## Company Statement of Changes in Equity

Year ended 31 December 2017

	Note	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2016</b>		38	–	38
Profit for the financial year		–	567	567
<b>Total comprehensive income for the financial year</b>		–	567	567
Dividends paid and payable	10	–	(567)	(567)
<b>Total investments by and distributions to owners</b>		–	(567)	(567)
<b>At 31 December 2016</b>		38	–	38
Profit for the financial year		–	213	213
<b>Total comprehensive income for the financial year</b>		–	213	213
Dividends paid and payable	10	–	(213)	(213)
<b>Total investments by and distributions to owners</b>		–	(213)	(213)
<b>At 31 December 2017</b>		38	–	38

The notes on pages 13 to 23 form part of these financial statements.

# Healthcare Providers (Gloucester) Limited

## Consolidated Cash Flow Statement

Year ended 31 December 2017

	2017 £000	2016* £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	758	926
<i>Adjustments for:</i>		
Interest receivable and similar income	(1,935)	(1,964)
Interest payable and similar expenses	1,632	1,674
Tax on profit	287	32
<i>Changes in:</i>		
Trade and other debtors	639	1,852
Trade and other creditors	85	(59)
Cash generated from operations	1,466	2,461
Interest paid	(1,553)	(1,592)
Interest received	1,935	1,964
Net cash generated from operating activities	1,848	2,833
<b>Cash flows from financing activities</b>		
Repayment of bank loan	(605)	(575)
Dividends paid	(213)	(567)
Net cash used in financing activities	(818)	(1,142)
<b>Net increase in cash and cash equivalents</b>	1,030	1,691
<b>Cash and cash equivalents at beginning of year</b>	3,671	1,980
<b>Cash and cash equivalents at end of year</b>	4,701	3,671

\*In 2016, accrued interest has been reclassified from interest paid to trade and other creditors, and accrued interest has also been reclassified from bank loan repayment to trade and other creditors.

The notes on pages 13 to 23 form part of these financial statements.

# **Healthcare Providers (Gloucester) Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2017**

### **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") and the Companies Act 2006. 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. Summary of significant accounting policies**

#### **Measurement convention**

The financial statements were prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

#### **Going concern**

The directors have reviewed the cash flow forecast and taking into account 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.
- Basic Financial Instruments and Other Financial Instrument Issues.

# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

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

#### **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.

#### **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.

#### **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. 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.

A lease premium income of £1,000,000 received from Gentian (GHP) Limited in December 2003, in respect of retail premises at the Gloucestershire Royal Hospital, is being released over the period of the lease, until February 2034, and in accordance with the underlease agreement of retail premises at the Gloucestershire Royal Hospital, the group receives an annual rental income from Gentian (GHP) Limited, for occupying a retail space within the hospital premises.

#### **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.



# Healthcare Providers (Gloucester) Limited

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

### Year ended 31 December 2017

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

##### **Taxation** *(continued)*

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.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

##### **Investments**

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

##### **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 £4,136,000 at the year-end (2016: £3,260,000).

# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

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

#### 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 Profit and Loss Account immediately.

#### 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 payable is recognised in the Profit and Loss Account, using the effective interest rate method.

# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

### 4. Turnover

Turnover arises from:

	2017 £000	2016 £000
Service income	2,806	2,443
Rental income	138	135
	<u>2,944</u>	<u>2,578</u>

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

### 5. Auditors' remuneration

	2017 £000	2016 £000
Audit of these financial statements	<u>11</u>	<u>11</u>

The audit fee in respect of the group was £11,000 (2016: £11,000) and for the company £2,000 (2016: £2,000). The group incurred tax fees of £3,000 (2016: £3,000) during the year. All of these costs have been borne by the subsidiary undertaking.

### 6. Staff costs and directors' remuneration

The group and parent company had no employees during the year (2016: nil). No key management personnel received any remuneration during the year (2016: nil). The directors have no contract of service with the group and parent company. During the year the group incurred charges of £77,000 (2016: £76,000) 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 £77,000 (2016: £76,000) from Semperian PPP Investment Partners No.2 Limited (which is registered and domiciled in the United Kingdom at 4th Floor, 1 Gresham Street, London, EC2V 7BX), for making available the services of the directors.

### 7. Interest receivable and similar income

	2017 £000	2016 £000
Bank interest receivable	5	5
Finance debtor interest receivable	1,930	1,959
	<u>1,935</u>	<u>1,964</u>

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

### 8. Interest payable and similar expenses

	2017 £000	2016 £000
Interest payable on bank loan	1,471	1,509
Interest payable on subordinated debt	158	162
Other interest payable and similar expenses	3	3
	<u>1,632</u>	<u>1,674</u>

# Healthcare Providers (Gloucester) Limited

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

### Year ended 31 December 2017

#### 9. Tax on profit

##### Tax expense

	2017 £000	2016 £000
<b>Deferred tax:</b>		
In respect of current year	287	32
Total deferred tax	287	32
<b>Tax on profit</b>	<b>287</b>	<b>32</b>

##### 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 £(153,000) (2016: £133,000). The effect of changes in tax rates and laws is £18,000 (2016: £(121,000)).

##### Reconciliation of tax expense

The tax assessed on the profit before taxation for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £000	2016 £000
Profit before taxation	1,045	958
Profit by rate of tax	201	192
Adjustment to tax charge in respect of prior periods	54	(20)
Effect of expenses not deductible for tax purposes	64	63
Adjust closing deferred tax to current rate of 19.25% (2016: 20%)	(359)	(428)
Adjust opening deferred tax to current rate of 19.25% (2016: 20%)	321	266
Effective interest rate adjustment	6	(41)
<b>Tax on profit</b>	<b>287</b>	<b>32</b>

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

The UK corporation tax rate will reduce to 17% from 1 April 2020. This change was substantively enacted as part of the Finance Bill on 6 September 2016. This change has been reflected in the financial statements and will reduce the group's future current tax charge accordingly.

#### 10. Dividends

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

	2017 £000	2016 £000
Dividends on ordinary shares	213	567

During the year the group made a dividend payment of £213,000 (2016: £567,000) to BBGI Investments S.C.A. (which is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg) and Semperian PPP Investment Partners No.2 Limited (which is registered and domiciled in the United Kingdom at 4th Floor, 1 Gresham Street, London, EC2V 7BX), split in accordance with their shareholdings.

# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

### 11. Investments

Company	Shares in subsidiary undertaking £000
Cost	
At 1 January 2017 and 31 December 2017	38
Accumulated impairment	
At 1 January 2017 and 31 December 2017	-
Carrying amount	
At 31 December 2017	38
At 31 December 2016	38

As at 31 December 2017 the company owns 100% of the issued share capital (£38,000) of Gloucester Healthcare Partnership Limited, which is registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. The principal activity of Gloucester Healthcare Partnership Limited is the provision of operational and maintenance services for the Gloucestershire Hospitals National Health Service Trust.

### 12. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	582	544	-	-
Finance debtor	940	877	-	-
Prepayments and accrued income	22	64	-	-
	<u>1,544</u>	<u>1,485</u>	<u>-</u>	<u>-</u>

Debtors falling due after one year are as follows:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts owed by group undertakings	-	-	2,382	2,382
Deferred tax asset	1,477	1,630	-	-
Finance debtor	26,401	27,312	-	-
Prepayments and accrued income	2,255	2,069	-	-
	<u>30,133</u>	<u>31,011</u>	<u>2,382</u>	<u>2,382</u>

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

# Healthcare Providers (Gloucester) Limited

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

### Year ended 31 December 2017

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

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	773	605	–	–
Trade creditors	107	57	–	–
Other taxation and social security	177	98	–	–
Subordinated debt (including accrued interest)	22	–	–	–
Accruals and deferred income	107	125	–	–
	<u>1,186</u>	<u>885</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	22,265	23,013	–	–
Subordinated debt	2,382	2,382	2,382	2,382
Deferred tax liability	2,714	2,426	–	–
Swap liability	8,688	9,587	–	–
Accruals and deferred income	331	353	–	–
	<u>36,380</u>	<u>37,761</u>	<u>2,382</u>	<u>2,382</u>

Included within Bank loans and overdrafts is an amount repayable after five years of £19,013,000 (2016: £19,917,000) and included within subordinated debt are amounts repayable after five years of £2,382,000 (2016: £2,382,000).

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 2017, the total amount outstanding on the facility is £22,811,000 (2016: £23,417,000), 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 (2016: £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.

#### 15. 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 December 2017, the balance outstanding is £353,000 (2016: £375,000).

# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

### 16. Deferred tax

The deferred tax asset included in the group and company balance sheets are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Included in debtors (note 12)	<u>1,477</u>	<u>1,630</u>	<u>-</u>	<u>-</u>

The deferred tax liability included in the group and company balance sheets are as follows:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Difference between accumulated amortisation and capital allowances	2,199	2,238	-	-
Losses carried forward	(608)	(860)	-	-
Short lease premium relief	1,086	1,005	-	-
FRS 102 transition - effective interest rate	37	43	-	-
	<u>2,714</u>	<u>2,426</u>	<u>-</u>	<u>-</u>

### 17. Financial instruments

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

The carrying amounts of the financial assets and liabilities include:

#### Financial assets

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Financial assets measured at amortised cost - finance debtor, trade and other debtors	27,923	28,733
Other financial instruments - cash and cash equivalents	<u>4,701</u>	<u>3,671</u>

#### Financial liabilities measured at fair value through profit or loss

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interest rate swap	<u>(8,688)</u>	<u>(9,587)</u>

#### Financial liabilities

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Financial liabilities measured at amortised cost - trade and other payables, bank loans and overdrafts and subordinated debt	<u>(25,549)</u>	<u>(26,057)</u>

# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

### 17. Financial instruments *(continued)*

#### (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 periods in which 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
31 December 2017 Interest rate swap	<u>(8,688)</u>	<u>(1,035)</u>	<u>(826)</u>	<u>(1,730)</u>	<u>(2,308)</u>
31 December 2016 Interest rate swap	<u>(9,587)</u>	<u>(1,048)</u>	<u>(857)</u>	<u>(1,789)</u>	<u>(2,714)</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:

	2017 £000	2016 £000
Interest rate swap	<u>(8,688)</u>	<u>(9,587)</u>

### 18. Called up share capital

#### Group and company

##### Issued, called up and fully paid

	2017		2016	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>37,884</u>	<u>38</u>	<u>37,884</u>	<u>38</u>

### 19. 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.



# Healthcare Providers (Gloucester) Limited

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

Year ended 31 December 2017

### 20. Related parties

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

	Transactions with related parties		Payables to related parties	
	2017	2016	2017	2016
	£000	£000	£000	£000
BBGI Management HoldCo S.a.r.l.	77	76	19	19
BBGI Investments S.C.A.	79	81	1,202	1,177
Semperian PPP Investment Partners No.2 Limited	169	170	1,229	1,205
BBGI SICAV S.A.	13	13	8	20

The group incurred directors' fees of £77,000 (2016: £76,000) from Semperian PPP Investment Partners No.2 Limited (which is registered and domiciled in the United Kingdom at 4th floor, 1 Gresham Street, London, EC2V 7BX). At the year end there was £19,000 (2016: £19,000) payable to Semperian PPP Investment Partners No.2 Limited in respect of directors' fees.

The group incurred interest of £79,000 (2016: £81,000) on the subordinated loan facility payable to Semperian PPP Investment Partners No.2 Limited (which is registered and domiciled in the United Kingdom at 4th floor, 1 Gresham Street, London, EC2V 7BX). At the year end there was £1,202,000 (2016: £1,177,000) payable to Semperian PPP Investment Partners No.2 Limited in respect of the subordinated loan facility.

The group incurred letter of credit fees of £13,000 (2016: £13,000) from Semperian PPP Investment Partners No.2 Limited (which is registered and domiciled in the United Kingdom at 4th floor, 1 Gresham Street, London, EC2V 7BX). At the year end there was £8,000 (2016: £9,000) payable to Semperian PPP Investment Partners No.2 Limited in respect of letter of credit fees.

### 21. Parent undertaking

At 31 December 2017, 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 4th floor, 1 Gresham Street, London, EC2V 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 consolidate the results of the group.