COMPANY REGISTRATION NUMBER: 04341295

Healthcare Providers (Gloucester) Limited

Financial Statements

31 December 2021

Healthcare Providers (Gloucester) Limited

Financial Statements

Year ended 31 December 2021

Contents | **Page**

Healthcare Providers (Gloucester) Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the audited financial statements of the group for the year ended 31 December 2021.

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 8.

Directors

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

A Naafs
I Tayler
N Rae
R Little

Dividends paid and payable

The directors approved dividends of £1,222,000 of which £822,000 was paid during the year (2020: £1,407,000 of which £507,000 was paid during the year). No dividends were declared post year-end.

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 company made no political donations during the year (2020: £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.

Disclosure of information to the auditor

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 auditor is 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 auditor is aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

This report was approved by the Board of directors on .29...June 2022.. 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 2021

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 judgements 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 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.

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.

This report was approved by the Board of directors on ..29..June.2022 and signed on behalf of the Board by:

A Naafs
Director

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

Independent Auditor's Report to the Members of Healthcare Providers (Gloucester) Limited

Year ended 31 December 2021

Opinion

We have audited the consolidated financial statements of Healthcare Providers (Gloucester) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account and Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the parent company's and group's affairs as at 31 December 2021, and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirement.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit ; or
- the directors' were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and form the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities and fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102;
- UK Companies Act; and
- UK Corporation taxes legislation.

We gained an understanding of how the group and parent company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- reviewing minutes of meetings of those charged with governance for reference to breaches of laws and regulation or for any indication of any potential litigation and claims;
- reviewing the level of and reasoning behind the group's and parent company's procurement of legal and professional services;
- performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Extent to which the audit was considered capable of detecting irregularities and fraud (continued)

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Grant Roger (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
Chartered Accountants and Statutory Auditors
7-11 Melville Street
Edinburgh
EH3 7PE

Date: 30 June 2022

Healthcare Providers (Gloucester) Limited

Consolidated Profit and Loss Account and Statement of Comprehensive Income

Year ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	4,200	3,774
Cost of sales		(3,016)	(2,726)
Administrative expenses		(218)	(202)
Operating profit		966	846
Interest receivable and similar income	7	1,630	1,724
Interest payable and similar expenses	8	(1,457)	(1,500)
Profit before taxation		1,139	1,070
Tax on profit	9	(1,486)	(668)
(Loss)/profit for the financial year		(347)	402
Fair value movements on cash flow hedging instruments		2,341	(364)
Tax recognised in relation to change in fair value cash flow hedges	9	(117)	218
Other comprehensive income/(expense) for the year		2,224	(146)
Total comprehensive income for the financial year		1,877	256

All the activities of the group are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

Healthcare Providers (Gloucester) Limited

Consolidated Balance Sheet

As at 31 December 2021

	Note		2021 £000	2020 £000
Current assets				
Debtors: amounts falling due within one year	12	1,279		2,387
Debtors: amounts falling due after more than one year	12	27,889		28,893
Restricted cash	13	2,990		3,463
Cash at bank and in hand		3,691		1,653
Total current assets		35,849		36,396
Creditors: amounts falling due within one year	14	(3,410)		(2,594)
Net current assets			32,439	33,802
Total assets less current liabilities			32,439	33,802
Creditors: amounts falling due after more than one year	15		(27,180)	(30,370)
Provisions for other liabilities	17		(4,924)	(3,752)
Net assets/(liabilities)			335	(320)
Capital and reserves				
Called up share capital	20		38	38
Cash flow hedge reserve	21		(4,099)	(6,323)
Profit and loss account			4,396	5,965
Total equity			335	(320)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small company regime.

The notes on pages 14 to 26 form part of these financial statements.

The financial statements on pages 8 to 26 were approved by the Board of directors on 29 June 2022 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 2021

	Note		2021 £000		2020 £000
Fixed assets					
Investments	11		38		38
Current assets					
Debtors: amounts falling due within one year	12	7		7	
Debtors: amounts falling due after more than one year	12	2,609		2,550	
Total current assets		2,616		2,557	
Creditors: amounts falling due within one year	14	(7)		(7)	
Net current assets			2,609		2,550
Total assets less current liabilities			2,647		2,588
Creditors: amounts falling due after more than one year	15		(2,609)		(2,550)
Net assets			38		38
Capital and reserves					
Called up share capital	20		38		38
Total equity			38		38

The profit for the financial year of the company was £1,222,000 (2020: £1,407,000).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small company regime.

The notes on pages 14 to 26 form part of these financial statements.

The financial statements on pages 8 to 26 were approved by the Board of directors on 29 June 2022 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 2021

	Note	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020		38	(6,177)	6,970	831
Profit for the financial year		–	–	402	402
Other comprehensive expense for the year:					
Fair value movements on cash flow hedging instruments		–	(364)	–	(364)
Tax recognised in relation to change in fair value cash flow hedges	9	–	218	–	218
Total comprehensive income for the financial year		–	(146)	402	256
Dividends paid and payable	10	–	–	(1,407)	(1,407)
Total investments by and distributions to owners		–	–	(1,407)	(1,407)
At 31 December 2020		38	(6,323)	5,965	(320)
Loss for the financial year		–	–	(347)	(347)
Other comprehensive income for the year:					
Fair value movements on cash flow hedging instruments		–	2,341	–	2,341
Tax recognised in relation to change in fair value cash flow hedges	9	–	(117)	–	(117)
Total comprehensive income for the financial year		–	2,224	(347)	1,877
Dividends paid and payable	10	–	–	(1,222)	(1,222)
Total investments by and distributions to owners		–	–	(1,222)	(1,222)
At 31 December 2021		38	(4,099)	4,396	335

The notes on pages 14 to 26 form part of these financial statements.

Healthcare Providers (Gloucester) Limited

Company Statement of Changes in Equity

Year ended 31 December 2021

	Note	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020		38	–	**38**
Profit for the financial year		–	1,407	**1,407**
Total comprehensive income for the financial year		–	1,407	**1,407**
Dividends paid and payable	**10**	–	(1,407)	**(1,407)**
Total investments by and distributions to owners		–	(1,407)	**(1,407)**
At 31 December 2020		38	–	**38**
Profit for the financial year		–	**1,222**	**1,222**
Total comprehensive income for the financial year		**–**	**1,222**	**1,222**
Dividends paid and payable	**10**	**–**	**(1,222)**	**(1,222)**
Total investments by and distributions to owners		**–**	**(1,222)**	**(1,222)**
At 31 December 2021		**38**	**–**	**38**

The notes on pages 14 to 26 form part of these financial statements.

Healthcare Providers (Gloucester) Limited

Consolidated Cash Flow Statement

Year ended 31 December 2021

	2021 £000	2020 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(347)	402
Adjustments for:		
Interest receivable and similar income	(1,630)	(1,724)
Interest payable and similar expenses	1,457	1,500
Tax on profit	1,486	668
Changes in:		
Trade and other debtors	1,995	6
Trade and other creditors	92	59
Cash generated from operations	3,053	911
Interest paid	(1,389)	(1,439)
Interest received	1,630	1,724
Tax paid	(177)	–
Net cash generated from operating activities	3,117	1,196
Cash flows from financing activities		
Repayment of bank loan	(730)	(602)
Dividends paid	(822)	(507)
Net cash used in financing activities	(1,552)	(1,109)
Net increase in cash and cash equivalents	1,565	87
Cash and cash equivalents at beginning of year	5,116	5,029
Cash and cash equivalents at end of year	6,681	5,116

Analysis of changes in net debt

	At 1 Jan 2021 £000	Cash flows £000	Other non-cash changes £000	At 31 Dec 2021 £000
Net cash:				
Cash at bank and in hand	5,116	1,565	–	6,681
Debt:				
Debt due within 1 year	(1,169)	730	(891)	(1,330)
Debt due after more than 1 year	(22,298)	–	827	(21,471)
	(23,467)	730	(64)	(22,801)
Net debt	(18,351)	2,295	(64)	(16,120)

The notes on pages 14 to 26 form part of these financial statements.

Healthcare Providers (Gloucester) Limited

Notes to the Financial Statements

Year ended 31 December 2021

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 Section 1A of the 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 Pound Sterling and is rounded to the nearest thousand.

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 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 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.

Critical accounting estimates and judgements

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 estimates in applying the group's accounting policies are described below:

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

Critical accounting estimates and judgements *(continued)*

Accounting for the service concession requires an estimation of service margins which is based on the 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 such as, RPI and the UK corporation tax rate. These processes ensure that the project remains robust and viable throughout the life of the contract.

Interest payable on the senior secured funding is calculated using the effective interest rate method. The effective interest rate calculations are based on LIBOR, under the terms of the funding agreement. The transition to SONIA is still on-going. There is no expected financial impact on the group.

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 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. 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.

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.

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.

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

Taxation *(continued)*

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.

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.

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

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.

LIBOR reform

On 5 March 2021, the Financial Conduct Authority (FCA) announced that LIBOR rates will cease on 31 December 2021. For most sectors in the UK, LIBOR will be replaced by a new benchmark interest rate called SONIA (Sterling Overnight Index Average). SONIA is based on actual historic transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from financial institutions and other institutional investors. SONIA is administered and produced by the Bank of England. Some LIBOR rates may continue in 2022, as 'Synthetic LIBOR', on financing arrangements deemed by the FCA as tough legacy contracts. However, the use of Synthetic LIBOR is only intended to be temporary and will be calculated very differently from historical panel bank LIBOR, which will no longer be available. The transition to SONIA is still on-going. There is no expected financial impact on the group.

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 an asset 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.

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

Interest payable

Interest payable and similar expenses include interest payable on borrowings and associated on-going financing fees. Interest payable is recognised in the Profit and Loss Account, using the effective interest rate method.

Interest receivable

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.

4. Turnover

Turnover arises from:

	2021 £000	2020 £000
Service income	4,049	3,625
Rental income	151	149
	4,200	3,774

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

5. Auditor's remuneration

	2021 £000	2020 £000
Audit of these financial statements	15	14

The audit fee in respect of the group was £14,700 (2020: £14,000) of which £2,600 (2020: £2,000) relates to the company. All of these costs have been borne by the subsidiary undertaking.

6. Staff costs and directors' remuneration

The group and company had no employees during the year (2020: nil). No key management personnel received any remuneration during the year (2020: nil). The directors have no contract of service with the group. During the year the group incurred charges of £87,000 (2020: £85,000) from BBGI Management HoldCo S.à r.l. (a direct and wholly owned subsidiary of BBGI Global Infrastructure S.A., which indirectly holds 50% of the share capital in the company) and £87,000 (2020: £85,000) from Semperian PPP Investment Partners No.2 Limited (a 50% shareholder of the company), for making available the services of the directors.

7. Interest receivable and similar income

	2021 £000	2020 £000
Bank interest receivable	–	19
Finance debtor interest receivable	1,630	1,705
	1,630	1,724

Interest is imputed on the finance debtor using an asset specific interest rate of 7%.

8. Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable on bank loan	1,297	1,338
Interest payable on subordinated debt	157	159
Other interest payable and similar expenses	3	3
	1,457	1,500

9. Tax on profit

Tax expense

	2021 £000	2020 £000
Current tax:		
UK current tax expense	314	177
Deferred tax:		
Origination and reversal of timing differences	1,172	491
Tax on profit	1,486	668

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 £(117,000) (2020: £218,000). The effect of changes in tax rates and laws is £328,000 (2020: £149,000).

Reconciliation of tax expense

The tax assessed on the profit before taxation for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £000	2020 £000
Profit before taxation	1,139	1,070
Profit before taxation by rate of tax	216	203
Effect of expenses not deductible for tax purposes	87	81
Effect of changes in tax rates	1,183	384
Tax on profit	1,486	668

9. Tax on profit *(continued)*

Tax rate changes

In the budget on 3 March 2021, the Chancellor of the Exchequer announced that the UK corporation tax rate will increase to 25% from 1 April 2023, which was substantively enacted on 10 June 2021. This will increase the group's future current tax charge accordingly. Deferred tax at 31 December 2021 has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

10. Dividends paid and payable

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

	2021 £000	2020 £000
Dividends on ordinary shares	822	507

Dividends proposed before the year end and recognised as a liability:

	2021 £000	2020 £000
Dividends on ordinary shares	400	900

During the year the company made a dividend payment of £822,000 (2020: £507,000) to BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A.) and Semperian PPP Investment Partners No.2 Limited (a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited), in accordance with their shareholdings. £1,300,000 (2020: £900,000) is included within creditors: amounts falling due within one year.

11. Investments

Company	Shares in subsidiary undertaking £000
Cost	
At 1 January 2021 and 31 December 2021	38
Accumulated impairment	
At 1 January 2021 and 31 December 2021	–
Carrying amount	
At 31 December 2021	38
At 31 December 2020	38

As at 31 December 2021 the company owns 100% of the issued share capital (£38,000) of Gloucester Healthcare Partnership Limited, which are both 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	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Trade debtors	**5**	1,192	**–**	–
Amounts owed by group undertakings	**7**	7	**7**	7
Finance debtor	**1,242**	1,158	**–**	–
Prepayments and accrued income	**25**	30	**–**	–
	1,279	2,387	**7**	7

Debtors falling due after one year are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Amounts owed by group undertakings	**–**	–	**2,609**	2,550
Deferred tax asset	**1,366**	1,483	**–**	–
Finance debtor	**21,911**	23,153	**–**	–
Prepayments and accrued income	**4,612**	4,257	**–**	–
	27,889	28,893	**2,609**	2,550

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

13. Restricted cash

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Restricted cash	**2,990**	3,463	**–**	–

The group is a party to a 32-year PFI agreement entered into on 22 April 2002. In order to fulfil its obligations under the PFI agreement the group has granted a long term without recourse contract to a specialist FM Contracting provider. The group is obligated to keep a separate cash reserve in respect of future lifecycle costs. This restricted cash balance amounts to £2,990,000 at the year-end (2020: £3,463,000). Included in this balance is an amount of deferred lifecycle costs of £'nil at year-end (2020: £366,000). The liability to the subcontractor is recognised within the financial model, which includes all of the forecast revenues and costs for the project, but it is not currently accrued in the accounts. It will be recognised in the accounts of the period when the works are completed.

14. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank loan	1,337	1,176	–	–
Trade creditors	94	101	–	–
Corporation tax	314	177	–	–
Other taxation and social security	139	156	–	–
Dividends payable	1,300	900	–	–
Subordinated debt (including accrued interest)	–	–	7	7
Accruals and deferred income	226	84	–	–
	3,410	2,594	7	7

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

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank loan	18,862	19,748	–	–
Subordinated debt	2,609	2,550	2,609	2,550
Swap liability	5,465	7,806	–	–
Accruals and deferred income	244	266	–	–
	27,180	30,370	2,609	2,550

Included within Bank loan is an amount repayable after five years of £12,918,000 (2020: £14,598,000) and included within subordinated debt are amounts repayable after five years of £2,382,000 (2020: £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 56, six-monthly instalments ending 21 August 2032. As at 31 December 2021 the term loan includes an outstanding loan facility of £19,918,000 (2020: £20,648,000) and an effective interest rate adjustment of £(167,000) (2020: £(184,000)) in relation to the term loan facility. Interest is charged on amounts drawn under the facility at LIBOR + 0.75%. At the year-end, interest payable on the term loan facility was £64,000 (2020: £67,000).

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.

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, interest payable on the swap facilities was £384,000 (2020: £393,000).

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

Subordinated debt of £2,602,000 (2020: £2,543,000) of which £7,000 (2020: £7,000) is included within amounts owed by group undertakings, includes an unsecured loan facility of £2,382,000 (2020: £2,382,000) due to its shareholders, and an effective interest rate adjustment of £195,000 (2020: £136,000) in relation to the subordinated loan facility. The subordinated loan facility bears interest at LIBOR + 4% and is fully repayable by 2034. At the year-end, interest payable on the subordinated loan facility was £25,000 (2020: £25,000).

16. 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. During the year, an amount of £22,000 (2020: £22,000) was released to the Profit and Loss Account and recognised as income. At 31 December 2021, the balance outstanding is £265,000 (2020: £287,000) and is included within accruals and deferred income.

17. Provisions for other liabilities

Group	Deferred tax liability £000
At 1 January 2021	3,752
Additions	1,172
At 31 December 2021	**4,924**

The company does not have any provisions.

Provisions for other liabilities consists of the tax effect of timing differences in respect of:

	2021 £000	2020 £000
Difference between accumulated amortisation and capital allowances	2,821	2,240
Short lease premium relief	2,081	1,489
FRS 102 transition - effective interest rate	22	23
	4,924	3,752

18. Deferred tax

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

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Included in debtors (note 12)	1,366	1,483	–	–

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Deferred tax on revaluation of fair value of derivatives	1,366	1,483	–	–

19. Financial instruments

(a) The carrying amount for each category of financial instrument is as follows:

Financial liabilities measured at fair value through other comprehensive income

	Group 2021 £000	2020 £000
Interest rate swap	**(5,465)**	(7,806)

(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 2021					
Interest rate swap	**(5,465)**	**(884)**	**(618)**	**(1,068)**	**(942)**
31 December 2020					
Interest rate swap	(7,806)	(875)	(746)	(1,392)	(1,236)

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. The transition to SONIA is still on-going. There is no expected financial impact on the group.

(d) Fair values

	2021 £000	2020 £000
Interest rate swap	**(5,465)**	(7,806)

20. Called up share capital

Group and company

Issued, called up and fully paid

	2021 No.	2021 £000	2020 No.	2020 £000
Ordinary shares of £1 each	**37,884**	**38**	37,884	38

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. Contingent liability

The group has claimed £483,000 per annum as a "deemed lease premium" deduction in the computation to determine the annual tax liability of the group. HMRC have challenged the validity of this deduction and discussions are on-going to determine the extent to which this deduction can be claimed against the tax liabilities of the group. The outcome of the discussions cannot be determined at this stage. Consequently, the group has made no provision for any resulting liability at this stage. However, sufficient funds are reserved within the group to cover any liabilities which may arise from the discussions with HMRC.

23. Related parties

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

	Transactions with related parties		**Payables to related parties**	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
BBGI Management HoldCo S.à r.l.	**99**	97	**34**	34
BBGI Investments S.C.A.	**78**	79	**1,301**	1,271
Semperian PPP Investment Partners No.2 Limited	**177**	177	**1,326**	1,297

The group incurred directors' fees of £87,000 (2020: £85,000) from Semperian PPP Investment Partners No.2 Limited (a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited). At the year-end there was £22,000 (2020: £22,000) payable to Semperian PPP Investment Partners No.2 Limited in respect of directors' fees.

The group incurred interest of £78,000 (2020: £80,000) on the subordinated loan facility payable to Semperian PPP Investment Partners No.2 Limited (a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited). At the year-end there was £1,301,000 (2020: £1,272,000) payable to Semperian PPP Investment Partners No.2 Limited in respect of the subordinated loan facility.

The group incurred letter of credit fees of £12,000 (2020: £12,000) from Semperian PPP Investment Partners No.2 Limited (a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited). At the year-end there was £3,000 (2020: £3,000) payable to Semperian PPP Investment Partners No.2 Limited in respect of letter of credit fees.

The group incurred directors' fees of £87,000 (2020: £82,000) from BBGI Management HoldCo S.à r.l. (a direct and wholly owned subsidiary of BBGI Global Infrastructure S.A.). At the year-end there was £22,000 (2020: £22,000) payable to BBGI Management HoldCo S.à r.l. in respect of directors' fees.

23. Related parties *(continued)*

The group incurred letter of credit fees of £12,000 (2020: £12,000) from BBGI Management HoldCo S.à r.l. (a direct and wholly owned subsidiary of BBGI Global Infrastructure S.A.. At the year-end there was £12,000 (2020: £12,000) payable to BBGI Management HoldCo S.à r.l. in respect of letter of credit fees.

The group incurred interest of £78,000 (2020: £79,000) on the subordinated loan facility payable to BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A.). At the year-end there was £1,301,000 (2020: £1,271,000) payable to BBGI Investments S.C.A. in respect of the subordinated loan facility.

24. Parent undertaking

At 31 December 2021 and 31 December 2020, 50% of the share capital in the company was held by BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A.), with the remaining 50% held by Semperian PPP Investment Partners No.2 Limited (a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited).

BBGI Global Infrastructure S.A. is a Luxembourg investment company, listed on the London Stock Exchange.

Semperian PPP Investment Partners Holdings Limited is incorporated in Jersey.

The largest and smallest group in which the results of the company are consolidated is that headed by Healthcare Providers (Gloucester) Limited, registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. Copies of Healthcare Providers (Gloucester) Limited financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.