

The Huntercombe Edinburgh Hospital Limited

Directors' report and financial statements

Registered number 04632281

31 December 2014



Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditor's report to the members of The Huntercombe Edinburgh Hospital Limited	3
Profit and loss account	5
Balance sheet	6
Reconciliation of movements in shareholder's funds	7
Notes	8

Directors' report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2014.

Principal activity

The company has not traded during the current or prior year.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. With this in mind, the directors have formally considered and concluded that the preparation of the financial statements on a going concern basis is appropriate. Further details are shown in the "Basis of preparation" section of note 1 to the financial statements.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors did not declare a final dividend (2013: £nil).

Directors

The directors during the year under review were:

D J Kay (resigned 31 October 2014)
M C Royston
I Smith
B R Taberner

Details of ultimate ownership

The ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

By order of the board



I Smith
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU

28 September 2015

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards 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 company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of The Huntercombe Edinburgh Hospital Limited

We have audited the financial statements of The Huntercombe Edinburgh Hospital Limited for the year ended 31 December 2014 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and to express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

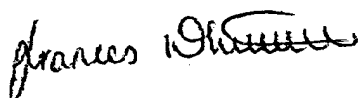
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of The Huntercombe Edinburgh Hospital Limited Limited *(continued)*

Matters on which we are required to report by exception

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 take advantage of the small companies exemption in not preparing a strategic report.



Frances Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

30 September 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Operating profit		-	-
Interest receivable from group undertakings		303	288
Interest payable	3	(89)	(83)
Profit on ordinary activities before taxation	2	214	205
Tax on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation and retained for the financial year		214	205

There has been no gains or losses in the current or prior year other than those reported above.

All amounts relate to continuing operations.

The financial statements include the notes on pages 8 to 11.

Balance sheet
at 31 December 2014

	<i>Note</i>	2014	2013
		£000	£000
Current assets			
Debtors	5	10,738	10,436
Creditors: amounts falling due within one year	6	<u>(8,668)</u>	<u>(8,580)</u>
Net current assets		<u>2,070</u>	<u>1,856</u>
Total assets less current liabilities		<u>2,070</u>	<u>1,856</u>
Net assets		<u>2,070</u>	<u>1,856</u>
Capital and reserves			
Called up share capital	7	1,286	1,286
Profit and loss account	8	<u>784</u>	<u>570</u>
Shareholder's funds		<u>2,070</u>	<u>1,856</u>

The financial statements include the notes on pages 8 to 11.

These financial statements were approved by the board of directors on 28 September 2015 and were signed on its behalf by:

B. R. Taberner

B R Taberner
Director

Reconciliation of movements in shareholder's funds
for the year ended 31 December 2014

	2014	2013
	£000	£000
Opening shareholder's funds	1,856	1,651
Profit for the financial year	214	205
Closing shareholder's funds	<u>2,070</u>	<u>1,856</u>

The financial statements include the notes on pages 8 to 11.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and within the requirements of the Companies Act 2006.

Going concern

The company, together with its intermediate parent company Elli Investments Limited and fellow subsidiary undertakings (collectively the "Elli Investments group" or "the group"), is party to a number of financing arrangements under which the company has provided guarantees. For this reason, and the operational support provided by the group, the going concern assessment of the company is dependent on that of the Elli Investments group as a whole.

In July 2012, the Elli Investments group issued £350 million of senior secured notes which pay interest at 8.75%, and which are due for repayment in 2019, and £175 million of senior notes which pay interest at 12.25%, and which are due for repayment in 2020. During the year the terms of the group's revolving credit facility were amended such that it was converted to a £40 million term loan facility from January 2015 with a repayment date in December 2017. In addition to its external debt, the group owes £311m to related undertakings which accrues interest at 15% on a compounding basis and which is due for repayment in 2022.

During the year, Terra Firma Capital Partners III LP, the group's ultimate parent undertaking, provided an additional £50 million of equity to the group, which will be used by the Elli Investments group to fund both its capital expenditure programme and the increased costs associated with the group's strategic segmentation plan (see the consolidated financial statements of Elli Investments Limited for further detail).

The directors of the Elli Investments group have prepared trading and cash flow forecasts for the Elli Investments group, including the company, to September 2016. These forecasts include proceeds in the next six months from the on-going disposal process, of which £30 million is required to ensure adequate resources to continue to meet the group's liabilities as they fall due. The directors have a number of options available to them including the phasing of non-mandatory capital expenditure, additional disposals and new equity.

These forecasts, after adjustment for sensitivity analysis to incorporate the impact of reasonably foreseeable changes in trading and cash flow performance, and after taking into account the expected proceeds from the ongoing disposal process and other resources available to the group, show that the group has sufficient funding and covenant headroom within its current financing arrangements. As such, after taking into account the ability of the group to provide continued financial support to the company, should it be required, for the next 12 months, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

Related party transactions

The directors have taken advantage of the exemption in FRS 8, Paragraph 3(c) and as the company is a wholly owned subsidiary of Elli Investments Limited have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Cash flow statement

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as at 31 December 2014 it was a wholly owned subsidiary undertaking of Elli Investments Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Notes (continued)

1 Accounting policies (continued)

Information regarding directors and employees

The company had no employees during the current and preceding financial year. No emoluments were payable to the directors of the company during the current and preceding financial year.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other related parties which are subsidiaries of its ultimate parent, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

2 Profit on ordinary activities before taxation

The auditor's remuneration of £600 (2013: £1,350) for audit services was borne by another group undertaking. Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

3 Interest payable and similar charges

	2014 £000	2013 £000
Interest payable on amounts due to group undertakings	89	83

Notes (continued)

4 Taxation

	2014 £000	2013 £000
<i>UK corporation tax</i>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Tax charge on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK at 21.5% (2013: 23.25%) due to the availability of current year losses from other group companies. The differences are explained below.

	2014 £000	2013 £000
Profit on ordinary activities before tax	214	205
	<u>214</u>	<u>205</u>
Current tax on profit at 21.5% (2013: 23.25%)	46	48
<i>Effects of:</i>		
Group relief	(46)	(48)
	<u>-</u>	<u>-</u>
Total current tax (see above)	<u>-</u>	<u>-</u>

Factors that may affect future current and total tax charge:

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2014) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

5 Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	10,738	10,436
	<u>10,738</u>	<u>10,436</u>

The amounts due from group undertakings are unsecured and repayable on demand. Where applicable, interest of 5% is charged on these balances.

Notes (continued)

6 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	<u>8,668</u>	<u>8,580</u>

The amounts due to group undertakings are unsecured and repayable on demand. Where applicable, interest is charged at 7%.

7 Called up share capital

	2014		2013	
	No. of shares	£000	No. of shares	£000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	<u>1,286,001</u>	<u>1,286</u>	<u>1,286,001</u>	<u>1,286</u>

8 Profit and loss account

	2014 £000
At beginning of year	570
Retained profit for the financial year	214
At end of year	<u>784</u>

9 Contingent liabilities

The company, together with its parent and fellow subsidiary undertakings is party to a number of financing arrangements. The implications of this are explained more fully in note 1.

10 Ultimate parent

The immediate parent company of The Huntercombe Edinburgh Hospital Limited is Huntercombe Manor Limited, a company incorporated in Great Britain.

The ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey. The ultimate controlling party is Guy Hands.

The largest group in which the results of the company are consolidated is that headed by FSHC Group Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from Morgan Sharpe, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

The smallest group in which the results of the company are consolidated is that headed by Elli Investments Limited. The consolidated financial statements of this company are available to the public and may be obtained from Morgan Sharpe, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.