

Company registration number 04885191

**INTEGRATED CARE SOLUTIONS (EAST KENT)
HOLDINGS LIMITED**

Financial Statements

for the year ended

31 December 2014

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Integrated Care Solutions (East Kent) Holdings Limited

Financial Statements

for the year ended 31 December 2014

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Integrated Care Solutions (East Kent) Holdings Limited

Company information

The Board of Directors

M D Canham
N Poupard
S L Jones
D J Harding

Company secretary

MAMG Company Secretarial Services Limited

Registered office

Victoria House
1st Floor
101 Victoria Road
Chelmsford
Essex
CM1 1JR

Independent auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Integrated Care Solutions (East Kent) Holdings Limited

Directors' report

for the year ended 31 December 2014

The Directors have pleasure in presenting their annual report and the audited financial statements of Integrated Care Solutions (East Kent) Holdings Limited for the year ended 31 December 2014.

Principal activity

The principal activity of the Group during the year was that of a holding company with a single subsidiary, Integrated Care Solutions (East Kent) Limited. The principal activities of Integrated Care Solutions (East Kent) Limited are the provision and maintenance of social and healthcare centres under a 28 year Private Finance Initiative (PFI) contract term in Tenterden and Margate with Kent County Council.

The Group has closely monitored the performance of the business during the year together with its technical advisors and the contract has been carried out in line with expectations.

The Group, during the coming year, will continue to act as the holding company for its single subsidiary, Integrated Care Solutions (East Kent) Limited.

Key performance indicators

The key performance indicators for the Company are compliance with the financial model and compliance with banking covenants. As at 31 December 2014 the Group's financial performance and financial position was in line with that anticipated by the financial model and the Group was not in breach of any banking covenants imposed by the lenders.

Principal risks and uncertainties

The Group is subject to certain risks during the operational phase of the contract. These risks wherever possible have been mitigated by passing the risk down to sub-contractors or by using interest rate and retail price swap instruments.

Liquidity risk

The Group builds up sufficient cash balances to ensure it is able to meet its loan and other liabilities.

Credit risk

The Group's principal financial assets are its long-term debtors. The Directors consider that credit risk is mitigated by the fact that Kent County Council is the Group's sole counterparty and debtor. The Directors consider Kent County Council is a financially secure counterparty. Clauses in the concession agreement ensure that the Company will be sufficiently compensated by Kent County Council in the event of default or voluntary termination.

Interest rate cash flow risk

The Group has in place hedging arrangements to eliminate risk from interest rate movements and fluctuations in retail prices indices. In order to ensure stability of cash flows and hence manage interest rate risk, the Company has a policy of maintaining all of its bank debt at a fixed rate.

Financial instruments

Details of the Company's financial risk management objectives and policies are included in the Directors report (above).

Results and dividends

The profit for the year after taxation amounted to £271,000 (2013: £251,000). The Company did not pay an interim dividend (2013: £350,000) during the year. The Directors do not recommend a final dividend be paid (2013: £nil).

Integrated Care Solutions (East Kent) Holdings Limited

Directors' report

for the year ended 31 December 2014 (continued)

Directors

The Directors who served the Company during the year and to the date of signing these financial statements are as follows:

M D Canham
N Poupard
S L Jones
D J Harding

Strategic Report exemption

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under Section 415 of the Companies Act 2006. As such the Group is exempt from preparing a Strategic Report.

Political and charitable contributions

The Group made no political or charitable contributions during the current year (2013: £nil).

Disclosure of information to auditor

In so far as the Directors are aware:

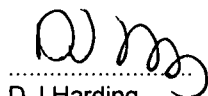
- there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

Auditor

Deloitte LLP are deemed to be reappointed under Section 487 of the Companies Act 2006 and will therefore continue in office.

Approved by the Directors on 30 April 2015.



D J Harding
Director

Integrated Care Solutions (East Kent) Holdings Limited

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

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 of 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; and
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Integrated Care Solutions (East Kent) Holdings Limited

We have audited the financial statements of Integrated Care Solutions (East Kent) Holdings Limited for the year ended 31 December 2014 which comprise of the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes on pages 11 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 United Kingdom 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 Integrated Care Solutions (East Kent) Holdings 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.



Jacqueline Holden FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

30 April 2015

Integrated Care Solutions (East Kent) Holdings Limited

Consolidated profit and loss account

for the year ended 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|---------------|---------------|
| Turnover | 2 | 2,517 | 2,352 |
| Cost of sales | | (1,910) | (1,778) |
| Gross profit | | 607 | 574 |
| Administrative expenses | | (179) | (171) |
| Operating profit | 3 | 428 | 403 |
| Interest receivable | 6 | 1,275 | 1,303 |
| Interest payable | 7 | (1,359) | (1,375) |
| Profit on ordinary activities before taxation | | 344 | 331 |
| Tax on profit on ordinary activities | 8 | (73) | (80) |
| Profit for the financial year | 17 | 271 | 251 |

All of the activities of the Group are classed as continuing.

The Group has no recognised gains and losses in either year other than the results for the year as set out above.

The Company has taken advantage of Section 408 of the Companies Act 2006 not to publish its own profit and loss account.

The notes on pages 11 to 21 form part of these financial statements.

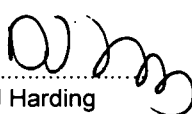
Integrated Care Solutions (East Kent) Holdings Limited

Consolidated balance sheet

as at 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|---|-------|---------------|---------------|
| Current assets | | | |
| Debtors: amount falling due within one year | 12 | 744 | 759 |
| Debtors: amount falling due after more than one year | 13 | 17,523 | 17,833 |
| Cash at bank and in hand | | 2,100 | 1,758 |
| Total current assets | | 20,367 | 20,350 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 14 | (1,387) | (1,306) |
| Net current assets | | 18,980 | 19,044 |
| Non current liabilities | | | |
| Creditors: amounts falling due after more than one year | 15 | (17,854) | (18,189) |
| Net assets | | 1,126 | 855 |
| Capital and reserves | | | |
| Issued share capital | 16 | 130 | 130 |
| Profit and loss account | 17 | 996 | 725 |
| Total shareholders' funds | 18 | 1,126 | 855 |

These financial statements for company registration number 04885191 were approved by the Board of Directors and authorised for issue on 30 April 2015, and are signed on their behalf by:


 D J Harding
 Director

The notes on pages 11 to 21 form part of these financial statements.

Integrated Care Solutions (East Kent) Holdings Limited

Company balance sheet

as at 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|----------------------------------|-------|---------------|---------------|
| Non current assets | | | |
| Investments | 11 | 130 | 130 |
| Net assets | | <u>130</u> | <u>130</u> |
| Capital and reserves | | | |
| Issued share capital | 16 | 130 | 130 |
| Total shareholders' funds | | <u>130</u> | <u>130</u> |

These financial statements for company registration number 04885191 were approved by the Board of Directors and authorised for issue on 30 April 2015, and are signed on their behalf by:


.....
D J Harding
Director

The notes on pages 11 to 21 form part of these financial statements.

Integrated Care Solutions (East Kent) Holdings Limited

Consolidated cash flow statement

for the year ended 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|---------------|---------------|
| Net cash inflow from operating activities | 19 | 874 | 462 |
| Returns on investment and servicing of finance | 19 | (105) | (87) |
| Taxation | 19 | (94) | (15) |
| Dividends paid | 10 | - | (350) |
| Cash inflow before financing | | 675 | 10 |
| Financing | 19 | (333) | (292) |
| Increase / (decrease) in cash | | 342 | (282) |

The notes on page 11 to 21 form part of these financial statements.

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements

for the year ended 31 December 2014

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable UK Accounting Standards and the Companies Act 2006.

The Directors' Report on pages 2 to 3 sets out the Group's principal activities.

Basis of consolidation

The consolidated profit and loss account, consolidated balance sheet and consolidated cash flow statement include the results of the Group and its subsidiary as at and for the year ended 31 December 2014.

Going concern

The financial statements are prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Group has met its capital expenditure requirements through long-term bank loans agreed at the beginning of the project and loan notes provided to it by the shareholders. As at the date of this report all capital expenditure has been completed. The nature of the Group's business, which is part of the Government Public Private Partnership (PPP) programme, is such that there are cash inflows from the government forecasted for the operational phase of the project. The Directors have prepared projected cash flow information taking account of reasonably possible changes in trading performance for the period ending twelve months from the date of their approval of these financial statements. On the basis of this cash flow information, the Directors consider that the Group will continue to operate within the long-term facility currently agreed. In particular during the operational phase of the project, sufficient cash flow is projected to be generated to allow the Group to meet its liabilities as they fall due for payment.

Based on this understanding the Directors believe it is appropriate to prepare the financial statements on the going concern basis.

Finance receivable

The accumulated costs incurred in respect of bid development, design, construction and finance costs during construction were transferred to the finance receivable when the facilities became available and are being recovered over the contract period on an annuity basis. Since handover, occupational availability payments from Kent County Council have been allocated between turnover in relation to the service element of the contract, reimbursement of the finance receivable so as to generate a constant rate of return over the contract period. Interest payable and similar charges and administration costs relating to the day-to-day running of the Company are written off as incurred.

Investments

Investments are held at cost less any provision for impairment.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

Turnover

Turnover represents amounts due from Kent County Council in respect of activities described in the Directors' Report and spread over the life of the project. All turnover originates in the United Kingdom and is stated exclusive of value added tax.

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements *(continued)*

for the year ended 31 December 2014

1. Accounting policies (continued)

Lifecycle costs

Costs relating to lifecycle expenditure are capitalised and expensed on the basis of a 30:70 ratio.

Taxation

Current tax, including UK Corporation 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

| | 2014 | 2013 |
|----------------|--------------|--------------|
| | £'000 | £'000 |
| Service income | 2,517 | 2,352 |

All turnover originated in the United Kingdom.

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

3. Notes to the profit and loss account

The auditor's remuneration incurred during the year was borne by the subsidiary undertaking.

Profit before taxation is stated after charging:

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Auditor's remuneration: | | |
| - audit of these financial statements | 1 | 1 |
| Amounts payable to the auditor and their associates in respect of: | | |
| - audit of financial statements of subsidiaries of the company | 8 | 7 |

4. Directors' remuneration

The Directors received no remuneration from the Group (2013: £nil).

Directors' fees are incurred as follows:

| | 2014 £'000 | 2013 £'000 |
|-----------------|---------------|---------------|
| Directors' fees | 34 | 32 |

5. Staff costs

The Group had no employees throughout the period under review (2013: nil).

6. Interest receivable

| | 2014 £'000 | 2013 £'000 |
|------------------------------------|---------------|---------------|
| Finance debtor interest receivable | 1,271 | 1,300 |
| Bank interest receivable | 4 | 3 |
| | 1,275 | 1,303 |

7. Interest payable

| | 2014 £'000 | 2013 £'000 |
|------------------------------------|---------------|---------------|
| Subordinated debt interest payable | 221 | 222 |
| Bank interest payable | 1,138 | 1,153 |
| | 1,359 | 1,375 |

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

8. Taxation

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| (a) Tax on profit on ordinary activities | | |
| Current year | 74 | 76 |
| Adjustments in respect of prior years | (1) | 4 |
| Tax charge on ordinary activities | 73 | 80 |

(b) Factors affecting the tax charge for the current year

The current tax charge for the year is lower than (2013: higher than) the standard rate of Corporation Tax in the UK of 21.50% (2013: 23.25%). The differences are explained below:

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Profit on ordinary activities before taxation | 344 | 331 |
| UK Corporation tax thereon at 21.50% (2013: 23.25%) | 74 | 77 |
| Effects of: | | |
| Small companies relief | - | (1) |
| Adjustments to tax charge in respect of prior years | (1) | 4 |
| | 73 | 80 |

Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

9. Profit attributable to members of the Parent Company

The profit dealt with in the financial statements of the Parent Company was £nil (2013: £350,000).

10. Dividends

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| No interim dividends were paid on ordinary shares (2013: 269p per ordinary share) | - | 350 |

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

11. Investments

| Company | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Cost | | |
| At 31 December 2014 and 1 January 2014 | 130 | 130 |
| Net book value | | |
| At 31 December 2014 and 1 January 2014 | 130 | 130 |

The Company owns the entire issued share capital of Integrated Care Solutions (East Kent) Limited, a company incorporated in the United Kingdom. Integrated Care Solutions (East Kent) Limited is contracted to design, construct and maintain social and healthcare centres in Tenterden and Margate for Kent County Council.

12. Debtors: amounts falling due within one year

| | Group | Group | Company | Company |
|--------------------------------|--------------|--------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Finance debtor | 382 | 408 | - | - |
| Prepayments and accrued income | 362 | 351 | - | - |
| | 744 | 759 | - | - |

13. Debtors: amounts falling due after more than one year

| | Group | Group | Company | Company |
|----------------|---------------|--------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Finance debtor | 17,523 | 17,833 | - | - |
| | 17,523 | 17,833 | - | - |

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

14. Creditors: amounts falling due within one year

| | Group | Group | Company | Company |
|------------------------------------|--------------|--------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Term loan | 335 | 331 | - | - |
| Trade creditors | 87 | 4 | - | - |
| Amounts payable to related parties | 57 | 57 | - | - |
| Accruals and deferred income | 765 | 710 | - | - |
| Corporation tax | 34 | 76 | - | - |
| Other taxation | 109 | 128 | - | - |
| | 1,387 | 1,306 | - | - |

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

| | Group | Group | Company | Company |
|-------------------|---------------|---------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Term loan | 15,703 | 16,038 | - | - |
| Subordinated debt | 1,976 | 1,976 | - | - |
| Accruals | 175 | 175 | - | - |
| | 17,854 | 18,189 | - | - |

| | Group | Group | Company | Company |
|--------------------------------------|---------------|---------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Repayable between one and two years | 208 | 335 | - | - |
| Repayable between two and five years | 1,235 | 925 | - | - |
| Repayable after five years | 16,411 | 16,929 | - | - |
| | 17,854 | 18,189 | - | - |

Term loan

There is one term loan facility drawn down at 31 December 2014. The tenure of the term loan from NIBC Bank NV was originally 28 years and is repayable in 52 semi-annual instalments commencing 31 March 2006. Interest charged on amounts drawn is based on the floating LIBOR rate plus 1.0514%. All amounts drawn under the facilities are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the Company and by a floating charge over the Company's undertakings and assets.

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

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

Subordinated debt

The loan notes are due to mature in full in 2033 and are repayable in semi-annual instalments provided certain conditions are met and relevant consents are given. In addition, the Company's subsidiary may redeem all or part of the loan notes at any time subject to the same conditions and consents as for regular repayments. The loan notes are unsecured and bear interest at 11.25%, interest is payable semi-annually.

Financial derivatives

The Company has entered into interest rate swap contracts to hedge its exposure to fluctuations in interest rates and a Retail Price Index (RPI) swap to hedge its exposure to fluctuations in the RPI. The effect of the interest rate swap is that the Company pays a fixed rate of interest on its term loan. Receipts and payments on interest rate instruments are recognised on an accruals basis, over the life of the instrument.

The notional principal amount of the interest rate swap as at 31 December 2014 is £16,112,501 (2013: £16,444,958). The interest rate swap matures in September 2031. The fair value of the interest rate swap as at 31 December 2014 gives rise to a liability of £5,661,372 (2013: £3,650,939). The fair value of the RPI swap as at 31 December 2014 gives rise to a liability of £2,014,221 (2013: £2,117,127).

16. Share capital

| | Group 2014 £'000 | Group 2013 £'000 | Company 2014 £'000 | Company 2013 £'000 |
|--|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| <i>Allotted, called up and fully paid:</i> | | | | |
| Ordinary shares of £1 each | 130 | 130 | 130 | 130 |

17. Profit and loss account

| | Group 2014 £'000 | Group 2013 £'000 | Company 2014 £'000 | Company 2013 £'000 |
|-------------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Balance brought forward | 725 | 824 | - | - |
| Profit for the financial year | 271 | 251 | - | 350 |
| Dividends paid | - | (350) | - | (350) |
| Balance carried forward | 996 | 725 | - | - |

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

18. Reconciliation of movement in shareholders' funds

| | 2014 Group £'000 | 2013 Group £'000 | 2014 Company £'000 | 2013 Company £'000 |
|---|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Profit for the financial year | 271 | 251 | - | 350 |
| Dividends paid | - | (350) | - | (350) |
| Net increase/(reduction) to shareholders' funds | 271 | (99) | - | - |
| Opening shareholders' funds | 855 | 954 | 130 | 130 |
| Closing shareholders' funds | 1,126 | 855 | 130 | 130 |

19. Notes to the consolidated cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

| | 2014 £'000 | 2013 £'000 |
|---|-----------------------|-----------------------|
| Operating profit | 428 | 403 |
| Decrease in debtors | 325 | 292 |
| Increase/(decrease) in creditors | 121 | (233) |
| Net cash inflow from operating activities | 874 | 462 |

Returns on investments and servicing of finance

| | 2014 £'000 | 2013 £'000 |
|---|-----------------------|-----------------------|
| Interest received | 1,275 | 1,303 |
| Interest paid | (1,380) | (1,390) |
| Net cash outflow from returns on investments and servicing of finance | (105) | (87) |

Taxation

| | 2014 £'000 | 2013 £'000 |
|---------------|-----------------------|-----------------------|
| Taxation paid | (94) | (15) |

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

19. Notes to the consolidated cash flow statement (*continued*)

Financing

| | 2014 | 2013 |
|---------------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Repayment of loans | <u>(333)</u> | <u>(292)</u> |
| Net cash outflow from financing | <u>(333)</u> | <u>(292)</u> |

Reconciliation of net cash flow to movement in net debt

| | 2014 | 2013 |
|---|------------------------|------------------------|
| | £'000 | £'000 |
| Increase/(decrease) in cash in the period | 342 | (282) |
| Net cash outflow from term loans | <u>333</u> | <u>292</u> |
| Change in net debt | 675 | 10 |
| Opening net debt at 1 January 2014 | <u>(16,589)</u> | <u>(16,599)</u> |
| Closing net debt at 31 December 2014 | <u>(15,914)</u> | <u>(16,589)</u> |

Analysis of change in net debt

| | At 31 | | | At 31 |
|--|------------------------|-------------------|-----------------|------------------------|
| | December | Cash flow | Non cash | December |
| | 2013 | | | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash in hand and at bank | 1,758 | 342 | - | 2,100 |
| Creditors due in less than one year | (331) | 333 | (337) | (335) |
| Creditors due after more than one year | (18,016) | - | 337 | (17,679) |
| | <u>(16,589)</u> | <u>675</u> | <u>-</u> | <u>(15,914)</u> |

20. Capital commitments and contingent liabilities

At the balance sheet date the Group had no capital commitments (2013: £nil) and no contingent liabilities (2013: £nil).

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

21. Related party transactions

The following companies, together with undertakings within their individual groups of companies, are considered to be related parties to the Company, as defined in FRS 8 Related Party Disclosures.

NIBC European Infrastructure Fund 1 C.V. and Equitix Healthcare Limited are 50% Joint Venture Partners in the current year. NIBC European Infrastructure Fund 1 C.V. is the 100% owner of NEIF Project Investments Limited. NIBC Bank N.V. is a lender to the project and is a limited partner (circa 28%) in NIBC European Infrastructure Fund 1 C.V.

| | Transactions | | Balance owed to/(from) at year end | |
|---|--------------|--------------|------------------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Other professional fees | | | | |
| - Equitix Healthcare Limited | - | 1 | - | - |
| - NIBC Bank N.V. | 6 | 23 | - | - |
| Commitment fees & agency fees | | | | |
| - NIBC Bank N.V. | 21 | 26 | (1) | (1) |
| Term loan principal | | | | |
| NIBC Bank N.V. | 331 | 292 | 16,038 | 16,369 |
| Term loan interest & swap interest | | | | |
| - Equitix Healthcare Limited | | | | |
| - NIBC Bank N.V. | 1,120 | 1,144 | 308 | 284 |
| Directors' fees | | | | |
| - Equitix Healthcare Limited | 17 | 16 | - | - |
| - NIBC European Infrastructure Fund 1 | 17 | 16 | - | - |
| Subordinated debt and interest | | | | |
| - Equitix Healthcare Limited | 111 | 111 | 1,016 | 1,016 |
| - NIBC European Infrastructure Fund 1 | 111 | 111 | 1,016 | 1,016 |
| Group relief | | | | |
| - Equitix Healthcare Limited | 40 | - | - | - |
| Dividends | | | | |
| - Equitix Healthcare Limited | - | 175 | - | - |
| - NEIF Project Investments Limited | - | 175 | - | - |
| | 1,774 | 2,090 | 18,377 | 18,684 |

Integrated Care Solutions (East Kent) Holdings Limited

Notes to the financial statements (*continued*)

for the year ended 31 December 2014

22. Ultimate controlling party

The Company is a joint venture between NIBC European Infrastructure Fund 1 C.V. (50%) a limited partnership registered in the Netherlands, and Equitix Healthcare Limited (50%), a company that is incorporated in the United Kingdom and registered in England and Wales.

The Directors consider there to be no ultimate controlling entity.

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