

**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

SA Carter  
KW Gillespie  
SL Jones (resigned 6 November 2015)  
GB Shields  
JNE Cowdell  
CT Solley  
PA Would (appointed 6 November 2015)

**COMPANY SECRETARY**

G N Springett

**REGISTERED NUMBER**

04892439

**REGISTERED OFFICE**

Welken House  
10-11 Charterhouse Square  
London  
EC1M 6EH

**INDEPENDENT AUDITOR**

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

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**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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## ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

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The directors present their annual group strategic report and the audited financial statements for the year ended 30 September 2015.

#### BUSINESS REVIEW

The results of the group for the year are set out in the profit and loss account on page 8. Turnover for the year was £13,774,000 (2014: £11,847,000) with profit before taxation of £1,760,000 (2014: £1,655,000). During the year the group paid out dividends amounting to £468,000 (2014: £393,000).

At the year end the group has total outstanding debt of £68,563,000 (2014: £70,021,000) and holds cash reserves totalling £8,817,000 (2014: £9,868,000).

The business has remained compliant with debt service and cover ratios during the year and scheduled debt interest and capital payments were made as planned.

#### DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

Full operational services are being provided and these are generally progressing well, with minimal performance deductions. The project continues to operate smoothly following the transfer of the original 30 year concession agreement to NHS Property Services Limited during 2013.

During the year the group has completed significant variation works to convert an existing shell space into a new operational part of the Hospital at the request of NHS Property Services Limited.

#### PRINCIPAL RISKS AND UNCERTAINTIES

Exposure to movements in interest rates and the retail prices index was hedged at financial close via a fixed interest rate swap and an RPI swap respectively. The senior debt facility was increased in 2008 to fund a variation in part of the hospital. This interest on additional borrowing, which represents approximately 2% of total senior debt, is not hedged. The Directors do not consider the additional exposure to be material.


There is a risk of financial loss through unavailability and performance deductions. This is mitigated as deductions are fully passed down to the sub contractors. Contractual compliance and reporting requirements are regularly monitored to ensure all undertakings are met on a timely basis.

Insurance cover for the year has been purchased within budgeted costs.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The key indicators of performance revolve around the penalties which can be imposed for unavailability of hospital areas or for sub-standard delivery of operational services and debt service cover ratios. On both these measures, the directors are satisfied that budget assumptions are being met.

This report was approved by the board on 25 January 2016 and signed on its behalf.



**G N Springett**  
Secretary

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## ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

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The directors present their report and the financial statements for the year ended 30 September 2015.

#### PRINCIPAL ACTIVITIES

The principal activities of the group are to design, construct and operate certain facilities and provide non-clinical services at Queen Mary's Hospital, Roehampton for a period of 30 years under a concession agreement with NHS Property Services Limited (previously Wandsworth PCT). The agreement to provide a new hospital, associated facilities management and hotel services and equipment services was signed on 6 May 2004. Construction of the hospital commenced on 22 September 2003 and was completed in February 2006. The concession agreement was transferred from Wandsworth PCT to NHS Property Services Limited and a Deed of Safeguard was signed on 21 March 2013 to ensure that the terms of the agreement remain the same.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,582,000 (2014 - £1,288,000).

The group made a dividend payment in the year of £468,000 (2014: £393,000).

#### DIRECTORS

The directors who served during the year were:

SA Carter  
KW Gillespie  
SL Jones (resigned 6 November 2015)  
GB Shields  
JNE Cowdell  
CT Solley

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

#### FINANCIAL INSTRUMENTS

The group's principal financial instruments comprise of a term loan, mezzanine loan and unsecured loan stock. The main purpose of these financial instruments is to ensure that the profile of the debt service costs is tailored to match expected revenues arising from the Concession Agreement. The group does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities.

The main risks arising from the group's financial instruments are interest rate risk and liquidity risk.

##### *Interest rate risk*

The term loan and mezzanine loan are exposed to interest rate risk, however the group has entered into a fixed interest rate swap to minimise risk from movements in base interest rates on its floating rate term loan. The unsecured loan stock is not exposed to interest rate risk.

##### *Liquidity risk*

The group has entered into a fixed price index swap to achieve a correlation between the impact of inflationary increases on operating margin and finance charges in order to minimise cash flow variance.

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## ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

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#### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

#### AUDITOR

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

#### CORPORATE GOVERNANCE

The group is committed to high standards of corporate governance, as are appropriate for the longer term obligations to finance, construct and operate non-clinical services for the new Queen Mary's Hospital, Roehampton under the Private Finance Initiative programme.

Corporate governance principles have been implemented within the framework established by agreement between the shareholding parties who have launched the company under a concession agreement with NHS Property Services Limited. The Board has taken note of the UK Corporate Governance Code which applies to equity quoted plc's with certain reporting requirements; this company, not being an equity quoted plc, is not bound by the code's requirements but has voluntarily adopted certain of those principles as noted below.

This report is a narrative on the principles of corporate governance, as applied in this group. It does not provide a detailed statement to identify those provisions of the Code from which the group's governance differs.

#### A The Board

1. The Board meets quarterly and reviews operating performance against the financial model and detailed management budgets. This model incorporates all aspects of the strategic business plan and associated risks; all proposals for contract variations are vetted before approval against the model. The Board reserves its own decision on all contractual expenditure and associated funding, and has established the provision of management, Company secretary and accountancy services for the implementation of the project.

2. The Board comprises 6 non-executive directors nominated by each participating shareholder.

3. The Board receives quarterly information which encompasses all corporate, business, financial and relationship matters which are necessary and appropriate for the purposes of monitoring and progressing the complex contractual obligations for the hospital project.

4. Nominations for any changes to Board membership are subject to the shareholders' separate or collective decision.

5. For the particular interests of the shareholders in the continuity of the project, no directors retire by rotation.

#### B Remuneration

No directors received remuneration directly from the subsidiary company. The remuneration for the services of the Non-Executive Directors is set out in note 4.

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**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**C Dialogue with Institutions**

The Board maintains regular liaison with Bank of Scotland as senior lender to the group.

**D Financial Reporting**

1. The Board, after seeking appropriate external advice, decides upon accounting policies which are appropriate for the group and ensures that they are consistently applied.
2. The Board has instigated a rigorous process of internal control, under the discipline of contractual agreements, in order to safeguard the outcomes for the group in terms of operational performance, financial control, legal and regulatory compliance, provision for risk factors and longer-term relationships.
3. The Board has decided to undertake the role of an Audit Committee with all directors. The Audit Committee meets annually to review the Management Letter tabled by the Auditor.
4. The Board continues to satisfy itself that, given the contractual and long-term funding provisions, the group and company will continue to trade as a going concern.

**E Internal Controls**

The Board maintains a sound system of internal control to safeguard shareholders' investments and the group's assets.

This report was approved by the board on 25 January 2016 and signed on its behalf.



**G N Springett**  
Secretary

Welken House  
10-11 Charterhouse Square  
London  
EC1M 6EH

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## ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2015

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The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.



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## **ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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We have audited the financial statements of Roehampton Hospital Holdings Limited for the year ended 30 September 2015, set out on pages 8 to 22. 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**

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](http://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 group's and the parent company's affairs as at 30 September 2015 and of the group's 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROEHAMPTON HOSPITAL  
HOLDINGS LIMITED

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**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; 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.



Liam Finnigan (Senior statutory auditor)

for and on behalf of  
**KPMG LLP**

1 St Peter's Square  
Manchester  
M2 3AE

Date:

29<sup>th</sup> January 2016

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**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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	Note	2015 £000	2014 £000
<b>TURNOVER</b>	1,2	<b>13,774</b>	<b>11,847</b>
Cost of sales		<u>(10,518)</u>	<u>(8,815)</u>
<b>GROSS PROFIT</b>		<b>3,256</b>	<b>3,032</b>
Administrative expenses		<u>(579)</u>	<u>(498)</u>
<b>OPERATING PROFIT</b>	3	<b>2,677</b>	<b>2,534</b>
Interest receivable and similar income	5	<b>3,778</b>	<b>3,868</b>
Interest payable and similar charges	6	<u>(4,695)</u>	<u>(4,747)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,760</b>	<b>1,655</b>
Tax on profit on ordinary activities	7	<u>(178)</u>	<u>(367)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<u><b>1,582</b></u>	<u><b>1,288</b></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

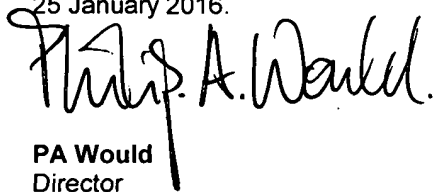
The notes on pages 12 to 22 form part of these financial statements.

**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04892439**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2015**

	Note	£000	2015 £000	2014 £000
<b>CURRENT ASSETS</b>				
Debtors	9	78,248	78,989	
Cash at bank		8,817	9,868	
		<u>87,065</u>	<u>88,857</u>	
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(7,765)</u>	<u>(7,744)</u>	
<b>NET CURRENT ASSETS</b>			<u>79,300</u>	<u>81,113</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>79,300</u>	<u>81,113</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11		<u>(66,655)</u>	<u>(68,635)</u>
<b>PROVISIONS FOR LIABILITIES</b>				
Other provisions	14		<u>(4,700)</u>	<u>(5,647)</u>
<b>NET ASSETS</b>			<u><u>7,945</u></u>	<u><u>6,831</u></u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		<u>50</u>	<u>50</u>
Profit and loss account	16		<u>7,895</u>	<u>6,781</u>
<b>SHAREHOLDERS' FUNDS</b>	17		<u><u>7,945</u></u>	<u><u>6,831</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 January 2016.

  
**PA Would**  
 Director

The notes on pages 12 to 22 form part of these financial statements.

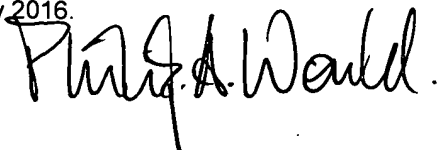
**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04892439**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2015**

	Note	2015 £000	2014 £000
<b>FIXED ASSETS</b>			
Investments	8	50	50
<b>CURRENT ASSETS</b>			
Debtors		3,275	3,275
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,325</b>	<b>3,325</b>
<b>CREDITORS:</b> amounts falling due after more than one year	11	<b>(3,275)</b>	<b>(3,275)</b>
<b>NET ASSETS</b>		<b>50</b>	<b>50</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	50	50
<b>SHAREHOLDERS' FUNDS</b>	17	<b>50</b>	<b>50</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 January 2016.

PA Would  
Director



The notes on pages 12 to 22 form part of these financial statements.

**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Note	2015 £000	2014 £000
Net cash flow from operating activities	19	2,006	3,641
Returns on investments and servicing of finance	20	(988)	(952)
Taxation		(215)	(645)
Equity dividends paid		(468)	(393)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>335</b>	<b>1,651</b>
Financing	20	(1,386)	(782)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(1,051)</b>	<b>869</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	2015 £000	2014 £000
(Decrease)/Increase in cash in the year	(1,051)	869
Cash outflow from decrease in debt and lease financing	1,386	782
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>335</b>	<b>1,651</b>
Other non-cash changes	74	72
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>409</b>	<b>1,723</b>
Net debt at 1 October 2014	(60,154)	(61,877)
<b>NET DEBT AT 30 SEPTEMBER 2015</b>	<b>(59,745)</b>	<b>(60,154)</b>

The notes on pages 12 to 22 form part of these financial statements.

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## ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

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#### 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, except as noted below.

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### 1.2 Going concern

The group currently has £69m of total debt. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities.

The group has long-term contracts with NHS Property Services Limited. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

##### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to the year end. The acquisition method of accounting has been adopted.

##### 1.4 Turnover

Turnover on construction activities represents the value of work done and services rendered, excluding sales and related taxes. Turnover on operational services represents the value of work performed in the year under the concession agreement, together with additional services provided to the trust.

In the operational phase, the balance of unitary payments received, after accounting for the finance debtor interest and amortisation components (which together sum to a constant figure in each period, as in a lease) is accounted for as turnover. This figure is adjusted in each period to ensure that income recognised more accurately reflects the value of economic benefits provided to the public sector client in each period, and is necessary due to the inflationary nature of the unitary payments. As a consequence of this adjustment to turnover, which is generally positive in the first half of the concession and negative in the second half (and must net out over the whole concession), a unitary payment control account debtor is recorded on the balance sheet.

##### 1.5 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

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## ROEHAMPTON HOSPITAL HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Deferred taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, on a discounted basis, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

##### 1.7 Amortisation of issue costs

Issue costs are deducted against debt and amortised over the life of the instrument. This amortisation is charged to the profit and loss account when incurred.

##### 1.8 Lifecycle costs

Provisions are made in respect of life cycle maintenance to the extent that the company is obliged to undertake maintenance in future periods.

##### 1.9 Financial instruments

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### 2. TURNOVER

All turnover arose within the United Kingdom.



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**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**Analysis of Turnover**

	<b>Services 2015 £000</b>	<b>Construction 2015 £000</b>	<b>Services 2014 £000</b>	<b>Construction 2014 £000</b>
Turnover	11,605	2,169	11,847	-
Cost of sales	(8,498)	(2,020)	(8,815)	-
<b>Total</b>	<b>3,107</b>	<b>149</b>	<b>3,032</b>	<b>-</b>

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	<b>2015 £000</b>	<b>2014 £000</b>
Auditor's remuneration	<b>16</b>	<b>19</b>

**4. DIRECTORS' REMUNERATION**

None of the directors received emoluments directly from the company (2014: £nil). A payment is made for the services of the non-executive directors to their employer.

No staff are directly employed by the company (2014: nil).

	<b>2015 £000</b>	<b>2014 £000</b>
Recharges in respect of non-executive directors' services	<b>143</b>	<b>140</b>

**5. INTEREST RECEIVABLE**

	<b>2015 £000</b>	<b>2014 £000</b>
Finance interest receivable	3,632	3,726
Amortisation of issue costs	72	73
Bank interest receivable	74	69
<b>Total</b>	<b>3,778</b>	<b>3,868</b>

**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**6. INTEREST PAYABLE**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
On senior bank loans	4,200	4,252
On mezzanine bank loan	151	151
On loans from group undertakings	344	344
	<u>4,695</u>	<u>4,747</u>

**7. TAXATION**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	198	420
<b>Deferred tax</b>		
Origination and reversal of timing differences	(23)	(53)
Effect of increased tax rate on opening liability	3	-
<b>Total deferred tax</b> (see note 13)	<u>(20)</u>	<u>(53)</u>
<b>Tax on profit on ordinary activities</b>	<u>178</u>	<u>367</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - *higher than*) the standard rate of corporation tax in the UK of 21% (2014 - 22%). The differences are explained below:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<u>1,760</u>	<u>1,655</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2014 - 22%)	361	364
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	202	16
Adjustments to tax charge in respect of prior periods	(186)	-
Other timing differences leading to an increase (decrease) in taxation	(188)	40
Group relief	(190)	-
Payment for group relief	199	-
<b>Current tax charge for the year</b> (see note above)	<u>198</u>	<u>420</u>

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**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**7. TAXATION (continued)**

**Factors that may affect future tax charges**

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 30 September 2015 (which has been calculated based on the rate of 20% substantively enacted at the balance sheet date).

**8. FIXED ASSET INVESTMENTS**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Roehampton Hospital Limited	A - Ordinary	100%

The aggregate of the share capital and reserves as at 30 September 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £000</b>	<b>Profit/(loss) £000</b>
Roehampton Hospital Limited	<u>7,783</u>	<u>1,421</u>

<b>Company</b>	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 October 2014 and 30 September 2015	<u>50</u>

**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**9. DEBTORS**

	<u>Group</u>		<u>Company</u>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	3,275	3,275
Finance debtor	56,762	58,442	-	-
<b>Due within one year</b>				
Trade debtors	4,448	4,549	-	-
Other debtors	52	13	-	-
Prepayments and accrued income	15,257	14,375	-	-
Finance debtor	1,679	1,580	-	-
Deferred tax asset (see note 13)	50	30	-	-
	<b>78,248</b>	<b>78,989</b>	<b>3,275</b>	<b>3,275</b>

**10. CREDITORS:  
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Senior loans	1,821	1,307	-	-
Mezzanine loan	86	79	-	-
Trade creditors	1,107	1,450	-	-
Corporation tax	-	17	-	-
Other taxation and social security	97	306	-	-
Accruals and deferred income	4,654	4,585	-	-
	<b>7,765</b>	<b>7,744</b>	<b>-</b>	<b>-</b>

**11. CREDITORS:  
Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Senior loans	60,355	62,252	-	-
Mezzanine loan	3,025	3,108	-	-
Loan stock owed to shareholders	3,275	3,275	3,275	3,275
	<b>66,655</b>	<b>68,635</b>	<b>3,275</b>	<b>3,275</b>

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**11. CREDITORS:**

**Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Repayable by instalments	<b>59,014</b>	<b>61,051</b>	<b>3,275</b>	<b>3,275</b>
Unamortised issue costs	<b>799</b>	<b>871</b>	<b>-</b>	<b>-</b>
	<b>59,813</b>	<b>61,922</b>	<b>3,275</b>	<b>3,275</b>

The group has a 30 year term loan. The interest rate payable is LIBOR plus 0.9% in the operational phase. The group has entered into a swap transaction resulting in interest being charged on this loan at a rate of 5.375%. The loan is secured by a fixed and floating charge over the assets of the group.

The mezzanine facility carries an interest rate of LIBOR plus 4%.

The group has unsecured loan stock issued to the current shareholders. The interest rate chargeable on the loan notes is 10.5% per annum to 31 March 2018 and 11.5% thereafter. Interest is paid twice yearly. This loan requires repayment by 31 March 2033.

**12. ANALYSIS OF DEBT**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Group debt can be analysed as falling due:</b>		
In one year or less, or on demand	<b>1,907</b>	<b>1,386</b>
Between one and two years	<b>1,792</b>	<b>1,907</b>
Between two and five years	<b>5,051</b>	<b>4,807</b>
In five years or more	<b>59,014</b>	<b>61,050</b>
Plus: issue costs	<b>799</b>	<b>871</b>
<b>Total</b>	<b>68,563</b>	<b>70,021</b>

**13. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At beginning of year	<b>30</b>	<b>(23)</b>	<b>-</b>	<b>-</b>
Released during the year (P&L)	<b>20</b>	<b>53</b>	<b>-</b>	<b>-</b>
<b>At end of year</b>	<b>50</b>	<b>30</b>	<b>-</b>	<b>-</b>

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**13. DEFERRED TAXATION (continued)**

The deferred taxation balance is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>50</b>	<b>30</b>	<b>-</b>	<b>-</b>

**14. PROVISIONS**

<b>Group</b>	<b>Life cycle provision £000</b>
At 1 October 2014	<b>5,647</b>
Charged to the profit and loss during the year	<b>1,549</b>
Utilised during the year	<b>(2,496)</b>
At 30 September 2015	<b>4,700</b>

**Life cycle provision**

Provisions are made in respect of life cycle maintenance to the extent that the company is obliged to undertake maintenance in future periods.

The Company has no provisions

**15. SHARE CAPITAL**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary share shares of £1 each	<b>50</b>	<b>50</b>

**16. RESERVES**

<b>Group</b>	<b>Profit and loss account £000</b>
At 1 October 2014	<b>6,781</b>
Profit for the financial year	<b>1,582</b>
Dividends: Equity capital	<b>(468)</b>
At 30 September 2015	<b>7,895</b>

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**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Group</b>		
Opening shareholders' funds	6,831	5,936
Profit for the financial year	1,582	1,288
Dividends (Note 18)	(468)	(393)
	<u>7,945</u>	<u>6,831</u>
Closing shareholders' funds		
	<u>7,945</u>	<u>6,831</u>
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Company</b>		
Shareholders' funds at 1 October 2014 and 30 September 2015	<u>50</u>	<u>50</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £NIL (2014 - £NIL).

**18. DIVIDENDS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Interim dividends paid	<u>468</u>	<u>393</u>

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Operating profit	2,677	2,534
Decrease in debtors	760	262
(Decrease)/increase in creditors	(484)	377
(Decrease)/increase in provisions	(947)	468
	<u>2,006</u>	<u>3,641</u>
<b>Net cash inflow from operating activities</b>	<u>2,006</u>	<u>3,641</u>

**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £000	2014 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	3,707	3,795
Interest paid	(4,695)	(4,747)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(988)</u>	<u>(952)</u>
	2015 £000	2014 £000
<b>Financing</b>		
Repayment of loans	<u>(1,386)</u>	<u>(782)</u>

**21. ANALYSIS OF CHANGES IN NET DEBT**

	1 October 2014 £000	Cash flow £000	Other non-cash changes £000	30 September 2015 £000
Cash at bank and in hand	9,868	(1,051)	-	8,817
<b>Debt:</b>				
Debts due within one year	(1,386)	1,386	(1,907)	(1,907)
Debts falling due after more than one year	(68,636)	-	1,981	(66,655)
<b>Net debt</b>	<u>(60,154)</u>	<u>335</u>	<u>74</u>	<u>(59,745)</u>

Major non-cash changes represent movements in the ageing of loans and amortisation of debt issue costs.

**22. RELATED PARTY TRANSACTIONS**

	2015 Expenditure £000	2015 Creditor £000	2014 Expenditure £000	2014 Creditor £000
Bank of Scotland	4,010	(819)	4,451	(819)
Sodexo Limited	6,767	(1,309)	6,715	(1,337)
Equitix Healthcare Limited	77	(2,129)	75	(2,129)

Bank of Scotland is a related party as the Holding company of Aberdeen Infrastructure (No.3) Limited, 25% shareholders of Roehampton Hospital Holdings Limited. Expenditure relates to financing. At the year end the amount owing on outstanding loans to Bank of Scotland was £64,489,000 (2014: £65,875,000) in addition to outstanding loan stock as reflected in the above table.



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**ROEHAMPTON HOSPITAL HOLDINGS LIMITED**

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**22. RELATED PARTY TRANSACTIONS (continued)**

Sodexo Limited is a related party as a sister company of Sodexo Investment Services Limited, 10% shareholders of Roehampton Hospital Holdings Limited. Expenditure relates to services and financing.

Equitix Healthcare Limited is a related party as a 65% shareholder of Roehampton Hospital Holdings Limited.

**23. CONTROLLING PARTY**

The company is controlled by its shareholders under the shareholders agreement:

Equitix Healthcare Limited - 65%  
Aberdeen Infrastructure (No.3) Limited - 25%  
Sodexo Investment Services Limited - 10%