

# **Roehampton Hospital Holdings Limited**

## **Directors' Report and Financial Statements**

**Year ended 30 September 2014**

**Registered Number: 04892439**

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## Company information

### Directors

SA Carter  
KW Gillespie  
SL Jones  
AL Tennant (Resigned 31/10/2014)  
GB Shields  
JNE Cowdell  
CT Solley (Appointed 31/10/2014)

### Registered Office

48 Gresham Street  
London  
EC2V 7AY

### Company Secretary

Neil Springett  
Equitix Management Services Limited  
48 Gresham Street  
London  
EC2V 7AY

### Registered Auditor

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

### Solicitors

CMS Cameron McKenna LLP  
Mitre House  
160 Aldersgate Street  
London  
EC1A 4DD

### Bankers

Bank of Scotland  
150 Fountainbridge  
Edinburgh  
EH3 9PE

## Group Strategic Report

The directors present their annual group strategic report and the audited financial statements for the year ended 30 September 2014.

### Business review

The results of the group for the year are set out in the consolidated profit and loss account on page 9. Group turnover for the year was £11,847,000 (2013: £10,650,000) with profit before taxation of £1,655,000 (2013: £1,939,000). During the year the group paid out dividends amounting to £393,000 (2013: £219,000).

At the year end the group has total outstanding debt of £70,021,000 (2013: £70,876,000) and holds cash reserves totalling £9,868,000 (2013: £8,999,000).

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 termination of Wandsworth Primary Care Trust, with whom the group held the original 30 year concession agreement, and the transfer of the agreement to NHS Property Services Limited during the prior year.

During the year the group has been progressing a significant variation proposed by NHS Property Services to convert an existing shell space into an new operational part of the Hospital. Design and feasibility works have been undertaken during the year with construction works due to commence towards the end of 2014.

### 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 additional borrowing, which represents approximately 2% of total senior debt, is not hedged. Directors do not consider the additional exposure to be material.

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

### 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, directors are satisfied that budget assumptions are being met.

By order of the board



Neil Springett  
Secretary

48 Gresham Street  
London  
EC2V 7AY

Date: 21/01/2015

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2014.

### Principal activities

The company's principal activity is to act as a holding company for the investment in its subsidiary undertakings.

The principal activities of the group are to design, construct and operate certain facilities and provide non-clinical services at Queen Mary's Hospital, Rochampton 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.

### Proposed dividend and transfer to reserves

The group made a dividend payment in the year of £393,000 (2013: £219,000).

The profit for the year retained in the group after dividends is £895,000 (2013: £1,265,000).

### Directors

The directors who held office during the year are set out on page 1.

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 group's trading activities.

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

#### *Interest rate risk*

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 term loan and mezzanine loan are exposed to interest rate risk. 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.

### 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, Rochampton under the Private Finance Initiative programme.

The Board of Directors also act as the Board of Directors of the holding company. 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.

## Directors' report (continued)

### Corporate Governance (continued)

#### **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**

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

#### **C Dialogue with Institutions**

- 1 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 will continue to trade as a going concern.

#### **E Internal Controls**

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

### 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 group'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 group's auditor is aware of that information.

## Directors' report (continued)

### Auditor

KPMG Audit Plc resigned as auditor on 11 October 2013 pursuant to section 516 of the Companies Act 2006. On 14 November 2013 the Directors appointed KPMG LLP as auditor of the company to fill the casual vacancy as auditor under section 485(3) of the Companies Act 2006. KPMG LLP has indicated its willingness to continue in office and a resolution to reappoint it as auditor will be proposed at the next annual general meeting.

By order of the board



**Neil Springett**  
*Secretary*

48 Gresham Street  
London  
EC2V 7AY

Date: 22/01/2015

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report and 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 of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group will continue in business.

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





**KPMG LLP**

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

## **Independent auditor's report to the members of Roehampton Hospital Holdings Limited**

We have audited the financial statements of Roehampton Hospital Holdings Limited for the year 30 September 2014 set out on pages 9 to 21. 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 group'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 group'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 group and the group'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 6, 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 affairs as at 30 September 2014 and of the group's 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**

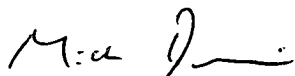
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Roehampton Hospital 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 by the parent company, 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.



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

27/1/2015

## Consolidated profit and loss account

*for the year ended 30 September 2014*

	<i>Notes</i>	<b>2014</b> <b>£'000</b>	2013 £'000
<b>Turnover</b>	2	<b>11,847</b>	10,650
Net operating costs	3	<b>(9,313)</b>	(7,925)
<b>Operating profit</b>		<u><b>2,534</b></u>	<u>2,725</u>
Interest payable and similar charges	6	<b>(4,747)</b>	(4,771)
Other interest receivable and similar income	7	<b>3,868</b>	3,985
<b>Profit on ordinary activities before taxation</b>		<u><b>1,655</b></u>	<u>1,939</u>
Tax on profit on ordinary activities	8	<b>(367)</b>	(455)
<b>Profit for the year</b>	17	<u><b>1,288</b></u>	<u>1,484</u>

All amounts relate to continuing activities.

The group has no recognised gains or losses other than the profit for the year reported above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 14 to 21 form part of the financial statements.

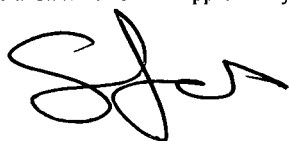
## Consolidated balance sheet

at 30 September 2014

Registered number: 04892439

	Notes	2014 £'000	2013 £'000
<b>Current assets</b>			
Debtors – falling due within one year	11	20,547	19,200
Debtors – falling due after more than one year	11	58,442	60,021
Cash at bank and in hand	10	78,989	79,221
		9,868	8,999
		<b>88,857</b>	<b>88,220</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(7,744)</b>	<b>(6,989)</b>
<b>Net current assets</b>		<b>81,113</b>	<b>81,231</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(68,635)</b>	<b>(70,094)</b>
<b>Provisions for liabilities and charges</b>	15	<b>(5,647)</b>	<b>(5,201)</b>
<b>Net assets</b>		<b>6,831</b>	<b>5,936</b>
<b>Capital and reserves</b>			
Called up share capital	16	50	50
Profit and loss account	17	6,781	5,886
<b>Shareholders' funds</b>		<b>6,831</b>	<b>5,936</b>

These financial statements were approved by the board of directors on 21/01/2015 and were signed on its behalf by:



S L Jones  
Director

The notes on pages 14 to 21 form part of the financial statements.

## Company balance sheet

at 30 September 2014

Registered number: 04892439

	<i>Notes</i>	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Investments	9	50	50
<b>Current assets</b>			
Debtors – falling due after more than one year	11	3,275	3,275
<b>Net current assets</b>		<u>3,325</u>	<u>3,325</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(3,275)</u>	<u>(3,275)</u>
<b>Net assets</b>		<u>50</u>	<u>50</u>
<b>Capital and reserves</b>			
Called up share capital	16	50	50
Profit and loss account	17	-	-
<b>Shareholders' funds</b>		<u>50</u>	<u>50</u>

These financial statements were approved by the board of directors on 21/01/2015 and were signed on its behalf by:



**S L Jones**  
Director

The notes on pages 14 to 21 form part of the financial statements.

**Consolidated cash flow statement**  
for the year ended 30 September 2014

**Reconciliation of operating profit to net cash flow from operating activities**

	2014 £'000	2013 £'000
Operating Profit	2,534	2,725
Decrease in debtors	262	90
Increase in creditors	377	436
Increase in provisions	468	590
<b>Net cash flow from operating activities</b>	<b>3,641</b>	<b>3,841</b>

**Cash flow statement**

Cash inflow from operating activities	3,641	3,841
<b>Returns on investment and servicing of finance</b>		
Interest received	3,795	3,911
Interest paid	(4,747)	(4,795)
<b>Taxation</b>		
Corporation tax paid	(645)	(473)
Dividends paid	(393)	(219)
<b>Cash inflow before financing</b>	<b>1,651</b>	<b>2,265</b>
<b>Financing</b>		
Repayment of loans	(782)	(546)
<b>Increase in cash in the year</b>	<b>869</b>	<b>1,719</b>

**Reconciliation of net cash flow to movement in net debt**

	<i>Note</i>		
Increase in cash in the year		869	1,719
Cash outflow from decrease in debt		782	546
<b>Change in net debt resulting from cash flows</b>		<b>1,651</b>	<b>2,265</b>
Amortisation of issue costs		73	74
Net debt at the start of the year		(61,877)	(64,216)
Net debt at the end of the year	19	(60,153)	(61,877)

**Reconciliation of movements in shareholders' funds**

*for the year ended 30 September 2014*

	<b>Group 2014 £'000</b>	<b>Company 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Company 2013 £'000</b>
Profit for the financial year	1,288	-	1,484	-
<b>Net addition to shareholders' funds</b>	<b>1,288</b>	<b>-</b>	<b>1,484</b>	<b>-</b>
Opening shareholders' funds	5,936	50	4,671	50
Dividends paid	(393)	-	(219)	-
<b>Closing shareholders' funds</b>	<b>6,831</b>	<b>50</b>	<b>5,936</b>	<b>50</b>

## Notes to the financial statements for the year ended 30 September 2014

### 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.

#### *Basis of preparation*

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

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

#### *Going concern*

The group currently has £70m 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 and the group have 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.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 30 September 2014. The acquisition method of accounting has been adopted.

#### *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.

#### *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.

#### *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.



## Notes to the financial statements for the year ended 30 September 2014 (continued)

### 1 Accounting Policies (continued)

#### *Capitalisation of interest*

Loan interest incurred during the construction of the hospital is capitalised into the finance debtor.

#### *Stocks and work in progress / amounts recoverable under contracts*

Costs incurred in the construction of the hospital have been accounted for under Financial Reporting Standard ('FRS') 5 Application Note F. Applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to NHS Property Services Limited. As such, all construction costs incurred on the project, including interest on finance up to the date of commission and incidental costs, are recorded as construction work in progress during the construction phase of the project. Costs are recognised as cost of sales to the extent that they relate to the value of work done in respect of turnover recognised.

#### *Life cycle costs*

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

#### *Cash at bank and in hand*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

#### *Interest bearing borrowings*

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

#### *Classification of financial instruments issued by the Group*

Following the adoption of FRS 25, financial instruments issued by the group 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 group 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 group; and
- b) where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group 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.

#### *Investments*

Investments held as fixed assets are stated at cost less amounts written off for impairment.

## Notes to the financial statements for the year ended 30 September 2014 (continued)

### 2 Analysis of turnover and profit on ordinary activities before taxation

	2014 Turnover £'000	2014 Attributable pre-tax profit £'000	2013 Turnover £'000	2013 Attributable pre-tax profit £'000
Services	<u>11,847</u>	<u>1,655</u>	<u>10,650</u>	<u>1,939</u>

The turnover and profit on ordinary activities before taxation arise entirely within the United Kingdom.

### 3 Net operating costs

	2014 £'000	2013 £'000
Services	6,619	5,764
Building insurance	259	258
Other charges	891	403
Lifecycle maintenance charge	1,525	1,483
	<u>9,294</u>	<u>7,908</u>
<b>Auditor's remuneration</b>		
Audit of these financial statements	19	17
	<u>9,313</u>	<u>7,925</u>

### 4 Remuneration of directors

	2014 £'000	2013 £'000
Recharges in respect of directors' services	<u>140</u>	<u>136</u>

None of the directors received emoluments directly from the Group (2013: £nil). A payment is made for the services of the non-executive directors to their employer.

### 5 Staff numbers and costs

No staff are directly employed by the Group (2013: nil).

### 6 Interest payable and similar charges

	2014 £'000	2013 £'000
On amounts owed to group undertaking	344	347
On senior bank loans	3,906	3,943
On mezzanine bank loan	151	158
On RPI swap	346	323
	<u>4,747</u>	<u>4,771</u>

Notes to the financial statements for the year ended 30 September 2014 (continued)

7 Other interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest receivable	69	97
Amortisation of issue costs	73	74
Finance interest receivable	3,726	3,814
	<u>3,868</u>	<u>3,985</u>

8 Taxation

Analysis of charge in year

	2014 £'000	2013 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	420	513
	<u>420</u>	<u>513</u>
Deferred Taxation	(53)	(58)
	<u>367</u>	<u>455</u>

Factors affecting the tax charge for the year

The current tax charge for the year is higher (2013: higher) than the standard rate of corporation tax in the UK 22% (2013: 23.5%). The differences are explained below.

	2014 £'000	2013 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,655	1,939
	<u>1,655</u>	<u>1,939</u>
Current tax at 22% (2013: 23.5%)	(364)	(455)
<i>Effects of:</i>		
Capital allowances in excess of depreciation	(16)	(9)
Other timing differences	(40)	(49)
	<u>(420)</u>	<u>(513)</u>
Total current tax charge (see above)		

Factors affecting the future tax charge

Future reductions in the main rate of corporation tax were announced in the Finance Bill 2013. Reductions in the rate from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 September 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

**Notes to the financial statements for the year ended 30 September 2014 (continued)**

**9 Investments**

				2014 £'000	2013 £'000
Investment in subsidiary undertaking				50	50
<b>Subsidiary undertaking</b>	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>Class and percentage of shares held</b>	<b>Capital and reserves £'000</b>	<b>Profit for year £'000</b>
Roehampton Hospital Limited	England	Healthcare PFI services provider	100% A ordinary	5,936	1,484

**10 Debtors**

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Finance debtor	60,022	-	61,507	-
Trade debtors	4,549	-	4,082	-
Prepayments and accrued income	14,375	-	13,207	-
Other debtors	13	-	425	-
Deferred tax asset (Note 20)	30	-	-	-
	<u>78,989</u>	<u>-</u>	<u>79,221</u>	<u>-</u>

**11 Debtors: amounts falling due after more than one year**

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Finance debtor	<u>58,442</u>	<u>-</u>	<u>60,021</u>	<u>-</u>
	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Amounts due within:				
1 year	20,547	-	19,200	-
1 - 2 years	1,679	-	1,580	-
2 - 5 years	5,700	-	5,362	-
Over 5 years	51,063	3,275	53,079	3,275
	<u>78,989</u>	<u>3,275</u>	<u>79,221</u>	<u>3,275</u>
Less: amount due within 1 year	(20,547)	-	(19,200)	-
	<u>58,442</u>	<u>3,275</u>	<u>60,021</u>	<u>3,275</u>

**Notes to the financial statements for the year ended 30 September 2014 (continued)**

**12 Creditors**

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Trade creditors	1,450	-	1,543	-
Other tax and social security	306	-	261	-
Senior loans	1,307	-	710	-
Mezzanine loan	79	-	72	-
Corporation tax	17	-	242	-
Accruals and deferred income	4,585	-	4,161	-
	<u>7,744</u>	<u>-</u>	<u>6,989</u>	<u>-</u>

**13 Creditors: amounts falling due after more than one year**

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Senior loans	62,252	-	63,635	-
Mezzanine loan	3,108	-	3,184	-
Loan stock	3,275	3,275	3,275	3,275
	<u>68,635</u>	<u>3,275</u>	<u>70,094</u>	<u>3,275</u>

**14 Analysis of debt**

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Debt can be analysed as falling due:				
In one year or less, or on demand	1,386	-	782	-
Between one and two years	1,907	-	1,386	-
Between two and five years	4,807	-	5,149	-
In five years or more	61,050	-	62,615	-
	<u>69,150</u>	<u>-</u>	<u>69,932</u>	<u>-</u>
Plus: issue costs	871	-	944	-
	<u>70,021</u>	<u>-</u>	<u>70,876</u>	<u>-</u>

Included within bank loans and overdrafts are un-amortised issue costs of £871,000 (2013: £944,000).

The subsidiary company 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 company.

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. The proceeds of the loan note issue were reissued to the subsidiary company Roehampton Hospital Limited in the form of an unsecured loan. This loan requires repayment by 31 March 2033.

Notes to the financial statements for the year ended 30 September 2014 (continued)

15 Provisions for liabilities and charges

Group	Life cycle provision £'000	Deferred Tax £'000	Total £'000
At beginning of year	5,178	23	5,201
Utilised during year	(1,056)	-	(1,056)
Charged to the profit and loss for the year	1,525	(23)	1,502
	<u>5,647</u>	<u>-</u>	<u>5,647</u>

Company

The company has no provisions for liabilities and charges.

16 Called up share capital

	2014 £'000	2013 £'000
<i>Allotted, called up and fully paid</i> 50,000 Ordinary share of £1 each	<u>50</u>	<u>50</u>

17 Reserves

	Group Profit and loss account £'000	Company Profit and loss account £'000
At beginning of year	5,886	-
Retained profit for the year	1,288	-
Dividends (Note 18)	(393)	-
At end of year	<u>6,781</u>	<u>-</u>

18 Dividends

	2014 £'000	2013 £'000
Interim dividends paid	<u>393</u>	<u>219</u>

19 Analysis of net debt

	At beginning of year £'000	Cash flow £'000	Other non-cash changes £'000	At end of year £'000
Cash in hand and at bank	8,999	869	-	9,868
Loans due within one year	(782)	(604)	-	(1,386)
Loans due after one year	(70,094)	1,386	73	(68,635)
	<u>(61,877)</u>	<u>1,651</u>	<u>73</u>	<u>(60,153)</u>

Other non-cash changes represent the amortisation of issue costs.

Notes to the financial statements for the year ended 30 September 2014 (continued)

20 Deferred tax asset

	Deferred Tax £'000
At beginning of year	-
Utilised during year	-
Credited to the profit and loss for the year	30
	<u>30</u>

21 Related party disclosures

Expenditure with related parties	Relationship	Class of Transaction	2014 Expenditure £'000	2014 Balance outstanding at year end £'000	2013 Expenditure £'000	2013 Balance outstanding at year end £'000
Bank of Scotland	Holding company of Aberdeen Infrastructure (No.3) Limited, 25% shareholders of Roehampton Hospital Holdings Limited	Financing	4,451	(819)	4,470	(860)
Sodexo Limited	Sister company of Sodexo Investment Services Limited, 10% shareholders of Roehampton Hospital Holdings Limited	Services and financing	6,715	(1,337)	5,283	(1,282)
Equitix Healthcare Limited	65% shareholder of Roehampton Hospital Holdings Limited	Services and financing	75	(2,129)	48	(2,143)

Finance has been provided by Bank of Scotland. At the year end the amount owing to Bank of Scotland was £65,875,000 (2013: £66,658,000).

22 Controlling Parties

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

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

In August 2013 Sodexo Investment Services Limited sold a 15% shareholding to Equitix Healthcare Limited.