

REGISTERED NUMBER: 04899262 (England and Wales)

**Report of the Directors and
Financial Statements for the Year Ended 30 September 2019
for
Bristol Infracare LIFT (1) Limited**



**Contents of the Financial Statements
for the Year Ended 30 September 2019**

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Bristol Infracare LIFT (1) Limited

**Company Information
for the Year Ended 30 September 2019**

Directors:

P S Andrews
R Darch
B Ravi Kumar
S Beaumont

Secretary:

D P Bevan

Registered office:

Challenge House
International Drive
Tewkesbury Business Park
Tewkesbury
Gloucestershire
GL20 8UQ

Registered number:

04899262 (England and Wales)

Auditors:

BDO LLP
Statutory Auditor
Two Snowhill
Birmingham
West Midlands
United Kingdom
B4 6GA

**Report of the Directors
for the Year Ended 30 September 2019**

The directors present their report with the financial statements of the company for the year ended 30 September 2019.

Principal activity

The principal activity of the company in the year under review was that of provision of healthcare facilities under NHS Local Improvement Finance Trust schemes.

Dividends

The total distribution of dividends for the year ended 30 September 2019 will be £357,000 (2018 £141,000).

No further dividend is proposed for the year.

Directors

The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this report.

P S Andrews
R Darch
B Ravi Kumar
S Beaumont

Political donations and expenditure

The company made no political or charitable donations in the year (2018: £nil).

Financial risk management

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance.

Going concern

The directors are of the opinion that the company has adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The directors have considered the company's net liabilities position at the statement of financial position date and reviewed cash flow forecasts and have concluded that preparation of the financial statements on a going concern basis is appropriate, given the long term contracts in place with Community Health Partnerships and that the net liabilities of £3,686,000 (2018 £3,171,000) at the year-end include the fair value of the interest rate swaps, which has been included in liabilities (net of deferred tax) at £4,487,000 (2018 £3,804,000). The financial models show that the company will be a going concern, taking into consideration the interest rates which have been fixed by the swap instruments.

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of the company which were in force at the date of approval of this report.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board and signed on its behalf:



.....
P S Andrews - Director

Date: 18 December 2019

**Statement of Directors' Responsibilities
for the Year Ended 30 September 2019**

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

Report of the Independent Auditors to the Members of Bristol Infracare LIFT (1) Limited

Opinion

We have audited the financial statements of Bristol Infracare LIFT (1) Limited (the 'company') for the year ended 30 September 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Bristol Infracare LIFT (1) Limited**

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

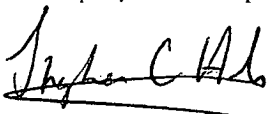
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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



Stephen Hale (Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor
Two Snowhill
Birmingham
West Midlands
United Kingdom
B4 6GA

Date: 8 January 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of Comprehensive Income
for the Year Ended 30 September 2019**

	Notes	2019 £'000	2018 £'000
Turnover	4	1,192	1,144
Cost of operations		<u>(590)</u>	<u>(582)</u>
Gross profit		602	562
Operating profit	6	602	562
Interest receivable and similar income	7	1,060	1,057
Interest payable and similar expenses	8	<u>(1,029)</u>	<u>(1,059)</u>
Profit before taxation		633	560
Tax on profit	9	<u>(108)</u>	<u>(95)</u>
Profit for the financial year		525	465
Other comprehensive (loss)/income			
Change in fair value of cash flow hedge		(823)	762
Income tax relating to other comprehensive (loss)/income		<u>140</u>	<u>(130)</u>
Other comprehensive (loss)/income for the year, net of income tax		<u>(683)</u>	<u>632</u>
Total comprehensive (loss)/income for the year		<u><u>(158)</u></u>	<u><u>1,097</u></u>

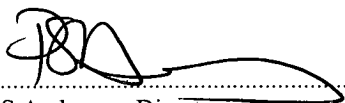
The notes form part of these financial statements

Statement of Financial Position
30 September 2019

	Notes	2019 £'000	2018 £'000
Current assets			
Debtors: amounts falling due within one year	11	165	108
Debtors: amounts falling due after more than one year	11	15,850	15,793
Cash at bank	12	<u>1,238</u>	<u>1,545</u>
		17,253	17,446
Creditors			
Amounts falling due within one year	13	<u>(767)</u>	<u>(840)</u>
Net current assets		<u>16,486</u>	<u>16,606</u>
Total assets less current liabilities		16,486	16,606
Creditors			
Amounts falling due after more than one year	14	(19,692)	(19,405)
Provisions for liabilities	16	<u>(480)</u>	<u>(372)</u>
Net liabilities		<u><u>(3,686)</u></u>	<u><u>(3,171)</u></u>
Capital and reserves			
Called up share capital	17	1	1
Cash flow hedge reserve		(4,487)	(3,804)
Retained earnings		<u>800</u>	<u>632</u>
Shareholders' funds		<u><u>(3,686)</u></u>	<u><u>(3,171)</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 18 December 2019 and were signed on its behalf by:



P S Andrews - Director

The notes form part of these financial statements

Bristol Infracare LIFT (1) Limited (Registered number: 04899262)

**Statement of Changes in Equity
for the Year Ended 30 September 2019**

	Called up share capital £'000	Retained earnings £'000	Cash flow hedge reserve £'000	Total equity £'000
Balance at 1 October 2017	1	308	(4,436)	(4,127)
Changes in equity				
Dividends	-	(141)	-	(141)
Total comprehensive income	-	465	632	1,097
Balance at 30 September 2018	<u>1</u>	<u>632</u>	<u>(3,804)</u>	<u>(3,171)</u>
Changes in equity				
Dividends	-	(357)	-	(357)
Total comprehensive loss	-	525	(683)	(158)
Balance at 30 September 2019	<u>1</u>	<u>800</u>	<u>(4,487)</u>	<u>(3,686)</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 30 September 2019**

1. Statutory information

Bristol Infracare LIFT (1) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The nature of the company's operations and its principal activity are set out in the Report of the Directors.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the restatement of certain assets and liabilities at fair value.

The presentation currency of the financial statements is the Pound Sterling (£).

Disclosure of values in the financial statements are shown as round £'000.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

The directors have considered the company's net liabilities position at the statement of financial position date and reviewed cash flow forecasts and have concluded that preparation of the financial statements on a going concern basis is appropriate, given the long term contracts in place with Community Health Partnerships and that the net liabilities of £3,686,000 (2018 £3,171,000) at the year-end include the fair value of the interest rate swaps, which has been included in liabilities (net of deferred tax) at £4,487,000 (2018 £3,804,000). The financial models show that the company will be a going concern, taking into consideration the interest rates which have been fixed by the swap instruments.

Public to private concession arrangements

A substantial portion of the company's assets are used within the framework of concession contracts granted by public sector customers ('grantors'). Under these contracts, the company constructs primary care centres that are leased to Community Health Partnerships Limited (CHP), a private limited company wholly owned by the Department of Health (the NHS), on 25 year leases.

In order to fall within the scope of Public to private concession arrangements (FRS 102 s34) a contract must satisfy the following two criteria:

- (a) the grantor controls or regulates what services the operator must provide using the infrastructure assets, to whom, and at what price; and
- (b) the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the assets at the end of the term of the arrangement.

Pursuant to FRS 102 s34, such infrastructures are not recognised in assets of the operator as property, plant and equipment but in financial assets ('financial asset model').

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

2. Accounting policies - continued

Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- (a) amounts specified or determined in the contract or
- (b) the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of FRS 102 s34 are recorded in the statement of financial position under the heading finance receivables and measured initially at fair value but subsequently at amortised cost.

An impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate.

The portion falling due within less than one year is presented in current assets, while the portion falling due after more than one year is presented in the non-current heading.

Revenue associated with this financial model comprises revenue determined on a completion basis in the case of the construction of operating financial assets and service remuneration. The stage of completion of construction is determined by comparing independently certified costs incurred to date to total contracted costs.

Revenue is recognised by allocating a proportion of total cash receivable to construction and service income. The consideration received will be allocated by reference to the relevant fair value of the services delivered, when the amounts are separately identified.

During the construction phase, revenue is recognised at fair value, based on the fair value of construction services provided to the extent that this is reasonably certain, in accordance with FRS 102 s34 'Specialised Activities', Service Concession Arrangements s34.12. Costs for this purpose include valuation of all work done by subcontractors whether certified or not, and all overheads other than those relating to the general administration of the relevant companies.

During the operational stage, cash received in respect of the service concessions is allocated to service and maintenance revenue based on its fair value, with the remainder being allowed between capital repayments and interest using the effective interest method.

The finance receivables are held as finance receivable in accordance with FRS 102 s11 'Basic Financial Instruments' s11.13 and s11.14. Finance receivables are recognised initially at fair value. Subsequent to initial recognition, finance receivables are measured at amortised cost using the effective interest method less any impairment losses.

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

2. Accounting policies - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The company has been engaged in continuing activities within the United Kingdom. The company recognises income when it has fully fulfilled its contractual obligations.

Other revenue items comprise 'Property management and related services' and 'Rental income'.

Property management and related services revenue relates to lifecycle maintenance and facilities management income and ad hoc property related services income. The former relates to work performed by the company under concession arrangements to maintain and repair the primary care centres that it operates. Consideration received in respect of property management and related services revenue is only recorded as revenue to the extent that the company has performed its contractual obligations in respect of that consideration.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term and revenue attributable to costs in future periods is deferred.

Financial instruments

Financial instruments are recognised in the Statement of Financial Position when the company becomes party to the contractual provisions of the instrument.

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in the Statement of Comprehensive Income.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

2. Accounting policies - continued

Hedge accounting

The company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. The company also uses derivative financial instruments to hedge its exposure to fluctuations in RPI that changes income received. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

Determination of fair values

The fair value of interest rate and RPI swaps is based on market values, fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the company and counterparts when appropriate.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Reserves

The company's reserves are as follows:-

- Called up share capital reserve represents the nominal value of the shares held.
- Cash flow hedge reserve represents the cumulative value of gains and losses on the derivative instrument deemed effective at the year end, net of deferred tax.
- Retained earnings represents cumulative profits, net of dividends paid and other adjustments.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with the adopted FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Key sources of estimation uncertainty

(a) Finance receivables (Note 11) - The calculation of the amortised cost of finance receivables requires an estimate of the amounts receivable from the grantor under the options to purchase the property at the end of the lease term. This estimate has been based on the option price allocated to the contract in the financial models, which form the basis for the calculation of rent charged to the lessees.

(b) RPI index - The finance receivables (Note 11) predict a level of RPI increases for future receipts. This represents a degree of judgement and uncertainty given the nature of RPI. Where RPI differs from the estimated rate of 2.5%, this will impact future receipts and thus increase/reduce the floating operating mark-up on the service concession arrangement, which affects the amount of income recognised in any given period.

(c) Construction and operating revenue (Notes 4 and 11) - Where properties are constructed by the company and are disposed of on finance receivables, construction and operating revenue is recognised at cost plus an estimated mark up for profit on those services. After the construction of the property the company provides property management services; the remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. It is the policy of management that the operating mark-up is reviewed annually to generate a new operating mark-up, which is to be applied in the ensuing financial year.

(d) Fair value of swap liabilities (Note 14) - Derivatives are professionally valued annually. The estimated value of derivative transactions is the valuation at the balance sheet date and this valuation can change significantly even over a very short space of time. The valuation of derivative transactions is complex and such transactions can be calculated in a number of different ways and using a variety of methods. There are a number of factors that can affect the value of a transaction and which may not be taken into account in the valuation estimate provided. This may result in the transaction having an actual value which is higher or lower than the estimate included in these financial statements.

Critical judgements

Concession arrangements - The concession arrangements undertaken by the company are considered to fall within the scope of FRS102 s34.12. This judgement has been based on a consideration of the nature and terms of the agreements and in all of the contracts the existence of an option for the grantor to purchase the properties.

A further critical judgement in applying the service concession arrangement is to have the financial asset interest rate as the fixed element and the operating mark-up as the fluctuating variable. The financial asset interest rate is based on the weighted average cost of debt of the project and is applied to the carrying value of the financial asset on a quarterly basis.

4. Turnover

Turnover comprises

	2019	2018
	£'000	£'000
Property management and related services	984	938
Third party rental income	208	206
	<u>1,192</u>	<u>1,144</u>

5. Directors' emoluments

The directors have no contract of service with the company. No remuneration was paid to the directors in respect of their services to the company (2018: £nil). It is not possible to accurately apportion the remuneration paid to the directors by their shareholder companies for their work for the company.

Fees charged by companies related to directors are disclosed where required in Note 20.

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

6. Operating profit

Audit fees for the company are borne by the company's parent company Bristol Infracare LIFT Limited.

The audit fee in respect of the company is £6,760 (2018: £6,500). Non-audit services totalling £nil were provided by the auditors (2018: £nil).

The company had no employees during the year (2018: none).

7. Interest receivable and similar income

	2019	2018
	£'000	£'000
Deposit account interest	5	-
Imputed interest on contract debtor	<u>1,055</u>	<u>1,057</u>
	<u>1,060</u>	<u>1,057</u>

8. Interest payable and similar expenses

	2019	2018
	£'000	£'000
Bank loan interest	280	248
SWAP interest	563	611
Sub debt interest payable	174	188
Other bank charges	<u>12</u>	<u>12</u>
	<u>1,029</u>	<u>1,059</u>

9. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£'000	£'000
Deferred tax	<u>108</u>	<u>95</u>
Tax on profit	<u>108</u>	<u>95</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£'000	£'000
Profit before tax	<u>633</u>	<u>560</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	120	106
Effects of: Change in rate for deferred tax	(12)	(11)
	<u> </u>	<u> </u>
Total tax charge	<u>108</u>	<u>95</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

9. Taxation - continued

Tax effects relating to effects of other comprehensive income

	2019		
	Gross £'000	Tax £'000	Net £'000
Change in fair value of cash flow hedge	<u>(823)</u>	<u>140</u>	<u>(683)</u>
	2018		
	Gross £'000	Tax £'000	Net £'000
Change in fair value of cash flow hedge	<u>762</u>	<u>(130)</u>	<u>632</u>

10. Dividends

	2019 £'000	2018 £'000
Ordinary shares of £1 each		
Interim	<u>357</u>	<u>141</u>

A dividend of £337 per share was declared and paid on 31 December 2018 and a dividend of £20 per share was declared and paid on 28 June 2019.

11. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	61	45
Finance receivable on contract debtor	94	54
Prepayments and accrued income	<u>10</u>	<u>9</u>
	<u>165</u>	<u>108</u>
Amounts falling due after more than one year:		
Finance receivable on contract debtor	14,931	15,014
Deferred tax on fair value of swap at year end	<u>919</u>	<u>779</u>
	<u>15,850</u>	<u>15,793</u>
Aggregate amounts	<u>16,015</u>	<u>15,901</u>

12. Cash at bank

Restricted cash

Included in cash at bank are amounts restricted for future use by each project's FM provider (Lifecycle maintenance reserve account), Change in law account and amounts held for lenders' security (Debt service reserve account).

	2019 £'000	2018 £'000
Lifecycle maintenance reserve account	236	224
Change in law account	247	243
Debt service reserve account	651	628

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

13. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Subordinated debt (see note 15)	19	105
Bank loans and overdrafts (see note 15)	486	421
Trade creditors	-	19
Amounts owed to group undertakings	108	107
Accruals and deferred income	<u>154</u>	<u>188</u>
	<u>767</u>	<u>840</u>

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

	2019	2018
	£'000	£'000
Subordinated debt (see note 15)	1,236	1,255
Bank loans (see note 15)	12,700	13,186
Derivative financial instruments	5,406	4,582
Accruals and deferred income	<u>350</u>	<u>382</u>
	<u>19,692</u>	<u>19,405</u>

Amounts falling due in more than five years:

Repayable otherwise than by instalments		
Bank loans	<u>6,000</u>	<u>6,000</u>
Repayable by instalments		
Subordinated debt	1,112	1,150
Bank loans	<u>4,428</u>	<u>4,990</u>
	<u>5,540</u>	<u>6,140</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

14. Creditors: amounts falling due after more than one year - continued

Derivative financial instruments

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the company has entered into swap agreements with SMBC and NIBC in order to fix the interest rate applied to the balances on the facility. These result in the company paying interest and receiving LIBOR (though cash flows are settled on a net basis) and effectively fix the total interest cost on loans and interest rate swaps at the underlying interest rate.

The level of the company's rental income is affected by RPI with any increase or decrease in annual rental received based upon changes to RPI in February of that year as against its level in the February of the prior year. In order to mitigate the effect of this, the company has taken out a hedge which fixes a proportion of the rental income which is projected to be received by the company at 2.75% for £203,300 of revenue each year. The hedge was entered into when the original projects were structured to provide a certain level of income security irrespective of the performance of RPI in any relevant period.

Fair values of swaps

Projects	Notional Amounts £'000	Fixed Rate	2019 £'000	2018 £'000
Hampton House & Fishponds				
- Interest rate swaps	11,921	5.49%	4,674	3,949
- RPI swaps	203	2.75%	731	633

The derivatives are accounted for as a hedge of variable interest rate and RPI risks, in accordance with FRS 102. The cash flows arising from the interest rate swaps will continue until their maturity, coinciding with the repayment of the loans. The change in fair value in the period is recognised in other comprehensive income as the swaps were 100% effective hedges.

15. Loans

An analysis of the maturity of loans is given below:

	2019 £'000	2018 £'000
Amounts falling due within one year or on demand:		
Subordinated debt	19	105
Bank loans	486	421
	<u>505</u>	<u>526</u>
Amounts falling due between one and two years:		
Subordinated debt	19	19
Bank loans	548	486
	<u>567</u>	<u>505</u>
Amounts falling due between two and five years:		
Subordinated debt	105	86
Bank loans	1,724	1,710
	<u>1,829</u>	<u>1,796</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Bank loans	6,000	6,000

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

15. Loans - continued

	2019 £'000	2018 £'000
Repayable by instalments		
Subordinated debt	1,112	1,150
Bank loans	<u>4,428</u>	<u>4,990</u>
	<u>5,540</u>	<u>6,140</u>

Included within the amount payable after more than five years is the bullet amount of the loan of £6,000,000 repayable at the end of the term loan facility.

Bank loans relate to a term loan facility granted by SMBC to the company.

The loan facility, excluding the bullet amount, is repayable in half yearly instalments which commenced on 31 March 2007. Interest is charged on balances outstanding on the facilities based on the floating LIBOR rate. The variable rate of interest is 1.0% to 1.2% per annum above LIBOR. Interest rate swaps have been entered into, fixing the rates on these loans.

The term loan and working capital facilities are secured by a fixed charge over all land and building interests, book debts, project accounts and intellectual property of the company and by a floating charge over the company's undertakings and assets.

The debenture loans were created under an instrument dated 9 November 2007 and pay interest half yearly. The loans bear interest at a fixed rate of 13.0%. These loan notes are unsecured and can be redeemed at any time by the company but no later than 31 March 2031.

16. Provisions for liabilities

	2019 £'000	2018 £'000
Deferred tax		
Accelerated capital allowances	663	616
Tax losses carried forward	<u>(183)</u>	<u>(244)</u>
	<u>480</u>	<u>372</u>

	Deferred tax £'000
Balance at 1 October 2018	372
Provided during year	<u>108</u>
Balance at 30 September 2019	<u>480</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

16. Provisions for liabilities - continued

Factors that may affect future tax charges

The company has incurred significant expenditure in the construction of the facilities on which it will claim tax relief through capital allowances and claims for interest and loan related expenditure during the construction period. It will use these claims and retained tax losses to offset liabilities in future years. As amounts are recovered to remunerate these costs they will be brought into current taxation in the year in which they are received. As a result of these claims there exist significant timing differences, which are expected to reverse over the life of the contract. All such timing differences are recognised as deferred tax assets and liabilities.

Future tax rate reductions

The main rate of UK corporation tax for the year commencing 1 April 2018 was 19%, as enacted in the Finance Act 2015 on the 26 October 2015.

The Finance Act 2016, enacted on 15 September 2016, reduced the main rate of corporation tax to 17% for the year commencing 1 April 2020. These changes have been reflected in the calculation of the carrying value of the deferred tax liability at the balance sheet date. These changes have also been reflected in the calculation of the deferred tax asset on the fair value of the derivative financial instrument at the balance sheet date.

17. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

The issued shares rank pari passu in all respects including dividends and voting rights.

18. Contingent liabilities

Several issues have been identified in relation to maintenance or lifecycle works within one of the facilities which the subcontractor is claiming arise as a result of inherent defects in the building which was refurbished as part of the project and has stood for over 80 years. The total anticipated cost of completion for of this work is circa £100,000. The dispute between the parties had not been resolved when these financial statements were approved by the Board. The directors are of the opinion that the company's position is correct and have provided their rationale. The subcontractor is yet to revert with any evidence to substantiate their claim, which they say they are preparing. Accordingly no provision for any liability from such a claim has been made in the financial statements.

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

19. Other financial commitments

On completion of the buildings the company is committed to fixed fees for Facilities Management and Lifecycle Maintenance for a 25 year period; lifecycle fees are invoiced to the company on a monthly basis in line with the contract. Completed lifecycle expenditure is verified against invoiced fees every five years. The average annual payment to the provider of these services for the two buildings (excluding indexation) amounts in total to £227,000.

	2019 £'000	2018 £'000
Facilities management and lifecycle charges for the year made by the provider of these services.	409	275

In the prior year on 15 January 2018 Carillion plc and associated companies went into liquidation. The directors of Bristol Infracare LIFT (1) Limited subsequently novated the facilities management and lifecycle maintenance services contract with Carillion Construction Limited to Engie Services Limited on substantially similar terms.

Under the terms of management agreements with its parent company, Bristol Infracare LIFT Limited, the company is committed to the payment of fixed and variable fees based on services provided in the contract term which includes services provided during the period of construction. The average annual payment to Bristol Infracare LIFT Limited for the two buildings (excluding indexation) amounts in total to £107,850.

20. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with companies in the group.

During the year, rent and other costs were charged by the company to Community Health Partnerships Limited (CHP), a company that has a beneficial interest in Bristol Infracare LIFT Limited.

	Sales/Finance receivable receipts		Closing debtors	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
CHP	2,096	2,036	7	8

The following transactions relating to subordinated loan notes occurred during the year.

	Interest paid in the year		Closing creditors	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
CHP	70	75	502	544
Fulcrum Infrastructure Group Limited	46	50	334	362

Fulcrum Infrastructure Group Limited has an indirect beneficial interest in Bristol Infracare LIFT Limited, and also has a director on the company's board.

During the year costs relating to the Carillion insolvency and novation of the FM and Lifecycle contracts amounting to £664 (2018: £11,172) were charged to the company by its parent company Bristol Infracare Limited, for consultancy and professional services provided during the year by High Weald Consultancy Limited, a company controlled by a director within Bristol Infracare LIFT (1) Limited.

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £nil (2018: £nil).

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

21. Ultimate controlling party

The company is a wholly owned subsidiary of Bristol Infracare LIFT Holdings (1) Limited, which in turn is a wholly owned subsidiary of Bristol Infracare LIFT Limited, a company which files individual financial statements in the United Kingdom. Copies of the financial statements can be obtained from Companies House, Cardiff, CF14 3UZ.

Bristol Infracare LIFT Limited is owned by Infracare Bristol Limited (60%) and Community Health Partnerships Limited (40%), both registered in England and Wales.

In the opinion of the directors, there is no ultimate parent undertaking or controlling party by virtue of the company's joint ownership and control.