

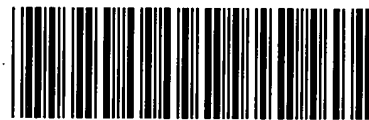
St James's Oncology SPC Holdings Limited

**Directors' report and financial
statements**

Registered number 05094407

31 December 2015

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Company Information

Non-Executive Directors

KW Gillespie
GS Jackson (alternate to LW McKenna)
LW McKenna
BP Millsom
JH Potgieter (alternate to BP Millsom)
CT Solley

Registered Office

Adamson House
Towers Business Park
Wilmslow Road
Didsbury
Manchester
M20 2YY

Registered Auditor

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

Solicitor

DLA LLP
Princes Exchange
Princes Square
Leeds
LS1 4BY

Banker

Bank of Scotland
11 Earl Grey Street
Edinburgh
EH3 9BN

Company Secretary

Ailison Mitchell LLB ACIS
Adamson House
Towers Business Park
Wilmslow Road
Didsbury
Manchester
M20 2YY

Strategic report

Company objectives

The objectives of the company are to invest in a PFI project company to provide long-term returns for its investors.

The objectives of the subsidiary company are to successfully design, construct, finance and operate certain facilities and provide non-clinical services at the new Oncology Wing at St. James's University Hospital, Leeds for a period of 33 years and three months under a concession agreement with the Leeds Teaching Hospitals National Health Service Trust.

Company's strategy

To ensure that the company achieves its objective, the strategy is to implement processes, policies and procedures to provide effective oversight and governance of the company in which it has invested, through direct representation on the boards of the subsidiary company. This includes minimising performance and availability deductions, cash monitoring and maintenance of good working relationships between all stakeholders.

Principal risks and uncertainties

The subsidiary company's project is currently in its operational phase and operational risks are monitored closely. This takes the form of full-time representation on site through the Company's management services agent and periodic reporting by the independent Technical Assessor, plus regular dialogue with the executive team of the Leeds Teaching Hospitals National Health Service Trust.

Whilst the main elements of cash flow (unitary payments, facilities management costs and lifecycle costs) are contractually linked to the RPI index, a relatively small proportion of total costs are not protected from inflation increases via the RPI swap instrument. A rise in these costs above the general rate of inflation would reduce debt service cover ratios. The most significant of these costs is insurance, though claims history so far is good and current premium renewals have not been excessive.

A small proportion of cash flow is derived from bank interest on cash balances. The reduction in credit interest rates is therefore a risk to the business and its compliance with debt covenants.

Key performance indicators

Key performance indicators for the company include investment returns compared to those budgeted at the time of acquisition and the internal rate of return of the projects.

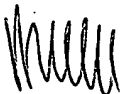
Key performance indicators for the subsidiary company include debt service cover ratios and the level of payment deductions levied for non-availability of the PFI facilities or for failure to perform the contracted services to the required specification. The directors monitor the performance of the subsidiary company by direct representation on the Boards of the subsidiary company.

Development and performance of the business

The company made no pre-tax profit for the year (2014: £nil).

The delivery of operational services in the subsidiary company is generally running well.

By order of the board



A L Mitchell LLB ACIS
Company Secretary

Adamson House
Towers Business Park
Wilmslow Road
Didsbury
Manchester
M20 2YY

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Business review

The results of the company for the year are set out in the profit and loss account on page 8.

Proposed dividend and transfer to reserves

The company made a dividend payment of £nil in the year (2014: £nil).

Directors and directors' interests

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

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

Political and charitable donations

There were no political donations made in the year (2014: £nil).

Corporate Governance

The Company is committed to high standards of corporate governance, as are appropriate for the longer term obligations of its subsidiary to finance, construct and operate non-clinical services for hospitals under the Private Finance Initiative programme.

The Board of Directors also acts as the Board of Directors of the subsidiary undertaking. 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 The Leeds Teaching Hospitals National Health Service Trust. 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 detailed below.

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

A. The Board

1. The Board meets quarterly and reviews operating performance of the subsidiary 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 position of Chairman is rotated on an annual basis and the nominated chair leads the Board.
3. The Board comprises 4 non-executive directors nominated by each participating shareholder.
4. The Board receives quarterly information about the subsidiary 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.
5. Nominations for any changes to Board membership are subject to the shareholders' separate or collective decision.
6. For the particular interests of the shareholders in the continuity of the project, no directors retire by rotation.

Directors' report (continued)

B. Remuneration

No directors received remuneration directly from the company.

C. Dialogue with Institutions

The Board maintains regular liaison with the Department of Health as senior lender to the company's subsidiary.

D. Financial Reporting

1. The Board, after seeking appropriate external advice, decides upon accounting policies which are appropriate for the Company and ensures that they are consistently applied.
2. The Board has instigated a rigorous process of internal control in the subsidiary, under the discipline of contractual agreements, in order to safeguard the outcomes for the company 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 Audit Committee Discussion document tabled by the Auditors.
4. The Board continues to satisfy itself that, given the contractual and long-term funding provisions, the Company will continue to trade as a going concern.

E. Internal controls

1. The Board annually reviews the need for a formal internal audit function.
2. The Board maintains a sound system of internal control to safeguard shareholders' investments and the companies' 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 Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

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

By order of the board

A L Mitchell LLB ACIS
Company Secretary

Adamson House
Towers Business Park
Wilmslow Road
Didsbury
Manchester
M20 2YY

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, 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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



KPMG LLP

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

Independent auditor's report to the members of St James's Oncology SPC Holdings Limited

We have audited the financial statements of St James's Oncology SPC Holdings Limited for the year ended 31 December 2015 set out on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its result 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of St James's Oncology SPC Holdings Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Bills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
27 May 2016

Profit and Loss Account and Other Comprehensive Income
 for the year ended 31 December 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover		-	-
Net operating costs		-	-
		<hr/>	<hr/>
Operating profit		-	-
Other interest receivable and similar income	4	2,557	2,558
Interest payable and similar charges	5	(2,557)	(2,558)
Income from shares in group undertakings			
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
Profit for the financial year		-	-
		<hr/> <hr/>	<hr/> <hr/>

The Company has no recognised gains or losses other than the retained profit for the year and therefore no separate statement Other Comprehensive Income has been presented.

There is no difference between the profit on ordinary activities before taxation and the historical cost equivalent.

The results for the period arise wholly from continuing operations.

The notes on pages 11 to 16 form an integral part of the Financial Statements.

Balance Sheet
 at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	6	50	50
Current assets			
Debtors (including £19,156,000(2014: £19,197,000 due after more than one year)	7	20,732	20,588
Cash at bank and in hand		-	-
		<u>20,732</u>	<u>20,588</u>
Creditors: amounts falling due within one year	8	<u>(1,576)</u>	<u>(1,391)</u>
Net current assets		<u>19,156</u>	<u>19,197</u>
Total assets less current liabilities		<u>19,206</u>	<u>19,247</u>
Creditors: amounts falling due after more than one year	9	<u>(19,156)</u>	<u>(19,197)</u>
Net assets		<u>50</u>	<u>50</u>
Capital and reserves			
Called up share capital	11	50	50
Profit and loss account		-	-
Total shareholders' funds		<u>50</u>	<u>50</u>

These financial statements were approved by the board of directors on 23 MAY 2016 and were signed on its behalf by



J H POTCIETER
 Director

The notes on pages 11 to 16 form an integral part of the Financial Statements.

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	50	-	50
Total comprehensive income for the year			
Profit	-	-	-
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	50	-	50

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	50	-	50
Total comprehensive profit for the year			
Profit	-	-	-
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	50	-	50

The notes on pages 11 to 16 form an integral part of the Financial Statements.

Notes

(forming part of the financial statements)

1 Accounting policies

St James's Oncology SPC Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102, issued in July 2015 and effectively immediately, have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 13.

The Company's ultimate parent undertaking, Consolidated Investment Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Consolidated Investment Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

The directors are of the opinion that there are no judgements in the application of these accounting policies that have significant effect on the financial statements.

1.1 Measurement convention and basis of preparation

The financial statements are prepared on the historical cost basis.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The company acts as a holding company for St James's Oncology SPC Limited. It has no immediate requirement for funding. The directors have reviewed the forecast cash flows for a period of twelve months from the date of this report and have concluded the company is able to meet its working capital requirements.

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 Investments

Investments in subsidiaries and other undertakings are stated at cost less impairment in profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity 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's 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. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Other debtors / creditors

Other debtors are recognised initially at transaction price less attributable transaction costs. Other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.6 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Other interest receivable and similar income is recognised in profit or loss as it accrues.

Notes (continued)

1 Accounting policies (continued)

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.8 Dividend income

Dividend income is recognised in the profit and loss account on the date the company's right to receive payment is established.

2 Staff costs and directors' remuneration

No staff are directly employed by the company (2014: none). None of the directors' received emoluments directly from the company (2014: £nil).

3 Auditor's remuneration:

	2015 £000	2014 £000
Amounts receivable by the auditor and their associates in respect of:		
Audit of these financial statements	-	-

Auditor's remuneration was borne by the company's subsidiary in both the current and prior year.

Notes (continued)

4 Other interest receivable and similar income

	2015 £000	2014 £000
Interest on inter-company debt	2,557	2,558

5 Interest payable and similar charges

	2015 £000	2014 £000
Interest on loan notes	2,557	2,558

6 Fixed asset investments

	Shares in group undertakings 2015 £000
<i>Cost and net book value</i> At beginning and end of year	50

The company has the following investments in subsidiaries:

Subsidiary undertakings	Principal activity	Class of share	Ownership % (2014 and 2015)
St James's Oncology SPC Limited	PFI contractor	Ordinary	100

The above company is incorporated in England and Wales.

7 Debtors

	2015 £000	2014 £000
Inter-company debtor – amounts due from subsidiary	20,732	20,588

The amounts due from subsidiary includes £19,156,000 (2014: £19,197,000) due after more than one year. Interest is charged at a rate of 12.53% p.a. to the subsidiary company.

8 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Loan notes	1,576	1,391

Notes (continued)

9 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Loan notes	19,156	19,197

10 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2015 £000	2014 £000
Creditors falling due after more than one year		
Loan notes	19,156	19,197
Creditors falling due within one year		
Loan notes	1,576	1,391

Included within the above loan notes are amounts repayable after five years of £19,156,000 (2014: 19,197,000).

Terms and debt repayment schedule

The total cash repayable on the loan is as follows:

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2015 £000	2014 £000
Loan notes	GBP	12.53%	2036	Semi-annual	21,367	20,588

11 Called up share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
Equity: 50,000 Ordinary shares of £1 each	50	50

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Consolidated Investment Holdings Limited, which is the ultimate holding company incorporated in England and Wales. The largest and smallest group in which the results of the company are consolidated is that headed by Consolidated Investment Holdings Limited. No other group financial statements include the results of the company. Copies of the group accounts of Consolidated Investment Holdings Limited can be obtained from Adamson House, Towers Business Park, Wilmslow Road, Didsbury, Manchester, M20 2YY.

Notes *(continued)*

13 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company was not required to adjust any amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP) and therefore the transition from UK GAAP to FRS 102 has not affected the Company's financial position or financial performance. No changes have been required to the profit and loss account through the transition to FRS 102.