Company Registration No. 5309721 (England and Wales)

JOHN LAING HEALTH (PEMBURY) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

JOHN LAING HEALTH (PEMBURY) LIMITED

COMPANY INFORMATION

Directors	G Beazley-Long	
	C James	(Appointed 1 October 2018)
	S Gordon	(Appointed 30 April 2019)
	M Templeton	(Appointed 30 April 2019)
Secretary	HCP Management Services Limited	
Company number	5309721	
Registered office	1 Kingsway London United Kingdom WC2B 6AN	
Auditor	Deloitte LLP Statutory Auditor London United Kingdom	

JOHN LAING HEALTH (PEMBURY) LIMITED

CONTENTS

The Directors present their annual report and audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is to hold, as a joint venture, a 75% interest in Kent and East Sussex Weald Hospital Holdings Limited, which is the parent of Kent and East Sussex Weald Hospital Limited. This interest continued to be held during the year under review. The Group consists of John Laing Health (Pembury) Limited, Kent and East Sussex Weald Hospital Holdings Limited and Kent and East Sussex Weald Hospital Limited.

Kent and East Sussex Weald Hospital Limited completed construction in September 2012 and now has full operations of a hospital on behalf of Maidstone and Tunbridge Wells NHS Trust under a PFI contract. The Company has joint control over this entity and accordingly it has been accounted for as a joint venture and not consolidated.

The Company is a joint venture between JLIF Holdings (Pembury Hospital) Limited (50%), wholly owned by JLIF Limited Partnership and Innisfree PFI Secondary Fund (50%), who jointly control the Company. JLIF Limited Partnership is a limited partnership established in England under the Limited Partnership Act 1907 and wholly owned by John Laing Infrastructure Fund Limited (renamed Jura Infrastructure Limited on 12 October 2018). John Laing Infrastructure Fund Limited was taken over on 28 September 2018 by Jura Acquisition Limited, a newly formed Guernsey registered company, subsidiary of Jura Holdings Limited owned by a consortium jointly-led by a fund managed by Dalmore Capital Limited and Equitix Investment Management Limited. The Directors consider there to be no ultimate controlling entity.

On 22nd December 2018, Kent and East Sussex Weald Hospital Limited and Kent and East Sussex Weald Hospital Holdings Limited changed their management services provider from Interserve Investments Limited to Albany SPC Services Limited.

There have not been any significant changes in the Company's principal activities in the year under review.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

D R Bradbury	(Resigned 30 April 2019)
C Dix	(Resigned 30 April 2019)
G Beazley-Long	
D J Brooking	(Resigned 1 October 2018)
C James	(Appointed 1 October 2018)
S Gordon	(Appointed 30 April 2019)
M Templeton	(Appointed 30 April 2019)

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

In reaching this conclusion, the Directors have specifically considered the matters below in respect of the event of default under the terms of the Project Company's senior financing agreement. The Directors are working on finding a resolution of the default under the loan agreement and do not believe this will affect the viability of the Company. The Directors acknowledge that the non-waiver of the default indicates the existence of a material uncertainty, which may cast significant doubt of the Group's and Company's ability to continue as a going concern, and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results
The results for the year are set out on page 7.

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

Post reporting date events
On 15th March 2019, Interserve PLC, the parent company of Interserve Facilities Management Limited, the Group's FM service provider, went into administration and these companies were sold to Interserve Group Limited, a newly-incorporated private company controlled by its lenders. Interserve Facilities Management Limited to which the Group has a contractual relationship to deliver services, are continuing business as usual within the newly formed group of Interserve Group Limited. Interserve PLC was classed as a major project party under the Group's loan agreement as it provides a parent company guarantee to the facilities management subcontractor. Under the credit agreement with the lenders, if any major party enters administration, this triggers an event of default. Once Interserve PLC entered administration as a major party, an event of default occurred. The Board are working with their legal advisors, Interserve Group Limited and the lenders to find a remediation for this default.

Service had not been affected by these changes to the Interserve structure.

Future developments
The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

Auditor
The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
Each of the Directors in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

Matthew Templeton

M Templeton
Director
27 September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOHN LAING HEALTH (PEMBURY) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of John Laing Health (Pembury) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes on pages 10 - 20.

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).

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 Auditor's 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 Financial Reporting Council's (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.

Material uncertainty related to going concern

We draw attention to the Accounting Policies in the financial statements concerning the group's and the company's ability to continue as a going concern. The Project Company is in default under its senior financing arrangement at the date of signing the financial statements and the lenders have not waived the breach. As stated in the Accounting Policies these conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 respect of these matters.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement, the Directors 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 is 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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 FRC's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Directors' report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JOHN LAING HEALTH (PEMBURY) LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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 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.

John Clacy FCA (Senior Statutory Auditor)
~~for and~~ on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
27 September 2019

JOHN LAING HEALTH (PEMBURY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Turnover		-	-
Gross profit		-	-
Interest receivable and similar income	6	3,670	3,197
Interest payable and similar expenses	7	(2,564)	(2,564)
Profit before taxation		1,106	633
Tax on profit	8	-	-
Profit for the financial year		1,106	633

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

JOHN LAING HEALTH (PEMBURY) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Investments	10		1		1
Current assets					
Debtors falling due after more than one year	12	19,721		19,721	
Debtors falling due within one year	12	647		647	
		20,368		20,368	
Creditors: amounts falling due within one year	13	(647)		(647)	
Net current assets being total assets less current liabilities			19,721		19,721
Total assets less current liabilities			19,722		19,722
Creditors: amounts falling due after more than one year	14		(19,721)		(19,721)
Net assets			1		1
Capital and reserves					
Called up share capital	16		1		1

The financial statements were approved by the board of directors and authorised for issue on 27 September 2019 and are signed on its behalf by:

Matthew Templeton

M Templeton
Director

Company Registration No. 5309721

JOHN LAING HEALTH (PEMBURY) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Called up share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2017		1	-	1
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	633	633
Dividends	9	-	(633)	(633)
Balance at 31 December 2017		1	-	1
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	1,106	1,106
Dividends	9	-	(1,106)	(1,106)
Balance at 31 December 2018		1	-	1

1 Accounting policies

Company information

John Laing Health (Pembury) Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom and registered in England and Wales. The registered office is 1 Kingsway, London, United Kingdom, WC2B 6AN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pounds sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company cannot take advantage of the exemptions to prepare a cash-flow statement under paragraphs 1.11 of FRS 102. However, as the Company has no bank accounts in the current or prior period and no cash transactions in the current or prior period, no cash-flow statement has been prepared.

As the Company does not have subsidiaries, it is not required to produce consolidated financial statements. In the parent company balance sheet investments in joint ventures and associates are included at the Company's share of historical cost adjusted for impairment under paragraph 15.10 of FRS 102. Where the accounting policies of joint ventures and associates do not conform with the Company's accounting policies, adjustments are made in order to present the Company accounts on a uniform basis.

1.2 Going concern

The Company exists to hold investments in its joint venture that provides services under certain private finance agreements. The joint venture is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the joint venture, the exposure is limited to the extent of the investment it has made. The Directors have specifically considered the matters in respect of the event of default under the terms of the Project Company's senior financing agreement and are working on finding a resolution of the default under the loan agreement and do not believe this will affect the viability of the Company. The Directors acknowledge that the non-waiver of the default indicates the existence of a material uncertainty, which may cast significant doubt of the Group's and Company's ability to continue as a going concern, and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the Company has significant influence. The Company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1 Accounting policies **(Continued)**

Entities in which the Company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial Instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the balance sheet, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

1 Accounting policies **(Continued)**

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies **(Continued)**

1.6 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgments or key sources of estimation uncertainty.

3 Auditor's remuneration

	2018	2017
Fees payable to the Company's auditor and associates:	£'000	£'000
For audit services		
Fees payable to the Company's auditor for the audit of Kent and East Sussex Weald Hospital Limited	8	8
Fees payable to the Company's auditor for the audit of Kent and East Sussex Weald Hospital Holdings Limited	6	6
	14	14
For other services		
Fees payable to the Company auditors for tax services of Kent and East Sussex Weald Hospital Limited.	6	6
Fees payable to the Company auditors for tax services of Kent and East Sussex Weald Hospital Holdings Limited.	3	3
	9	9

The fees payable of £2,989 (2017 - £2,902) to the Company's auditors for the audit of the Company's annual accounts is borne equally by JLIF Holdings (Pembury Hospital) Limited and Innisfree PFI Secondary Fund, the joint owners of the Company, who will not seek reimbursement.

4 Employees

The Company had no employees during the current or prior year.

5 Directors' remuneration

No directors received any remuneration for services to the Company during the current or prior year.

6 Interest receivable and similar income

	2018	2017
	£'000	£'000
Interest income		
Interest receivable from JV undertakings	2,564	2,564
Income from fixed asset investments		
Dividends received from Kent and East Sussex Weald Hospital Holdings Limited	1,106	633
Total interest income	3,670	3,197

7 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest on financial liabilities measured at amortised cost:		
Interest payable to JV undertakings	2,564	2,564

8 Taxation

	2018 £'000	2017 £'000
Current tax		
UK corporation tax	-	-
Total tax charge on profit on ordinary activities	-	-

For the year ended 31 December 2018, the UK corporation tax rate of 19% is applied.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provided a further reduction in the main rate of corporation tax to 17% effective 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £'000	2017 £'000
Profit before taxation	1,106	633
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	210	122
Effects of non-taxable dividends paid on equity shares	(210)	(122)
Taxation charge for the year	-	-

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

9 Dividends

	2018 Per share £	2017 Per share £	2018 Total £'000	2017 Total £'000
Ordinary shares				
Interim paid	1,125.00	844.00	1,106	633
Total dividends				
Interim paid			1,106	633

10 Fixed asset investments

	Notes	2018 £'000	2017 £'000
Investments in joint ventures	11	1	1

The Company holds a 75% interest in Kent and East Sussex Weald Hospital Holdings Limited, which is incorporated in Great Britain and registered in England and Wales. The registered office is 3-5 Charlotte Street, Manchester, England, M1 4HB. The Company has joint control over this entity and accordingly it has been accounted for as a joint venture and not consolidated. The principal activity of this joint venture is to design, build, finance and operate a PFI hospital project involved in developing the Pembury Hospital for the Maidstone and Tunbridge Wells NHS Trust.

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 January 2018 & 31 December 2018	1
Carrying amount	
At 31 December 2018	1
At 31 December 2017	1

In the opinion of the Directors the aggregate value of the investment in joint ventures is not less than the amount stated in the balance sheet.

11 Joint ventures

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Kent and East Sussex Weald Hospital Holdings Limited	3-5 Charlotte Street, Manchester, England, M1 4HB.	Act as a holding company for Kent and East Sussex Weald Hospital Limited. The Group designed, built, financed and operates a hospital for Tunbridge Wells National Health Service Trust.	Ordinary	75.00

12 Debtors

Amounts falling due within one year:	**Notes**	**2018 £'000**	**2017 £'000**
Amounts due from joint venture		647	647

Amounts falling due after more than one year:	**Notes**	**2018 £'000**	**2017 £'000**
Amounts due from joint venture		19,721	19,721
Total debtors		20,368	20,368

Amounts due from JV undertaking
The unsecured loan notes of £19,721k (2017 - £19,721k) were issued by the JV undertaking, Kent and East Sussex Weald Hospital Holdings Limited, to the Company. The loan notes are due for repayment by 2042 and incur interest of 13% per annum. The £647,000 relates to interest owed by the JV undertaking at year end.

13 Creditors: amounts falling due within one year

		2018 £'000	**2017 £'000**
Amounts owed to parent undertakings	15	647	647

14 Creditors: amounts falling due after more than one year

	Notes	2018 £'000	2017 £'000
Amounts owed to parent undertakings	15	19,721	19,721

Amounts owed to shareholders
The unsecured loan notes of £19,721k (2017 - £19,721k) were issued by the shareholders as part of the committed shareholder funding for the project. The loan notes are due for repayment by 2042 and incur interest of 13% per annum.

Amounts included above which fall due after five years are as follows:

	2018	2017
Payable other than by instalments	(19,721)	(19,721)

15 Loans and overdrafts

	2018 £'000	2017 £'000
Loans from parent undertakings	19,721	19,721
Payable after one year	19,721	19,721
	19,721	19,721

Amounts owed to shareholders
The unsecured loan notes of £19,721k (2017 - £19,721k) were issued by the shareholders as part of the committed shareholder funding for the project. The loan notes are due for repayment by 2042 and incur interest of 13% per annum.

16 Called up share capital

	2018 £'000	2017 £'000
Ordinary share capital		
Issued and fully paid		
750 Ordinary shares of £1 each	1	1
	1	1

17 Events after the reporting date

On 15th March 2019, Interserve PLC, the parent company of Interserve Facilities Management Limited, the Group's FM service provider, went into administration and these companies were sold to Interserve Group Limited, a newly incorporated private company controlled by its lenders. Interserve Facilities Management Limited to which the Group has a contractual relationship to deliver services, are continuing business as usual within the newly formed group of Interserve Group Limited. Interserve PLC was classed as a major project party under the Group's loan agreement as it provides a parent company guarantee to the facilities management subcontractor. Under the credit agreement with the lenders, if any major party enters administration, this triggers an event of default. Once Interserve PLC entered administration as a major party, an event of default occurred. The Board are working with their legal advisors, Interserve Group Limited and the lenders to find a remediation for this default.

Service had not been affected by these changes to the Interserve structure.

18 Related party transactions

Transactions with related parties

During the year the Company and the JV Undertaking, Kent and East Sussex Weald Hospital Holdings Limited, entered into the following transactions with related parties:

	2018 £'000	2017 £'000
JLIF Holdings (Pembury Hospital) Limited - Subordinated debt interest	1,282	1,282
Innisfree PFI Secondary Fund LP - Subordinated debt interest	1,282	1,282
Interserve PFI 2005 Limited - FM and other services	21	1,367
PFI 2005 Limited - Subordinated debt interest	641	641
	3,226	4,572

Amounts due to related parties

The following amounts were outstanding at the reporting end date:

	2018 £'000	2017 £'000
JLIF Holdings (Pembury Hospital) Limited - Subordinated debt	9,861	9,861
JLIF Holdings (Pembury Hospital) Limited - Subordinated debt interest	323	323
Innisfree PFI Secondary Fund LP - Subordinated debt	9,861	9,861
Innisfree PFI Secondary Fund LP - Subordinated debt interest	323	323
PFI 2005 Limited - FM and other services	68	46
PFI 2005 Limited - Subordinated debt	4,931	4,931
PFI 2005 Limited - Subordinated debt interest	162	162
	25,529	25,507

19 Controlling party

The Company is a joint venture between JLIF Holdings (Pembury Hospital) Limited (50%) a UK limited company wholly owned by JLIF Limited Partnership, an English Limited Partnership and Innisfree PFI Secondary Fund (50%), an English Limited Partnership registered in England and Wales, who jointly control the Company. The Directors consider there to be no ultimate controlling party or ultimate parent company.

JLIF Limited Partnership is a limited partnership established in England under the Limited Partnership Act 1907 and wholly owned by John Laing Infrastructure Fund Limited (renamed Jura Infrastructure Limited on 12 October 2018). John Laing Infrastructure Fund Limited was taken over on 28 September 2018 by Jura Acquisition Limited, a newly formed Guernsey registered company and a subsidiary of Jura Holdings Limited, owned by a consortium jointly led by funds managed by Dalmore Capital Limited and Equitix Investment Management Limited. Copies of the accounts of Jura Infrastructure Limited are available at their registered office (Heritage Hall, PO Box 225, Le Marchant Street, St. Peter Port, Guernsey, GY1 4HY).