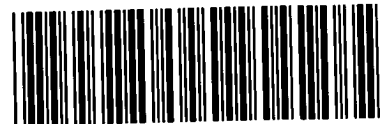


Healthcare (Barts) Limited

**Directors' report and financial
statements**

**Registered number 5489821
31 December 2017**

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Directors and advisers

Directors

P Nash
N J E Crowther
A Waddington

Company secretary and registered office

Pario Ltd
2 Hunting Gate
Wilbury Way
Hitchin
Hertfordshire
SG4 0TJ

Auditor

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

Principal bankers

National Westminster Bank Plc
Brecon Branch
27 High Street
Brecon
Powys
LD3 7LF

Directors' report

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2017.

Business review and principal activities

The Company is an investment company whose sole business is the holding of a 25% interest in Capital Hospital (Holdings) Limited via which it holds 25% in Capital Hospitals Limited.

Financial Close was achieved on 27 April 2006 in Capital Hospitals Limited for the redevelopment of Britain's biggest hospital scheme under the United Kingdom Government's Private Finance Initiative (PFI).

The PFI project known as Barts and The London Hospital has a concession period of 42 years and includes a construction programme, worth £1.3 billion which was undertaken by Skanska. The first phase, the Cancer Centre at Barts was completed on schedule in February 2010 and the project reached Global Completion on 29 March 2016. The hospitals remained in operation during the entire construction period.

The key performance indicator for Capital Hospitals Limited is the level of performance and availability deductions levied by the client, since this reflects the quality of service being provided. During the year Capital Hospitals Limited suffered deductions of £320,000 (2016: £320,000), this deduction amounts to only 1.1% (2016: 1.0%) of the total fees charged by the service providers and these were passed on to the service provider resulting in a net deduction of £nil (2016: £nil).

Capital Hospitals Limited's exposure to interest rate risk is mitigated by having an index linked unitary contract with Barts and The London National Health Service Trust, as such the directors do not consider this exposure to be significant. Healthcare (Barts) Limited is not exposed to any other significant risks.

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's relationships with its shareholders. More information is provided in note 1 to the financial statements.

Results and dividends

The results for the year are set out on page 6.

Dividends of £nil were paid in the year (2016: £1,059,512).

Directors

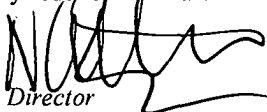
The Directors who served throughout the year are shown on page 1.

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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board


Director

NJE Croucher

18 September 2018

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Independent auditor's report to the members of Healthcare (Barts) Limited

Opinion

We have audited the financial statements of Healthcare (Barts) Limited ("the company") for the year ended 31 December 2017, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Healthcare (Barts) Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Huw Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

20th September 2018

Profit and Loss Account
for the year ended 31 December 2017

	<i>Note</i>	2017 £	2016 £
Turnover		26,787	25,884
Administrative expenses		(26,153)	(25,818)
Operating profit		634	66
Income from fixed asset investment		-	1,059,512
Interest receivable and similar income	3	2,373,338	2,398,668
Interest payable and similar expenses	4	(2,373,338)	(2,398,668)
Profit before taxation		634	1,059,578
Tax on profit	5	-	-
Profit for the financial year		634	1,059,578

There is no other comprehensive income for the financial years other than those included above. Accordingly, no separate statement of comprehensive income is presented.

The notes on pages 9 to 14 form an integral part of these financial statements.

Balance Sheet
at 31 December 2017

	<i>Note</i>	2017 £	2016 £
Fixed assets			
Investment in joint ventures	6	25,000	25,000
Current assets			
Debtors (including £22,584,445 (2016: £22,597,310) due after more than one year)	7	25,578,639	23,218,397
Cash at bank and in hand		14,167	1,997
Creditors: amounts falling due within one year	8	25,592,806 (3,006,731)	23,220,394 (622,088)
Net current assets		22,586,075	22,598,306
Total assets less current liabilities		22,611,075	22,623,306
Creditors: amounts falling due after more than one year	9	(22,584,445)	(22,597,310)
Net assets		26,630	25,996
Capital and reserves			
Called up share capital	10	25,000	25,000
Profit and loss account		1,630	996
Shareholders' funds		26,630	25,996

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the provisions of FRS102 Section 1A- Small entities.

The notes on pages 9 to 14 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 18 Sept 2018 and were signed on its behalf by:



Director

NJE Craxter

Company registered number: 5489821

Statement of changes in equity
for the year ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total equity £
Balance as at 1 January 2016	25,000	930	25,930
Profit for the financial year	-	1,059,578	1,059,578
Total comprehensive income for the year	-	1,059,578	1,059,578
Dividends paid	-	(1,059,512)	(1,059,512)
Balance as at 31 December 2016	25,000	996	25,996
Balance as at 1 January 2017	25,000	996	25,996
Profit for the financial year	-	634	634
Total comprehensive income for the year	-	634	634
Dividends paid	-	-	-
Balance as at 31 December 2017	25,000	1,630	26,630

The notes on pages 9 to 14 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Company information

The company is a private company limited by shares and incorporated, domiciled and registered in England and Wales in the UK. The address of its registered office and principal place of business is 2 Hunting Gate, Hitchin, Hertfordshire, SG4 0TJ.

Basis of preparation of accounts

These financial statements have been prepared in accordance with FRS 102 Section 1A for Smaller Entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102 Section 1A for Smaller Entities") and the requirements of Companies Act 2006.

The presentation currency of these financial statements is sterling.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Summary of significant judgements and key sources of estimation uncertainty

The directors feel that there are no significant judgements made in the application of these accounting policies that have significant effect on the financial statements, or estimates with a significant risk of material adjustment in the next year.

Going Concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate as the Company's forecasts and projections, taking account of reasonably possible changes in the performance of its joint venture undertaking, Capital Hospitals (Holdings) Ltd, show that the Company expects to be able to continue to operate and to settle its liabilities as they fall due for payment for the foreseeable future.

Investments

Fixed asset investments are shown at cost, less any provision for impairment. Income is included in the financial statements for the year in which it is receivable.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. When a review for impairment is conducted the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit, or disposal value if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

Revenue recognition

Revenue represents directors' and management fees in the United Kingdom and is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and rebates allowed by the company and value added taxes.

Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax. Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

Notes (continued)

1 Accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and shareholder loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rates of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 is recognised in profit or loss.

Other financial assets 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes (continued)

1 Accounting policies (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables and shareholder loans 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 receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on loan notes. Interest receivable and similar income includes interest receivable on loan notes. Interest income and interest payable are recognised in profit or loss as they accrue

Dividends

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

2 Expenses and auditor's remuneration

Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor for the audit of the company's annual accounts	8,240	8,000

None of the directors received any remuneration in respect of services provided to the group during the year (2016: £Nil). The directors receive their remuneration directly from shareholder companies.

The Company had no employees during the year (2016: Nil).

3 Interest receivable and similar income

	2017 £	2016 £
Receivable from joint venture	2,373,338	2,398,668

4 Interest payable and similar expenses

	2017 £	2016 £
On loans from controlling parties	2,373,338	2,398,668

Notes (continued)

5 Taxation

Analysis of charge in the year

	2017 £	2016 £
Current tax		
UK corporation tax	-	-
	<u> </u>	<u> </u>

Reconciliation of effective tax rate

	2017 £	2016 £
Profit before taxation	634	1,059,578
	<u> </u>	<u> </u>
Tax using the UK corporation tax of 19.25% (2016: 20.00%)	122	211,916
<i>Effects of:</i>		
Non-taxable Income	-	(211,903)
Utilisation of tax losses	(122)	(13)
	<u> </u>	<u> </u>
Total tax for the year recorded in the profit and loss account	<u> </u>	<u> </u>

Deferred tax assets of £1,193 (2016: £1,315) have not been recognised on the grounds that the directors do not believe that the availability of future taxable profits is sufficiently certain.

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

6 Investments

The company's investments comprises 25% of the ordinary share capital of Capital Hospitals (Holdings) Limited, which holds 100% of the shares in Capital Hospitals Limited, a project company which is set up to design, build and operate hospital facilities for Barts and London National Health Service Trust, and 100% of the shares in Capital Hospitals (Issuer) Plc, a finance company set up to issue debt to be on-lent to Capital Hospitals Limited. The acquisition cost was £25,000 which was wholly satisfied in cash.

All of these entities are incorporated in England and Wales, their registered address is 8 White Oak Square, London Road, Swanley, Kent BR8 7AG.

The investment is considered a joint venture because the company has joint control over the financial and operating policies of Capital Hospitals (Holdings) Limited.

The profit of Capital Hospitals (Holdings) Limited for the year ended 31 December 2017 was £1,974,000 (2016: £5,133,000). The aggregate amount of Capital Hospitals (Holdings) Limited's capital and reserves at 31 December 2017 was a surplus of £14,919,000 (2016: £12,945,000).

The directors have reviewed the Capital Hospitals (Holdings) Limited's projected profits and cash flows by reference to a financial model covering accounting periods up to 31 March 2048. They have also examined the current status of its principal contracts and likely developments in the foreseeable future. The directors are satisfied that there is no impairment to the carrying value of the investment in Capital Hospitals (Holdings) Limited.

Notes (continued)

7 Debtors

	2017 £	2016 £
Debtors due within one year		
Other debtors	-	13,096
Prepayments and accrued income	2,994,194	607,991
	<u>2,994,194</u>	<u>621,087</u>
Debtors due after more than one year		
Unsecured loan notes	22,584,445	22,597,310
	<u>25,578,639</u>	<u>23,218,397</u>

The above unsecured loan notes are issued by Capital Hospitals (Issuer) PLC which is a wholly owned subsidiary of Capital Hospitals (Holdings) Limited. The Loan Stock is unsecured and repayable in half yearly instalments commencing 30 September 2020 and is subject to an interest rate of 11%.

8 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	-	1,920
Accruals and deferred income	12,537	12,177
Accrued interest	2,994,194	607,991
	<u>3,006,731</u>	<u>622,088</u>

9 Creditors: amounts falling due after one year

	2017 £	2016 £
Unsecured loan notes	22,584,445	22,597,310

The above unsecured loan notes are issued by the Company to its shareholders. The Loan Stock is unsecured and repayable in half yearly instalments commencing 30 September 2020 and is subject to an interest rate of 11%.

Notes (continued)

10 Called up share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
25,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

11 Transactions with related parties

Company name	Service provided	(Income)/cost	Outstanding amount	(Income)/cost	Outstanding amount
		2017 £	2017 £	2016 £	2016 £
Innisfree PFI	Directors fee payable	3,000	-	2,183	-
Secondary Fund LP	Letter of credit charges	-	-	6,424	-
	Interest and commitment fee	1,193,101	1,497,097	1,192,910	303,996
		<u>1,196,101</u>	<u>1,497,097</u>	<u>1,201,517</u>	<u>303,996</u>
DIF Infrastructure II	Directors fee payable	3,000	-	2,200	-
UK Ltd	Letter of credit charges	-	-	6,424	-
	Interest and commitment fee	1,193,101	1,497,097	1,192,910	303,996
		<u>1,196,101</u>	<u>1,497,097</u>	<u>1,201,534</u>	<u>303,996</u>
Capital Hospitals Ltd	Directors fee receivable	(26,787)	-	(25,884)	(13,096)
	Letter of credit charges	-	-	(12,848)	-
	Interest and commitment fee	(2,386,203)	(2,994,194)	(2,385,820)	(607,991)
		<u>(2,412,990)</u>	<u>(2,994,194)</u>	<u>(2,424,552)</u>	<u>(621,087)</u>
Total transactions with related parties		<u>(20,788)</u>	<u>-</u>	<u>(21,501)</u>	<u>(13,095)</u>

12 Ultimate parent undertaking

The Company is owned and jointly controlled by Innisfree PFI Secondary Fund LP and DIF Infrastructure II UK Limited. The Directors consider there to be no ultimate controlling party or ultimate parent company.