

Registered No. 06480375

Spire Thames Valley Hospital Propco Limited

**Report and Financial Statements
For the year ended 31 December 2013**



As required by the amendments to the Companies Act 2006, effective 30 September 2013, the directors of Spire Thames Valley Hospital Propco Limited ("the Company") present the annual report containing a strategic report, directors' report and the financial statements for the year ended 31 December 2013.

Strategic Report
for the year ended 31 December 2013

1. Review of the business

The principal activity of the company is the leasing of hospital property.

Results

The profit for the period, after taxation, amounted to £513,392 (2012: £490,486).

At the balance sheet date, the company had net assets of £2,403,060 (2012: £1,889,668).

Key performance indicators

In view of the straight forward nature of the business, the directors do not consider the use of key performance indicators necessary to provide an understanding of the development, performance or position of the business.

2. Principal risks and uncertainties

The company's activities expose it to a number of risk which are discussed below:

Credit risk

Credit risk arises principally from the company's receivables of rent from Spire Thames Valley Hospital Limited, a fellow group undertaking of the Spire Healthcare Limited Partnership Group.

Interest rate risk

The company is exposed to interest rate risk arising from fluctuations in market rates. This affects the future cost of borrowings.

Overall risk management

The company is managed on a group basis and the principal risks and uncertainties facing it are therefore integrated with those facing the Group as a whole. Further information is provided in the Annual Review and Accounts of Spire Healthcare Limited Partnership, which are published on the Spire Healthcare website (www.spirehealthcare.com).

On behalf of the board



D F Toner
Director & secretary

Report of the directors
for the year ended 31 December 2013

1. Directors

The names of directors who have held office since 1 January 2013 and up to the date of this report are as follows:

S Gordon
R Roger
D F Toner

2. Dividends

No ordinary dividend has been proposed for the year (2012: £nil).

3. Future developments

The directors do not foresee any changes in the company's activities in the foreseeable future.

4. Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report and during the financial period, indemnities are in force under which the company has agreed to indemnify certain directors, to the extent permitted by law (and subject to the conditions set out in section 234 of the Companies Act 2006) and the company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company.

5. Going concern

The directors have considered the business and financial risks of the company and consider that the company is well placed to manage those risks successfully. Consequently the directors have a reasonable expectation that the company has adequate financial and other resources to continue in operational existence in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

6. Auditor

The auditor Ernst & Young LLP was the company's auditor during the year and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Report of the directors
for the year ended 31 December 2013

7. Disclosure of information to Auditor

The directors who were members of the board at the time of approving the Report of the directors are listed above. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- Each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

Registered Office:

Kildare House
3 Dorset Rise
London
EC4Y 8EN

10 April 2014

On behalf of the board



D F Toner
Director & secretary

Statement of directors' responsibilities
for the year ended 31 December 2013

The directors are responsible for preparing the Strategic report and Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper 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.

Independent auditor's report
to the members of Spire Thames Valley Hospital Propco Limited

We have audited the financial statements of Spire Thames Valley Hospital Propco Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Statement of Directors' Responsibilities 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report
to the members of Spire Thames Valley Hospital Propco Limited - continued

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Ernst & Young LLP

Matthew Williams (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
10 April 2014

Spire Thames Valley Hospital Propco Limited
Registered No. 06480375

Profit and loss account
for the year ended 31 December 2013

	<i>Note</i>	2013 £	2012 £
Rental income		1,061,019	1,063,926
Depreciation		<u>(149,725)</u>	<u>(149,725)</u>
Operating profit		911,294	914,201
Interest payable and similar charges	4	<u>(238,604)</u>	<u>(248,190)</u>
Profit on ordinary activities before taxation		672,690	666,011
Tax on profit on ordinary activities	6	<u>(159,298)</u>	<u>(175,525)</u>
Profit for the year		<u>513,392</u>	<u>490,486</u>

The results shown above derive wholly from continuing operations.

The company has no other gains and losses and therefore no statement of total recognised gains and losses has been presented.

Spire Thames Valley Hospital Propco Limited
Registered No. 06480375

Balance sheet
as at 31 December 2013

	<i>Note</i>	2013 £	2012 £
Fixed assets			
Tangible assets	7	8,134,630	8,284,355
Current assets			
Debtors	8	6,023,098	4,962,079
Total assets		<u>14,157,728</u>	<u>13,246,434</u>
Creditors: amounts falling due after more than one year	9	(11,590,819)	(11,161,004)
Provisions for liabilities and charges	10	(163,849)	(195,762)
Net assets		<u>2,403,060</u>	<u>1,889,668</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	<u>2,403,059</u>	<u>1,889,667</u>
Equity shareholders' funds		<u>2,403,060</u>	<u>1,889,668</u>

These financial statements were approved by the Board of Directors on 10 April 2014 and were signed on its behalf by:



S. Gordon
Director

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, under the historical cost accounting convention on a going concern basis.

All accounting policies have been applied consistently during the year.

Going concern

The directors have considered the business and financial risks of the company and consider that the company is well placed to manage those risks successfully. Consequently the directors have a reasonable expectation that the company has adequate financial and other resources to continue in operational existence in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Reporting exemptions

As described in note 2 the company is a wholly owned subsidiary undertaking of Spire Healthcare Limited which is owned indirectly by Spire Healthcare Limited Partnership, a limited partnership registered in Guernsey, which publishes consolidated accounts that are publicly available from the Spire Healthcare website (www.spirehealthcare.com). Consequently, the company has:

- Pursuant to Financial Reporting Standard 1 - *Cash flow statements*, not prepared a cash flow statement; and
- Pursuant to Financial Reporting Standard 8 - *Related party disclosures*, not included details of transactions with other subsidiary undertakings of Spire Healthcare Limited Partnership.

Rental income

Rental income arising on leased properties is recognised on a straight line basis over the lease term.

Taxation including deferred taxation

The charge for taxation is based on the result for the year and takes into account deferred tax.

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more tax except that deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies - continued

Fixed assets and depreciation

Tangible assets are recorded at historical costs and are depreciated so as to write off the cost by equal annual instalments over their lives, as follows:

Freehold buildings	- 50 years
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No depreciation is provided on freehold land.

2. Immediate and ultimate parent undertakings and controlling party

The immediate parent undertaking of Spire Thames Valley Hospital Propco Limited is Spire Thames Valley Hospital (BVI Property Holdings) Limited, a company registered in British Virgin Islands which is an indirect subsidiary of Spire UK Finance Limited, a company registered in England and Wales.

The smallest group in which the results of Spire Thames Valley Hospital Propco Limited are consolidated is headed by Spire UK Finance Limited and copies of these accounts may be obtained from the Registrar of Companies, Cardiff, CF14 3UZ. The largest group in which the results of Spire Thames Valley Hospital Propco Limited are consolidated is headed by Spire Healthcare Limited Partnership registered in Guernsey, which publishes consolidated accounts that are publicly available from the Spire Healthcare website (www.spirehealthcare.com).

The ultimate parent undertakings of Spire Thames Valley Hospital Propco Limited are Fourth Cinven Fund (No.1) LP, Fourth Cinven Fund (No.2) LP, Fourth Cinven Fund (No.3 - VCOC) LP, Fourth Cinven Fund (No.4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership and Fourth Cinven (MACIF) LP (together the 'Cinven Funds'), being funds managed or advised by Cinven Limited, a company incorporated under the laws of England and Wales.

Accordingly, the directors consider that the company's ultimate controlling party is Cinven Limited, the managers and advisor to the Cinven Fund.

3. Staff costs and directors' remuneration

The company had no employees during the year (2012: nil) and consequently incurred no staff costs.

The directors are remunerated for their work for the Spire Healthcare Limited Partnership Group, of which the company is a member, by a fellow subsidiary of the Spire Healthcare Limited Partnership Group, Spire Healthcare Limited.

Notes to the financial statements
for the year ended 31 December 2013

4. Interest payable and similar charges

	2013	2012
	£	£
Payable to other Group undertakings	<u>238,604</u>	<u>248,190</u>

5. Auditor's remuneration

Fees for the audit of the company are borne by other group companies.

6. Tax on profit on ordinary activities

	2013	2012
	£	£
(i) Analysis of tax charge in year		
Current tax		
UK corporation tax on profit for the year	191,211	169,126
Deferred tax		
Origination and reversal of timing differences	<u>(31,913)</u>	<u>6,399</u>
	<u>159,298</u>	<u>175,525</u>

(ii) Factors affecting the tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£	£
Profit on ordinary activities before taxation	<u>672,690</u>	<u>666,011</u>
Applying the profit before tax to the UK corporation tax rate of 23.25% (2012: 24.5%)	156,400	163,173
Effects of:		
Expenses not deductible for tax purposes	27,396	28,869
Accelerated capital allowances	<u>7,415</u>	<u>(22,916)</u>
Total current tax charge for the year	<u>191,211</u>	<u>169,126</u>

The current tax charge represents the amounts payable to other group undertakings in respect of group relief utilised for taxation purposes.

Notes to the financial statements
for the year ended 31 December 2013

7. Fixed assets

	Freehold property £
Cost	
At 1 January and 31 December 2013	<u>9,019,580</u>
Depreciation	
At 1 January 2013	735,225
Charge for the year	<u>149,725</u>
At 31 December 2013	<u>884,950</u>
Net Book Value	
At 31 December 2013	<u>8,134,630</u>
At 31 December 2012	<u>8,284,355</u>

8. Debtors

	2013 £	2012 £
Amounts falling due within one year:		
Amounts due from other Group undertakings	<u>6,023,098</u>	<u>4,962,079</u>

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

	2013 £	2012 £
Amounts owed to other Group undertakings	<u>11,590,819</u>	<u>11,161,004</u>

10. Provisions for liabilities and charges

	Deferred taxation £
At 1 January 2013	195,762
Released in year	<u>(31,913)</u>
At 31 December 2013	<u>163,849</u>

Notes to the financial statements
for the year ended 31 December 2013

11. Deferred taxation

Deferred tax liabilities are analysed as follows:

	2013	2012
	£	£
Accelerated capital allowances	<u>163,849</u>	<u>195,762</u>

The deferred tax provision is included within provisions for liabilities and charges (see note 10).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. The Finance Bill 2013, which includes reductions in the UK corporate tax rate to 21% on 1 April 2014 and 20% on 1 April 2015 has been substantively enacted and so UK deferred tax assets and liabilities have been calculated at these rates.

12. Share capital

	2013	2012
	£	£
Allotted, called-up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

13. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 January 2012	1	1,399,181	1,399,182
Profit for the year	-	490,486	490,486
At 31 December 2012	<u>1</u>	<u>1,889,667</u>	<u>1,889,668</u>
Profit for the year	-	513,392	513,392
At 31 December 2013	<u>1</u>	<u>2,403,059</u>	<u>2,403,060</u>

Notes to the financial statements
for the year ended 31 December 2013

14. Contingent liabilities

The company's bankers have given certain undertakings in respect of the Senior Facilities Agreement (Opco) entered in to by Spire UK Finance Limited and subsidiaries on 25 September 2008. The loan amounts outstanding at the balance sheet date were £235,700,000 (2012: £158,200,000).

The bankers to Spire Healthcare Limited have issued a letter of credit in the maximum amount of £1,545,000 (2012: £1,285,000) in relation to contractual pension obligations.

The guarantees on behalf of Spire Healthcare (Holdings) Limited relating to performance on NHS contracts expired during the year (2012: £6,209,421).