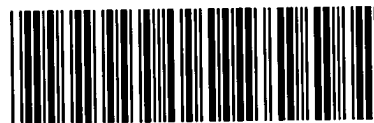


**Strategic Report, Directors' Report and
Audited Financial Statements for the Year Ended 31 December 2018**
for
St. James's Oncology Financing Plc

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for the Year Ended 31 December 2018**

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St. James's Oncology Financing Plc

Company Information for the Year Ended 31 December 2018

Directors:	B Millsom C Solley A L Tennant
Secretary:	A Mitchell
Registered office:	3rd Floor 3 - 5 Charlotte Street Manchester M1 4HB
Registered number:	10687398 (England and Wales)
Independent auditors:	PricewaterhouseCoopers LLP 1 Hardman Square Manchester M3 3EB
Bankers:	Bank of Scotland 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors:	DLA LLP Princes Exchange Leeds LS1 4BY

**Strategic Report
for the Year Ended 31 December 2018**

The directors present their strategic report for the year ended 31 December 2018.

Company's objective

The objective of the company is to provide finance to other group companies 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 comply with the control matrices stipulated in the project documentation committed to at the inception of the project. This includes minimizing 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 the 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 on bank interest from cash balances. The reduction in credit interest rates is therefore a risk to the business and therefore its compliance with debt covenants.

The index-lined bond and RPI swap are exposed to inflation rate risk. However, no residual risk lies with this company as all costs are recharged to a fellow subsidiary.

Key performance indicators

The company does not have key performance indicators as it is a financing company. The subsidiary company monitors two key performance indicators as follows:

- The level of performance and availability deductions arising from failures to achieve specified levels of contract service. These are reported quarterly to the Board and have been extremely small in relation to total unitary payments and;
- The ratio of operating cash flow to the senior debt service amount. This ratio is tested at six-monthly intervals and each time it has been to the satisfaction of the senior debt provider.

St. James's Oncology Financing Plc (Registered number: 10687398)

**Strategic Report
for the Year Ended 31 December 2018**

Business review and future developments

The financial statements cover a full trading year (2017: 9 months)

The delivery of operational services in the subsidiary company is generally running well and is expected to continue to do so.

On behalf of the board:



Director CHRIS SOLLEY

Date: 20 June 2019

St. James's Oncology Financing Plc (Registered number: 10687398)

Directors' Report for the Year Ended 31 December 2018

The directors present their report with the audited financial statements of the company for the year ended 31 December 2018.

Principal activities

The principal activities of the company are to provide finance to other group companies to construct and operate certain facilities and to provide non-clinical services at the new Oncology Wing at St James's University Hospital, Leeds.

Review of the business

The results of the company are set out in the profit and loss account on page 9.

The loss for the year is £2,547,000 (2017: loss £1,322,00)

Dividends

No dividends were distributed in the year (2017: £nil).

Directors

The directors during the year under review were:

K Gillespie	- resigned 16.7.18
B Millsom	
C Solley	
A L Tennant	- appointed 18.7.18

The directors holding office at 31 December 2018 did not hold any beneficial interest in the issued share capital of the company at 1 January 2018 (or date of appointment if later) or 31 December 2018.

No appointments or resignations of directors occurred between the year end and the date of approval of these financial statements.

Financial instruments

The company's principal financial instruments (Note 12) comprise an index linked bond, fixed rate bond, variation bond and loan notes. The main objective of these financial instruments is to ensure that the profile of the debt service costs is tailored to match expected revenues arising from a group undertaking.

The company does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities.

The main risk arising from the company's financial instruments is inflation rate risk.

Inflation rate risk

The company has issued index-linked debt and an RPI swap to achieve a correlation between inflationary increases in revenue and finance charges.

The index-linked bond and RPI swap are exposed to inflation rate risk. However no residual risk lies with this company as all costs are recharged to a fellow subsidiary.

Other information

An indication of performance of the business and likely future developments in the business has been included in the Strategic Report on page 2.

St. James's Oncology Financing Plc (Registered number: 10687398)

**Directors' Report
for the Year Ended 31 December 2018**


Statement as to disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the board:


.....
A Mitchell - Secretary

Date: 20 June 2019

**Statement of Directors' Responsibilities
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 regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

Independent auditors' report to the members of St. James's Oncology Financing Plc

Report on the audit of the financial statements

Opinion

In our opinion, St. James's Oncology Financing Plc's financial statements:

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

We have audited the financial statements, included within the Strategic Report, Directors' Report and Audited Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

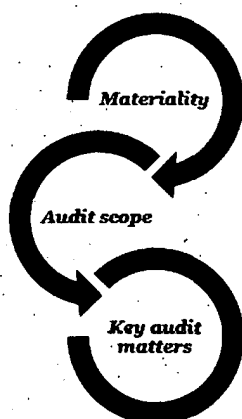
To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Overview

- Overall materiality: £2,930,000 (2017: £2,622,000), based on 1% of total assets.
- We conducted an audit of the complete financial information of the company.
- Recoverability of amounts due from group undertakings.



The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, we did not identify that the principal risks of non-compliance with laws and regulations related to the Listing rules and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to overstatement of performance and retained earnings, as a method for accelerating dividend payments. Audit procedures performed by the engagement team included, but were not limited to: review of the financial statement disclosures to underlying supporting documentation and enquiries of management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Recoverability of amounts due from group undertakings</i></p> <p>The company has borrowings in the form of senior bonds listed on the Irish Stock Exchange and other external borrowings. The total amount owed to external parties at 31 December 2018 was £253m.</p> <p>The company has amounts due from group undertakings of £254m, as at 31 December 2018, and the repayment of the external borrowings is dependent on the recoverability of these amounts.</p> <p>Because of its significance to the financial statements and to our audit, we identified that the recoverability of amounts due from group undertakings was a key audit matter.</p>	<p>In order to obtain evidence as to the recoverability of the amounts due from group undertakings, we considered the financial position of the counterparty from which the amounts were due, and their ability to provide funds to the company when needed. We found the counterparty had sufficient realisable net assets and expected future cash flows under the concession agreement to be able to provide the funds necessary for St. James's Oncology Financing Plc to meet the repayment schedule on the external borrowings, for the foreseeable future.</p> <p>We also read the terms of the senior bond agreement to understand the repayment schedule and any terms which might trigger earlier repayment. We found no indications that earlier repayment would be required.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company is a 'Special Purpose Vehicle' for a 'Private Finance Initiative / Public Private Partnership' ('PFI / PPP') project. The company's principal activity is to provide finance to other group companies to construct and operate certain facilities and to provide non-clinical services at the new Oncology Wing at St James's University Hospital, Leeds. It operates as a single business and we audited the complete financial information of the company, including all material account balances, classes of transactions and financial statement disclosures.

The financial and operational management are sub-contracted to a third party service provider. We completed the audit of the company from the offices of the third party service provider where all books and records are maintained.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2,930,000 (2017: £2,622,000).
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, given its main activity is to issue and service the external debt using cash generated by the Group.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £146,500 (2017: £131,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 15 November 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2017 to 31 December 2018.



Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
20 June 2019

St. James's Oncology Financing Plc (Registered number: 10687398)

**Profit and Loss Account and Other Comprehensive Income
for the Year Ended 31 December 2018**

		Year Ended 31/12/18 £'000	Period 23/3/17 to 31/12/17 £'000
	Notes		
Turnover		<u>-</u>	<u>-</u>
Operating profit	4	-	-
Interest receivable and similar income	5	7,634	6,328
Interest payable and similar expenses	6	<u>(10,416)</u>	<u>(7,650)</u>
Loss before taxation		(2,782)	(1,322)
Tax on loss	7	<u>235</u>	<u>-</u>
Loss for the financial year		(2,547)	(1,322)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(2,547)</u>	<u>(1,322)</u>

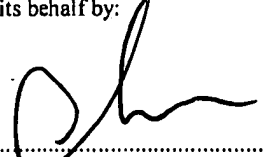
The notes on pages 14 to 22 form part of these financial statements

St. James's Oncology Financing Plc (Registered number: 10687398)

Balance Sheet
31 December 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments	8	39,200	39,200
Current assets			
Debtors: amounts falling due within one year	9	10,707	10,369
Debtors: amounts falling due after more than one year	9	243,297	251,886
		<u>254,004</u>	<u>262,255</u>
Creditors: amounts falling due within one year	10	(10,657)	(10,318)
Net current assets		<u>243,347</u>	<u>251,937</u>
Total assets less current liabilities		<u>282,547</u>	<u>291,137</u>
Creditors: amounts falling due after more than one year	11	(270,546)	(276,589)
Net assets		<u><u>12,001</u></u>	<u><u>14,548</u></u>
Capital and reserves			
Called up share capital	14	50	50
Share premium		15,820	15,820
Retained earnings		(3,869)	(1,322)
Shareholders' funds		<u><u>12,001</u></u>	<u><u>14,548</u></u>

The financial statements were approved by the Board of Directors on 20 June 2019 and were signed on its behalf by:


.....
Director
CHRIS SOLLEY

The notes on pages 14 to 22 form part of these financial statements

St. James's Oncology Financing Plc (Registered number: 10687398)

**Statement of Changes in Equity
for the Year Ended 31 December 2018**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Changes in equity				
Issue of share capital	50	-	15,820	15,870
Total comprehensive loss	-	(1,322)	-	(1,322)
Balance at 31 December 2017	<u>50</u>	<u>(1,322)</u>	<u>15,820</u>	<u>14,548</u>
Changes in equity				
Total comprehensive loss	-	(2,547)	-	(2,547)
Balance at 31 December 2018	<u>50</u>	<u>(3,869)</u>	<u>15,820</u>	<u>12,001</u>

The notes on pages 14 to 22 form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

1. Statutory information

St James's Oncology Financing Plc is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 102. The presentation currency of these financial statements is sterling.

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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

All amounts in the financial statements have been rounded to the nearest £1,000.

Measurement convention

The financial statements are prepared on the historical cost basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

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.

As the consolidated financial statements of Consolidated Investment Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Related party exemption

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

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. Accounting policies - continued

Financial instruments

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.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

**2. Accounting policies - continued
Basic financial instruments**

(a) Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and 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.

(b) 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.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income (OCI). Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. Accounting policies - continued

Deferred tax

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

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

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

Going concern

The company currently has £278m (2017: £282m) of total debt. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

The company is reliant upon the performance of its fellow subsidiary, St James' Oncology SPC Limited, in order to settle debt and interest obligations.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for twelve months from the date of signing the annual report and accounts. Accordingly, they continue to adopt the going concern basis in preparing these statutory financial statements.

3. Employees and directors

Staff costs and directors' remuneration

No staff are directly employed by the company (2017: none). None of the directors received emoluments directly from the company (2017: nil).

4. Operating profit

The audit fee for the company is borne by another company within the group, St James's Oncology SPC Limited, without recourse.

5. Interest receivable and similar income

	Year Ended	Period
	31/12/18	23/3/17
	£'000	to
		31/12/17
		£'000
Interest received from group undertaking	7,612	6,325
Swap interest received	22	3
	<u>7,634</u>	<u>6,328</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

6. Interest payable and similar expenses

	Year Ended 31/12/18 £'000	Period 23/3/17 to 31/12/17 £'000
Index-linked bond interest	1,025	1,249
Fixed rate bond interest	1,375	1,056
Fixed rate notes interest	4,654	3,574
Variation bond interest	82	63
Commitment and guarantee fees	476	383
Loan stock interest	2,782	1,322
Interest paid to group undertakings	22	3
	<u>10,416</u>	<u>7,650</u>

7. Taxation

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	Year Ended 31/12/18 £'000	Period 23/3/17 to 31/12/17 £'000
Deferred tax	(235)	-
Tax on loss	<u>(235)</u>	<u>-</u>

Reconciliation of total tax credit included in profit and loss

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

	Year Ended 31/12/18 £'000	Period 23/3/17 to 31/12/17 £'000
Loss before tax	<u>(2,782)</u>	<u>(1,322)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	(529)	(254)
Effects of:		
Group relief transferred to group undertakings	529	254
Deferred tax - prior year adjustment	<u>(235)</u>	<u>-</u>
Total tax credit	<u>(235)</u>	<u>-</u>

St. James's Oncology Financing Plc (Registered number: 10687398)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

8. Fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 January 2018 and 31 December 2018	39,200
Net book value	
At 31 December 2018	39,200
At 31 December 2017	39,200

The company's investments at the Balance Sheet date in the share capital of companies include the following:

St James's Oncology SPC Limited

Registered office: 3-5 Charlotte Street, Manchester M1 4HB

Nature of business: PFI Contractor

Class of shares:	% holding 100.00	
Ordinary	31.12.18	31.12.17
	£'000	£'000
Aggregate capital and reserves	(15,316)	(22,141)
Profit for the year	3,299	1,881

9. Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	10,657	10,318
Other debtors	50	51
	10,707	10,369
Amounts falling due after more than one year:		
Amounts owed by group undertakings	243,150	251,886
Deferred tax asset	147	-
	243,297	251,886
Aggregate amounts	254,004	262,255

The amounts owed to group undertakings relate to index-linked bond, fixed rate bond, fixed rate notes and variation bond (see note 12).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

10. Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Loans (see note 12)	10,545	10,179
Trade creditors	1	-
Other creditors	111	139
	<u>10,657</u>	<u>10,318</u>

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

	2018	2017
	£'000	£'000
Loans (see note 12)	242,685	250,349
Amounts owed to group (see note 12)	27,397	24,702
Other financial liabilities (see note 13)	464	1,538
	<u>270,546</u>	<u>276,589</u>

Within amounts due to group undertakings are long term borrowings loaned from St James's Oncology SPC Limited of which £16,655,000 is repayable after five years (2017: £24,538,000).

The amounts owing to group company are unsecured.

12. Loans

An analysis of the maturity of loans is given below:

	2018	2017
	£'000	£'000
Amounts falling due within one year or on demand:		
Fixed rate notes	6,509	6,226
Variation bond	115	110
Fixed rate bond	1,906	1,822
Index-linked bond	2,015	2,021
	<u>10,545</u>	<u>10,179</u>

Amounts falling due between one and two years:

Fixed rate notes	6,013	5,371
Variation bond	106	95
Fixed rate bond	1,761	1,572
Index-linked bond	2,068	1,858
	<u>9,948</u>	<u>8,896</u>

Amounts falling due between two and five years:

Fixed rate notes	19,070	18,739
Variation bond	338	332
Fixed rate bond	5,588	5,490
Index-linked bond	6,549	6,415
	<u>31,545</u>	<u>30,976</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

12. Loans - continued

	2018	2017
	£'000	£'000
Amounts falling due in more than five years:		
Repayable by instalments		
Fixed rate notes	131,213	137,557
Variation bond	2,323	2,435
Fixed rate bond	38,605	40,464
Index-linked bond	29,051	30,021
	201,192	210,477
	2018	2017
	£'000	£'000
Creditors: amounts falling due after more than one year		
Other loans	242,685	250,349
Amounts owed to group undertakings	27,397	24,702
	2018	2017
	£'000	£'000
Creditors: amounts falling due within one year		
Other loans	10,545	10,179

Terms and debt repayment schedule

The total cash repayable on the loan is as follows:

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2018	2017
					£'000	£'000
Index-linked bond	GBP	0.05%	2037	Semi-annual	37,720	38,152
Fixed rate bonds	GBP	2.804%	2037	Semi-annual	47,701	49,193
Fixed rate notes	GBP	2.804%	2037	Semi-annual	162,324	167,398
Variation bond	GBP	2.804%	2037	Semi-annual	2,862	2,951
Loan due to St James's Oncology SPC Ltd	GBP	11.00%	2028	Variable	27,397	24,702

The index-linked bond, fixed rate bonds, fixed rate notes and variation bond are secured by a fixed charge over the whole of the property, assets and undertaking of the company, assignment of all rights to any proceeds of any insurance policies and all present and future book and other charges over all assets which have not been secured by way of a fixed charge or assignment.

St. James's Oncology Financing Plc (Registered number: 10687398)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

13. Other financial liabilities

	2018 £'000	2017 £'000
Amounts falling due after more than one year		
RPI swap contract	464	1,538

Derivative financial instruments measured at fair value

The fair value of RPI swaps is provided by the swap counterparty.

14. Called up share capital

Allotted and issued:			2018	2017
Number:	Class:	Nominal value:	£	£
50,001	Ordinary share capital	£1	<u>50,001</u>	<u>50,001</u>

15. Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of St James's Oncology SPC Holdings Limited, a company incorporated in England and Wales, of which 100% is owned by Consolidated Investment Holdings Limited. The largest and smallest group in which the results of the Company are consolidated is that headed by Consolidated Investment Holdings Limited incorporated in England and Wales. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.