

COMPANY REGISTRATION NUMBER: SC173083

Summit Holdings (Wishaw) Limited
Annual Report and Consolidated Financial
Statements

31 March 2023



Summit Holdings (Wishaw) Limited

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2023

Contents	Page
Officers and Professional Advisers	1
Strategic Report	2
Directors' Report	5
Directors' Responsibilities Statement	7
Independent Auditor's Report to the Members of Summit Holdings (Wishaw) Limited	8
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Company Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16
Company Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Annual Report and Consolidated Financial Statements	19

Summit Holdings (Wishaw) Limited

Officers and Professional Advisers

The Board of Directors

Andrew Leslie Tennant
John Cavill
Christopher Solley
Carl Dix

Company Secretary

Infrastructure Managers Limited

Registered Office

2nd Floor
11 Thistle Street
Edinburgh
EH2 1DF

Independent Auditors

Johnston Carmichael LLP
Clava House
Cradlehall Business Park
Inverness
IV2 5GH

Bankers

Lloyds Bank Plc
32 Oxford Street
London
W1R 2BS

Summit Holdings (Wishaw) Limited

Strategic Report

Year Ended 31 March 2023

The directors present their strategic report on the Company and Group for the year ended 31 March 2023.

Principal Objectives and Strategies

The principal activity of the Group is that of financing and operating a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals NHS Trust under the Government's Private Finance Initiative ("PFI"). The project is currently in year 24 of its 30 year term.

Performance Review

The profit for the financial year, after taxation, amounted to £3,091,870 (2022: loss of £53,621):

The profit for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Group and do not foresee any significant change in the Group's activities in the coming financial year.

At the balance sheet date, net assets are £20,949,904 (2022: £17,858,034).

Climate Change

The directors recognise that it is important to disclose their view of the impact of climate change on the Group. The Group's key operational contracts are long-term and with a small number of known counterparties. In most cases, the cashflows from these contracts can be predicted with reasonable certainty for at least the medium-term. Having considered the Group's operations, its contracted rights and obligations and forecast cash flows, there is not expected to be a significant impact upon the Group's operational or financial performance arising from climate change.

Going Concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Group and Company prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. Based on these forecasts the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the Directors continue to adopt the going concern basis of accounting in preparing the Group and Company's annual financial statements.

Summit Holdings (Wishaw) Limited

Strategic Report *(continued)*

Year Ended 31 March 2023

Review of the Business

As the Group is in the full operational phase it faces operational risks and actively monitors financial performance against loan covenants. During the year the Group was fully compliant with the contractual terms and incurred no penalty points. From a financial perspective the Group has been performing well and has been compliant with the covenants laid out in the group loan agreement. The Group is also forecasting compliance with the covenants laid out in the group loan agreement for the next 12 months.

The directors expect the future performance of the Group to be profitable and in line with the forecasting model.

Future Developments

The directors intend for the Group to continue to operate in line with the financial forecast model, contractual terms and do not expect any strategic changes.

Key Performance Indicators

The performance of the Group from a cash perspective is assessed six monthly on a group basis by the testing of the covenants of the senior debt provider, the key indicator being the debt service cover ratio, which is the ratio of the Group's net cash inflows available for debt service relative to actual debt service payments. At the year end this ratio was 1.28. The Group has been performing well and has been compliant with the covenants laid out in the group loan agreement.

Financial instruments

The Group's principal financial instruments comprise subordinated debt, cash at bank and short term deposits. The main purpose of these financial instruments is to ensure, via the terms of the various financial instruments, that the profile of the debt service costs is tailored to match expected revenues arising from the concession contract.

The Group has issued £136,556,000 of 6.484% Guaranteed secured bonds. The bonds are repayable in instalments from 1998 until the final repayment in 2028.

Principal Risk and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The principal risk and uncertainties facing the Group are: interest rate risk, price risk, liquidity risk, credit risk, contract performance risk and lifecycle risk, as detailed below:

Interest rate risk

The Group mitigated its interest rate risk at the inception of the project by ensuring that its debt is at a fixed rate.

Price Risk

The Group's price risk is managed through a project agreement with the NHS providing for payments that are fixed subject to performance and inflation indexation and through sub-contracts with suppliers that largely mirror the provisions of the project agreement with the NHS. The Group's exposure to price fluctuations will continue to be monitored.

Summit Holdings (Wishaw) Limited

Strategic Report *(continued)*

Year Ended 31 March 2023

Liquidity Risk

Cash flows are generated on the availability of the hospital and from the operational management and maintenance of the facility. The project concession cash-flows are secured under contract from the NHS, a government body and the nature of the project is such that cashflows are reasonably predictable. The Group's exposure to cash flow fluctuations will continue to be monitored.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group receives its revenue from NHS Lanarkshire. The directors monitor amounts due carefully and do not consider there be a significant credit risk. The Group does not undertake financial instrument transactions which are speculative or unrelated to the Group's trading activities. Board approval is required for the use of any new financial instruments.

Contract Performance Risk

The Group's contract performance risk is mostly mitigated as facilities management services has been subcontracted to a third party provider.

Lifecycle Risk

The Group's lifecycle risk is held by the SPV. In order to ensure costs are recorded in the year in which they are incurred, routine monitoring is carried out on lifecycle costs, this compares actual spend to a pre-approved plan.

This report was approved by the board of directors on 25 September 2023 and signed on behalf of the board by:



Carl Dix
Director

Summit Holdings (Wishaw) Limited

Directors' Report

Year Ended 31 March 2023

The directors present their report and the audited Annual Report and Consolidated Financial Statements of Summit Holdings (Wishaw) Limited ("the Company") for the year ended 31 March 2023.

Principal Activities

The principal activity of the group is that of financing and operating a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals NHS Trust under the Government's Private Finance Initiative.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

Andrew Leslie Tennant

John Cavill

Christopher Solley

Carl Dix

(Appointed 17 February 2023)

John Wrinn

(Resigned 17 February 2023)

Dividends

Particulars of dividends paid are detailed in note 10 to the financial statements.

Financial Instruments

Details of the financial instruments are noted in the Strategic Report.

Future Developments

No significant changes are expected to the Group and Company's activities, as set out in the Strategic Report, in the foreseeable future.

Qualifying Indemnity Provision

The Group and Company have made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the Company's auditors is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the Company's auditors are aware of that information.

The independent auditors, Johnston Carmichael LLP, are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Summit Holdings (Wishaw) Limited

Directors' Report *(continued)*

Year Ended 31 March 2023

This report was approved by the board of directors on 25 September 2023 and signed by order of the board by:



Mike Forrest on behalf of Infrastructure Managers Limited
Company Secretary

Summit Holdings (Wishaw) Limited

Directors' Responsibilities Statement

Year Ended 31 March 2023

The directors are responsible for preparing the Strategic Report, Directors' Report and the Annual Report and Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Consolidated Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Consolidated Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law).

Under company law the directors must not approve the Annual Report and Consolidated Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and the profit or loss of the Group for that period. In preparing the Annual Report and Consolidated Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Consolidated Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

Summit Holdings (Wishaw) Limited

Independent Auditor's Report to the Members of Summit Holdings (Wishaw) Limited

Opinion

We have audited the consolidated financial statements of Summit Holdings (Wishaw) Limited ('the parent company') and its subsidiary ('the group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the annual report and consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Summit Holdings (Wishaw) Limited

Independent Auditor's Report to the Members of Summit Holdings (Wishaw) Limited *(continued)*

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Annual Report and Consolidated Financial Statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

In the light of our knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company 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.

Summit Holdings (Wishaw) Limited

Independent Auditor's Report to the Members of Summit Holdings (Wishaw) Limited *(continued)*

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the group's and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which an audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- United Kingdom Generally Accepted Accounting Practice, including FRS 102; and
- Companies Act 2006; and
- Corporation Tax legislation.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

Summit Holdings (Wishaw) Limited

Independent Auditor's Report to the Members of Summit Holdings (Wishaw) Limited *(continued)*

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- recalculating the unitary charge received by taking the base charge per the project agreement and uplifting for RPI;
- agreeing a sample of months' income receipts to invoice and bank statements;
- performing an assessment on the service margins used in the year and agreeing margins used to the active financial models;
- reconciling the finance income and amortisation to the finance debtor reconciliation to ensure allocation methodology is in line with contractual terms and relevant accounting standards;
- reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- reviewing the level of and reasoning behind the group and parent company's procurement of legal and professional services;
- performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the group and parent company's compliance with the Companies Act 2006; and
- agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Summit Holdings (Wishaw) Limited

Independent Auditor's Report to the Members of Summit Holdings (Wishaw) Limited *(continued)*

Use of Our Report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Allison Dalton (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory auditor
Clava House
Cradlehall Business Park
Inverness
IV2 5GH

25 September 2023

Summit Holdings (Wishaw) Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	21,730,154	18,376,860
Cost of sales		(18,505,944)	(15,596,320)
Gross profit		3,224,210	2,780,540
Administrative expenses		(512,861)	(478,909)
Operating profit	5	2,711,349	2,301,631
Interest receivable and similar income	7	7,331,123	7,862,049
Interest payable and similar expenses	8	(5,721,796)	(6,210,833)
Profit before taxation		4,320,676	3,952,847
Tax on profit	9	(1,228,806)	(4,006,468)
Profit/(loss) for the financial year and total comprehensive income/(expense)		<u>3,091,870</u>	<u>(53,621)</u>

All the activities of the group are from continuing operations.

The notes on pages 19 to 32 form part of these Annual Report and Consolidated Financial Statements.

Summit Holdings (Wishaw) Limited

Consolidated Statement of Financial Position

As at 31 March 2023

	Note	2023 £	2022 £
Current assets			
Debtors: amounts falling due within one year	12	9,308,951	14,059,105
Debtors: amounts falling due after more than one year	12	68,312,632	76,160,008
Cash at bank and in hand		19,334,256	11,207,892
		<u>96,955,839</u>	<u>101,427,005</u>
Creditors: amounts falling due within one year	13	(15,572,497)	(14,541,794)
Net current assets		<u>81,383,342</u>	<u>86,885,211</u>
Total assets less current liabilities		<u>81,383,342</u>	<u>86,885,211</u>
Creditors: amounts falling due after more than one year	14	(48,647,179)	(56,347,269)
Provisions for liabilities			
Taxation including deferred taxation	15	(11,786,259)	(12,679,908)
Net assets		<u>20,949,904</u>	<u>17,858,034</u>
Capital and reserves			
Called up share capital	17	100,000	100,000
Retained earnings	18	20,849,904	17,758,034
Total shareholders' funds		<u>20,949,904</u>	<u>17,858,034</u>

The Financial Statements were approved by the board of directors and authorised for issue on 25 September 2023, and are signed on behalf of the board by:



Carl Dix
Director

Company registration number: SC173083

The notes on pages 19 to 32 form part of these Annual Report and Consolidated Financial Statements.

Summit Holdings (Wishaw) Limited

Company Statement of Financial Position

As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	11	11,859,000	11,859,000
Current assets			
Debtors: amounts falling due within one year	12	1,055,411	–
Creditors: amounts falling due within one year	13	<u>(1,055,411)</u>	<u>–</u>
Total assets less current liabilities		11,859,000	11,859,000
Creditors: amounts falling due after more than one year	14	<u>(11,759,000)</u>	<u>(11,759,000)</u>
Net assets		<u>100,000</u>	<u>100,000</u>
Capital and reserves			
Called up share capital	17	100,000	100,000
Retained earnings	18		
At beginning of year		–	–
Profit for the year		–	934,000
Dividends paid		–	(934,000)
At end of year		<u>–</u>	<u>–</u>
Total shareholders' funds		<u>100,000</u>	<u>100,000</u>

The profit for the financial year of the parent company was £Nil (2022: £934,000).

The Financial Statements were approved by the board of directors and authorised for issue on 25 September 2023, and are signed on behalf of the board by:



Carl Dix
Director

Company registration number: SC173083

The notes on pages 19 to 32 form part of these Annual Report and Consolidated Financial Statements.

Summit Holdings (Wishaw) Limited
Consolidated Statement of Changes in Equity
Year Ended 31 March 2023

		Called up share capital £	Retained earnings £	Total £
At 1 April 2021		100,000	18,745,655	18,845,655
Loss for the financial year			(53,621)	(53,621)
Total comprehensive income/(expense) for the year		—	(53,621)	(53,621)
Dividends paid and payable	10	—	(934,000)	(934,000)
Total investments by and distributions to owners		—	(934,000)	(934,000)
At 31 March 2022		100,000	17,758,034	17,858,034
Profit for the financial year			3,091,870	3,091,870
Total comprehensive income/(expense) for the year		—	3,091,870	3,091,870
At 31 March 2023		<u>100,000</u>	<u>20,849,904</u>	<u>20,949,904</u>

The notes on pages 19 to 32 form part of these Annual Report and Consolidated Financial Statements.

Summit Holdings (Wishaw) Limited
Company Statement of Changes in Equity
Year Ended 31 March 2023

	Called up share capital £	Retained earnings £	Total £
At 1 April 2021	100,000	–	100,000
Profit for the financial year		934,000	934,000
Total comprehensive income for the year	–	934,000	934,000
Dividends paid and payable	10 –	(934,000)	(934,000)
Total investments by and distributions to owners	–	(934,000)	(934,000)
At 31 March 2022	100,000	–	100,000
Result for the financial year		–	–
At 31 March 2023	<u>100,000</u>	<u>–</u>	<u>100,000</u>

The notes on pages 19 to 32 form part of these Annual Report and Consolidated Financial Statements.

Summit Holdings (Wishaw) Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash generated from operations	19	14,876,752	3,780,859
Interest paid		(4,370,716)	(5,888,126)
Interest received		7,331,123	7,862,049
Tax paid		(2,241,527)	(1,944,000)
Net cash generated from operating activities		<u>15,595,632</u>	<u>3,810,782</u>
Cash flows from financing activities			
Repayments of borrowings		(7,469,268)	(7,007,061)
Dividends paid		–	(934,000)
Net cash used in financing activities		<u>(7,469,268)</u>	<u>(7,941,061)</u>
Net increase/(decrease) in cash and cash equivalents		8,126,364	(4,130,279)
Cash and cash equivalents at beginning of year		11,207,892	15,338,171
Cash and cash equivalents at end of year		<u>19,334,256</u>	<u>11,207,892</u>

The notes on pages 19 to 32 form part of these Annual Report and Consolidated Financial Statements.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements

Year Ended 31 March 2023

1. General Information

Summit Holdings (Wishaw) Limited ('the Company' and 'the Group') is a private company limited by shares and is incorporated and domiciled in Scotland. The address of its registered office is 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF.

The principal activity of the Group is that of financing and operating a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals NHS Trust under the Government's Private Finance Initiative. The hospital opened in May 2001.

The Company and Group's functional and presentation currency is the pound sterling. Monetary amounts in these financial statements are rounded to the nearest pound.

2. Statement of Compliance

The individual and consolidated financial statements of Summit Holdings (Wishaw) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Groups accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

(b) Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Group and Company prepares cash flow forecasts covering the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. Based on these forecasts the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the Directors continue to adopt the going concern basis of accounting in preparing the Group and Company's annual financial statements.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(c) Disclosure exemptions

The Company has taken advantage of from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

The Group and Company have also taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned member of a group.

(d) Consolidation

The consolidated financial statements include the Company and all its subsidiary undertakings. Where subsidiary undertakings are acquired during the period their results are included in the consolidated financial statements from the date of acquisition up to the date of the financial period end.

The parent Company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual Statement of Comprehensive Income, the profit of the Company was £nil (2022: £934,000).

(e) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

The judgments (apart from those involving estimations) that directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) Deferred taxation

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Judgment is required in the case of the recognition of deferred taxation assets, the Directors have to form an opinion as to whether it is probable that the deferred taxation asset recognised is recoverable against future taxable profits arising. This exercise of judgement requires the Directors to consider forecast information over a long time horizon having regard to the risks that the forecasts may not be achieved and then form a reasonable opinion as to the recoverability of the deferred taxation asset. Key sources of estimation uncertainty

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(e) Judgments and key sources of estimation uncertainty – *continued*

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Group's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

ii) Accounting for service concession arrangements

Accounting for the service concession contract and finance debtors requires estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecast results of the contract. These were forecast initially within the operating model at financial close and are closely monitored throughout the duration of the project.

iii) Lifecycle risk

Lifecycle costs are significant portion of the future expenditure. Given the length of the Company's service concession contract, the forecast of lifecycle costs is subject to estimation, uncertainty and changes in the amount and timing of expenditure that could have material impacts. The risk here is mitigated by future estimates of lifecycle expenditure being prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities undertaken. Lifecycle costs borne by the Company are recognised as they are incurred and estimated over the remaining contract period.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(f) Revenue recognition

Turnover represents the services' share of the management services income received by the Group for the provision of a PFI (Private Finance Initiative) asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

(g) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, 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.

i) 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. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax 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 and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(h) Finance debtor

The Group has taken the transition exemption in FRS 102 Section 35.10(i) that allows the Group to continue the service concession arrangement accounting policies from previous UK GAAP.

The Group is accounting for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Group on the design and construction of the assets have been treated as a finance debtor within these financial statements.

(i) Cash and cash equivalents

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

The Group is obligated to keep cash reserves as at the balance sheet date and 30th September in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown within the "cash at bank and in hand" balance amounts to £12,538,000 (2022: £11,197,000) as at the balance sheet date.

(j) Guaranteed secured bonds

The bond creditor was initially recognised at the value of the net proceeds raised on issue. The finance cost is calculated as the difference between the net carrying amount and the total payments the Group is required to make in respect of the bond. Finance costs are allocated to periods over the term of the bond at a constant rate on the carrying amount and charged in the profit and loss account. The bond interest is recognised as accruing on a day to day basis.

Issue costs associated with the bond have been capitalised in accordance with FRS102 and are being amortised over the life of the bonds.

(k) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

3. Accounting Policies *(continued)*

(I) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are initially recognised at the present value of cash payable to the lender and are subsequently measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The effective interest rate amortisation is included in interest payable and similar charges in the Statement of Comprehensive Income.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

4. Turnover

Turnover arises from:

	2023	2022
	£	£
Rendering of services	<u>21,730,154</u>	<u>18,376,860</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating Profit

Operating profit or loss is stated after charging:

	2023	2022
	£	£
Impairment of trade debtors	–	542
Fees payable for the audit of the annual report and consolidated financial statements	<u>22,580</u>	<u>17,800</u>

Auditors' remuneration is borne by Summit (Wishaw) Limited. Auditor's remuneration is payable to Johnston Carmichael LLP.

6. Particulars of Employees and Directors

The average number of persons employed by the Group and Company during the financial year, including the directors, amounted to nil (2022: nil). The directors did not receive any remuneration from the Group and Company during the year (2022: £nil). Fees paid to investors in respect of their directors are disclosed in note 21.

7. Interest Receivable and Similar Income

	2023	2022
	£	£
Interest on cash and cash equivalents	83,760	1,665
Finance debtor interest	<u>7,247,363</u>	<u>7,860,384</u>
	<u>7,331,123</u>	<u>7,862,049</u>

8. Interest Payable and Similar Expenses

	2023	2022
	£	£
Interest due to Group undertakings	5,426,191	5,887,268
Other interest payable and similar expenses	<u>295,605</u>	<u>323,565</u>
	<u>5,721,796</u>	<u>6,210,833</u>

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

9. Tax on Profit

Major components of tax expense

	2023 £	2022 £
Current tax:		
UK current tax expense	2,130,271	1,938,923
Adjustments in respect of prior periods	(7,816)	–
Total current tax	<u>2,122,455</u>	<u>1,938,923</u>
Deferred tax:		
Origination and reversal of timing differences	(893,649)	2,067,545
Tax on profit	<u>1,228,806</u>	<u>4,006,468</u>

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%).

	2023 £	2022 £
Profit before taxation	<u>4,320,676</u>	<u>3,952,847</u>
Profit before taxation by rate of tax	820,928	751,041
Adjustment to tax charge in respect of prior periods	(7,816)	–
Effect of expenses not deductible for tax purposes	442,047	400,372
Effects of changes in tax rates	(26,353)	2,855,055
Total tax charge	<u>1,228,806</u>	<u>4,006,468</u>

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2023 £	2022 £
Dividend of £nil per share (2022: £9.34)	<u>–</u>	<u>934,000</u>

11. Investments

The group has no investments.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

11. Investments *(continued)*

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 April 2022 and 31 March 2023	<u>100,000</u>	<u>11,759,000</u>	<u>11,859,000</u>
Impairment			
At 1 April 2022 and 31 March 2023	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount			
At 1 April 2022 and 31 March 2023	<u>100,000</u>	<u>11,759,000</u>	<u>11,859,000</u>
At 31 March 2022	<u>100,000</u>	<u>11,759,000</u>	<u>11,859,000</u>

Subsidiaries, associates and other investments

The Company owns 100% of the issued share capital of Summit Healthcare (Wishaw) Limited who owns 100% of the issued share capital of Summit Finance (Wishaw) plc. Both companies have a registered office of 11 Thistle Street, Edinburgh, EH2 1DF.

12. Debtors

Debtors amounts falling due within one year are as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	140,981	5,682,269	—	—
Amounts owed by Group undertakings	—	—	1,055,411	—
Prepayments and accrued income	1,515,142	1,292,231	—	—
Finance debtor	7,628,609	7,072,858	—	—
Other debtors	24,219	11,747	—	—
	<u>9,308,951</u>	<u>14,059,105</u>	<u>1,055,411</u>	<u>—</u>

Debtors amounts falling due after more than one year are as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Finance debtor	<u>68,312,632</u>	<u>76,160,008</u>	<u>—</u>	<u>—</u>

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

12. Debtors *(continued)*

The movement in the finance debtor is analysed as follows:

	2023	2022
	£	£
At beginning of year	83,232,865	89,743,214
Amortisation	(7,291,624)	(6,510,349)
At end of year	<u>75,941,241</u>	<u>83,232,865</u>

The amounts due from Group undertakings are trading balances, they are unsecured, non interest bearing and are repayable on demand.

13. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
6.484% Guaranteed Secured Bonds 2028	9,016,837	7,469,268	1,055,411	–
Trade creditors	336,988	241,114	–	–
Accruals and deferred income	6,007,538	6,362,918	–	–
Corporation tax	27,814	146,886	–	–
Taxation and social security	444,592	617,213	–	–
Loan issue costs	(261,272)	(295,605)	–	–
	<u>15,572,497</u>	<u>14,541,794</u>	<u>1,055,411</u>	<u>–</u>

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Coupon bearing investment sums (CBIS)	11,759,000	11,759,000	11,759,000	11,759,000
6.484% Guaranteed Secured Bonds 2028	37,448,791	45,410,152	–	–
Other creditors	(560,612)	(821,883)	–	–
	<u>48,647,179</u>	<u>56,347,269</u>	<u>11,759,000</u>	<u>11,759,000</u>

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

14. Creditors: amounts falling due after more than one year *(continued)*

Group

On 25 June 1998 the Group issued at par value £136,556,000 6.484% Guaranteed Secured Bonds which are listed on the London Stock Exchange and are repayable in 6 monthly instalments to 31 March 2028. From this value has been deducted the unamortised finance costs associated with the bond issue.

Included within creditors: amounts falling due after more than one year is an amount of £nil (2022: £10,276,389) in respect of liabilities which fall due for payment after more than five years from the reporting date.

Included within creditors: amounts falling due after more than one year is an amount of £11,759,000 (2022: £11,759,000) in respect of subordinate debt liabilities payable or repayable otherwise than by instalments which fall due for payment after more than five years from the reporting date.

The bond has been secured by:-

(i) a first ranking floating charge over the whole property, assets and undertakings of the Group;

and

(ii) an assignation in security of all rights of the Group under the intercompany loan agreement, all bank accounts, if any, of the Group and the proceeds thereof and all rights to which the company may be entitled from time to time in relation to the proceeds of any insurance policies.

Company

The Coupon Bearing Investment Sums (CBIS) are amounts owed to immediate parent undertakings, Elbon Holdings (2) Limited and Aberdeen Infrastructure (No.3) Limited. The CBIS bear a coupon of 18% per annum, and have a remaining term ending 17 June 2028.

The coupon on the principal amount outstanding accrues from day to day and is payable in cash on 30 September and 31 March annually subject to meeting certain financial criteria (targets). If the coupon is unable to be paid due to failure to meet these criteria then there shall be issued Preferred Investment Sums with a principal equal to the coupon due. The term date for each series of Preferred Investment Sums shall be the first coupon payment date after the allotment.

Included within creditors: amounts falling due after more than one year is an amount of £11,759,000 (2022: £11,759,000) in respect of subordinate debt liabilities payable or repayable otherwise than by instalments which fall due for payment after more than five years from the reporting date.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

15. Provisions for Liabilities

Group	Deferred tax (note 16) £
At 1 April 2022	12,679,908
Charge against provision	(893,649)
At 31 March 2023	<u>11,786,259</u>

The Company does not have any provisions.

16. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Included in provisions for liabilities (note 15)	<u>11,786,259</u>	<u>12,679,908</u>	<u>—</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accelerated capital allowances	<u>11,786,259</u>	<u>12,679,908</u>	<u>—</u>	<u>—</u>

The deferred tax liability expected to reverse in 2024 is £1,132,890, this primarily relates to the reversal of timing differences on capital allowances.

17. Called Up Share Capital

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

18. Reserves

Retained Earnings - This reserve records retained earnings and accumulated losses.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

19. Cash Generated from Operations

	2023 £	2022 £
Profit/(loss) for the financial year	3,091,870	(53,621)
<i>Adjustments for:</i>		
Interest receivable and similar income	(7,331,123)	(7,862,049)
Interest payable and similar expenses	5,721,796	6,210,833
Tax on profit	1,228,806	4,006,468
<i>Changes in:</i>		
Trade and other debtors	12,597,529	972,178
Trade and other creditors	(432,126)	507,050
	<u>14,876,752</u>	<u>3,780,859</u>

20. Analysis of Changes in Net Debt

	At 1 Apr 2022 £	Cash flows £	At 31 Mar 2023 £
Cash at bank and in hand	11,207,892	8,126,364	19,334,256
Debt due within one year	(7,469,268)	(1,547,569)	(9,016,837)
Debt due after one year	(57,169,152)	7,961,361	(49,207,791)
	<u>(53,430,528)</u>	<u>14,540,156</u>	<u>(38,890,372)</u>

21. Related Party Transactions

Group

The following disclosures are with entities in the Group that are not wholly owned:

Aberdeen Infrastructure (No.3) Limited is a 40% shareholder in the Company. Aberdeen Infrastructure (No.3) Limited is the holder of £2,939,750 (2022: £2,939,750) in subordinated loan notes due from the company. Interest paid in the year was £529,000 (2022: £529,000) and dividends paid in the year was £nil (2022: £373,600). Fees paid for the provision of directors, staff and technical support services were £40,000 (2022: £40,000). As at 31 March 2023, trade creditors and accruals included £nil (2022: £155) due to Aberdeen Infrastructure (No.3) Limited.

Elbon Holdings (2) Limited a 60% shareholder in the Company also is the holder of £8,819,250 (2022: £8,819,250) in subordinated loan notes due from the company. Interest paid in the year was £1,587,000 (2022: £1,587,000) and dividends paid in the year was £nil (2022: £560,400). BIIF Bidco Limited, an intermediate parent company, provided the company with its directors, staff and technical support services, the value of the work undertaken in the year was £280,796 (2022: £262,602).

As at 31 March 2023, trade creditors and accruals included £nil (2022: £nil) due to BIIF Bidco Limited.

Summit Holdings (Wishaw) Limited

Notes to the Annual Report and Consolidated Financial Statements *(continued)*

Year Ended 31 March 2023

22. Controlling Party

The Company has no ultimate controlling party. The Directors consider the Company's ultimate joint controlling parties to be Aberdeen Infrastructure (No.3) Limited (who own 40% of the share capital of the company) and BILF L.P. (who own 60% of the share capital of the company).