

Summit Holdings (Wishaw) Limited

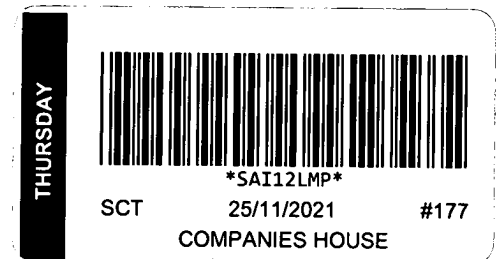
**Annual Report and Consolidated Financial
Statements**

31 March 2021

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Summit Holdings (Wishaw) Limited

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2021

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Summit Holdings (Wishaw) Limited

Officers and Professional Advisers

The Board of Directors

Andrew Leslie Tennant
David Gilmour
John Cavill
Christopher Solley

Company Secretary

Infrastructure Managers Limited

Registered Office

2nd Floor
11 Thistle Street
Edinburgh
EH2 1DF

Independent Auditors

Johnston Carmichael LLP
Chartered Accountants & Statutory Auditors
7-11 Melville Street
Edinburgh
EH3 7PE

Bankers

Lloyds Bank Plc
32 Oxford Street
London
W1R 2BS

Summit Holdings (Wishaw) Limited

Strategic Report

Year Ended 31 March 2021

The directors present their strategic report on the Company and Group for the year ended 31 March 2021.

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 19 of its 30 year term.

Performance Review

The profit for the financial year, after taxation, amounted to £2,733,911 (2020: £1,645,803).

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.

Covid-19 was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK. The Group's income is availability based and due from the Health Board so the risk of non-payment is considered remote, and to date the Group has continued to receive payment in line with the contract terms. Alongside this, the Group has not experienced material variation from its projected levels of expenditure and key suppliers (primarily the facilities manager) have continued to be able to service the Group. The directors have considered the current performance and the future financial impact to the Group of this pandemic, taking into account the sources of income and expenditure. It is the directors' view that although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Group.

Going Concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements. The Group 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, including the impact of Covid-19, 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's annual financial statements

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.

Summit Holdings (Wishaw) Limited

Strategic Report *(continued)*

Year Ended 31 March 2021

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 1.21. 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 2021

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.

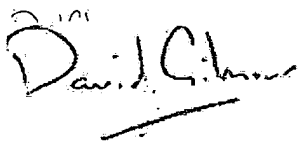
Contract Performance Risk

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 21st October 2021 and signed on behalf of the board by:



David Gilmour
Director

Summit Holdings (Wishaw) Limited

Directors' Report

Year Ended 31 March 2021

The directors present their report and the audited Annual Report and Consolidated Financial Statements of Summit Holdings (Wishaw) Limited ("the Group") for the year ended 31 March 2021.

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
David Gilmour
John Cavill
Christopher Solley

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 auditor 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 auditor is aware of that information.

The 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 2021

This report was approved by the board of directors on 21st October 2021 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

Summit Holdings (Wishaw) Limited

Directors' Responsibilities Statement

Year Ended 31 March 2021

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 subsidiaries (the 'Group') for the year ended 31 March 2021 which comprises 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 financial statements, including a summary of 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 and the parent Company's affairs as at 31 March 2021, 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's 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 and 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 the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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:

- UK GAAP/FRS102; 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 group'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.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

Summit Holdings (Wishaw) Limited

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

- 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;
- reviewing the level of and reasoning behind the groups'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.

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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Use of Our Report

This report is made solely to the Group and 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 Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Irvine Spowart (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory auditor

21 October 2021

7-11 Melville Street
Edinburgh
EH3 7PE

Summit Holdings (Wishaw) Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	16,928,714	17,552,243
Cost of sales		(14,369,650)	(15,025,879)
Gross profit		2,559,064	2,526,364
Administrative expenses		(484,155)	(491,412)
Operating profit	5	2,074,909	2,034,952
Interest receivable and similar income	7	8,438,703	9,019,428
Interest payable and similar expenses	8	(6,668,754)	(7,094,434)
Profit before taxation		3,844,858	3,959,946
Tax on profit	9	(1,110,947)	(2,314,143)
Profit for the financial year and total comprehensive income		<u>2,733,911</u>	<u>1,645,803</u>

All the activities of the group are from continuing operations.

The notes on pages 18 to 30 form part of these Annual Report and Consolidated Financial Statements.

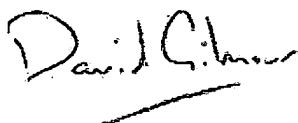
Summit Holdings (Wishaw) Limited

Consolidated Statement of Financial Position

As at 31 March 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	12	7,577,761	6,560,723
Debtors: amounts falling due after more than one year	12	83,613,530	90,802,985
Cash at bank and in hand		15,338,171	14,043,013
		<u>106,529,462</u>	<u>111,406,721</u>
Creditors: amounts falling due within one year	13	<u>(13,549,740)</u>	<u>(12,738,780)</u>
Net current assets		<u>92,979,722</u>	<u>98,667,941</u>
Total assets less current liabilities		<u>92,979,722</u>	<u>98,667,941</u>
Creditors: amounts falling due after more than one year	14	<u>(63,521,704)</u>	<u>(70,204,818)</u>
Provisions for liabilities			
Taxation including deferred taxation	15	<u>(10,612,363)</u>	<u>(11,342,379)</u>
Net assets		<u>18,845,655</u>	<u>17,120,744</u>
Capital and reserves			
Called up share capital	17	100,000	100,000
Retained earnings	18	18,745,655	17,020,744
Total shareholders' funds		<u>18,845,655</u>	<u>17,120,744</u>

The Financial Statements were approved by the board of directors and authorised for issue on 21st October 2021, and are signed on behalf of the board by:



David Gilmour
Director

Company registration number: SC173083

The notes on pages 18 to 30 form part of these Annual Report and Consolidated Financial Statements.

Summit Holdings (Wishaw) Limited

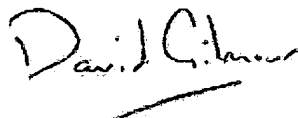
Company Statement of Financial Position

As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	11	11,859,000	11,859,000
Current assets			
Debtors: amounts falling due within one year	12	410	620
Creditors: amounts falling due within one year	13	(410)	(620)
Total assets less current liabilities		<u>11,859,000</u>	<u>11,859,000</u>
Creditors: amounts falling due after more than one year	14	(11,759,000)	(11,759,000)
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		1,009,000	432,000
Dividends paid		(1,009,000)	(432,000)
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 £1,009,000 (2020: £432,000).

The Financial Statements were approved by the board of directors and authorised for issue on 21st October 2021, and are signed on behalf of the board by:



David Gilmour
Director

Company registration number: SC173083

The notes on pages 18 to 30 form part of these Annual Report and Consolidated Financial Statements.

Summit Holdings (Wishaw) Limited
Consolidated Statement of Changes in Equity
Year Ended 31 March 2021

		Called up share capital £	Retained earnings £	Total £
At 1 April 2019		100,000	15,806,941	15,906,941
Profit for the financial year			1,645,803	1,645,803
Total comprehensive income for the year		–	1,645,803	1,645,803
Dividends paid and payable	10	–	(432,000)	(432,000)
Total investments by and distributions to owners		–	(432,000)	(432,000)
At 31 March 2020		100,000	17,020,744	17,120,744
Profit for the financial year			2,733,911	2,733,911
Total comprehensive income for the year		–	2,733,911	2,733,911
Dividends paid and payable	10	–	(1,009,000)	(1,009,000)
Total investments by and distributions to owners		–	(1,009,000)	(1,009,000)
At 31 March 2021		<u>100,000</u>	<u>18,745,655</u>	<u>18,845,655</u>

The notes on pages 18 to 30 form part of these Financial Statements.

Summit Holdings (Wishaw) Limited
Company Statement of Changes in Equity
Year Ended 31 March 2021

		Called up share capital £	Retained earnings £	Total £
At 1 April 2019		100,000	–	100,000
Profit for the financial year			432,000	432,000
Total comprehensive income for the year		–	432,000	432,000
Dividends paid and payable	10	–	(432,000)	(432,000)
Total investments by and distributions to owners		–	(432,000)	(432,000)
At 31 March 2020		100,000	–	100,000
Profit for the financial year			1,009,000	1,009,000
Total comprehensive income for the year		–	1,009,000	1,009,000
Dividends paid and payable	10	–	(1,009,000)	(1,009,000)
Total investments by and distributions to owners		–	(1,009,000)	(1,009,000)
At 31 March 2021		<u>100,000</u>	<u>–</u>	<u>100,000</u>

The notes on pages 18 to 30 form part of these Financial Statements.

Summit Holdings (Wishaw) Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash generated from operations	19	8,586,585	11,656,676
Interest paid		(6,320,769)	(6,726,950)
Interest received		8,438,703	9,019,428
Tax paid		(1,826,010)	(2,448,518)
Net cash from operating activities		<u>8,878,509</u>	<u>11,500,636</u>
Cash flows from financing activities			
Repayments of borrowings		(6,574,352)	(6,167,961)
Dividends paid		(1,009,000)	(432,000)
Net cash used in financing activities		<u>(7,583,352)</u>	<u>(6,599,961)</u>
Net increase in cash and cash equivalents		1,295,157	4,900,675
Cash and cash equivalents at beginning of year		14,043,013	9,142,338
Cash and cash equivalents at end of year		<u>15,338,170</u>	<u>14,043,013</u>

The notes on pages 18 to 30 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 2021

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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements. The Group 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, including the impact of Covid-19, 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's annual financial statements.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

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 Company has 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 £1,009,000 (2020: £432,000).

(e) Judgements 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 judgements

The judgements (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. Judgement 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.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Key sources of estimation uncertainty

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.

(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.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

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.

(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 £10,387,000(2020: £9,860,000) 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.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

(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

(l) 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.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Financial instruments *(continued)*

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.

4. Turnover

Turnover arises from:

	2021 £	2020 £
Rendering of services	<u>16,928,714</u>	<u>17,552,243</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:

	2021 £	2020 £
Impairment of trade debtors	12,423	–
Fees payable for the audit of the annual report and consolidated financial statements	<u>16,750</u>	<u>20,850</u>

Auditors' remuneration is borne by Summit (Wishaw) Limited. Included in the fee above is £nil (2020: £5,050) for taxation compliance services. 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 (2020: nil). The directors did not receive any remuneration from the Group and Company during the year (2020: £nil). Fees paid to investors in respect of their directors are disclosed in note 21.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

7. Interest Receivable and Similar Income

	2021 £	2020 £
Interest on cash and cash equivalents	10,918	83,029
Finance debtor interest	8,427,785	8,936,399
	<u>8,438,703</u>	<u>9,019,428</u>

8. Interest Payable and Similar Expenses

	2021 £	2020 £
Interest on bank loans and overdrafts	4,204,559	4,610,950
Interest due to Group undertakings	2,116,000	2,116,620
Other interest payable and similar expenses	348,195	366,864
	<u>6,668,754</u>	<u>7,094,434</u>

9. Tax on Profit

Major components of tax income

	2021 £	2020 £
Current tax:		
UK current tax income	1,844,032	1,640,079
Adjustments in respect of prior periods	(3,069)	6,834
Total current tax	<u>1,840,963</u>	<u>1,646,913</u>
Deferred tax:		
Origination and reversal of timing differences	(730,016)	667,230
Tax on profit	<u>1,110,947</u>	<u>2,314,143</u>

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 38% (2020: 38%).

	2021 £	2020 £
Profit before taxation	3,844,858	3,959,946
Profit before taxation by rate of tax	730,523	752,390
Adjustment to tax charge in respect of prior periods	(3,069)	6,834
Effect of expenses not deductible for tax purposes	383,493	924,688
Effect of revenue exempt from tax	–	(13,092)
Other timing differences	–	(615,646)
Effects of changes in tax rates	–	1,258,969
Total tax charge	<u>1,110,947</u>	<u>2,314,143</u>

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

9. Tax on Profit *(continued)*

Factors that may affect future tax expense

A change to the future UK corporation tax rate was announced in the March 2021 Budget. The rate will increase from 19% to 25% with effect from 1 April 2023. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. The effect of this change, if it applied to the deferred tax balance at 31 December 2020, would be to increase the deferred tax liability by £3,351,272.

10. Dividends

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

	2021 £	2020 £
Dividend £10.09 per share (2020: £4.32)	<u>1,009,000</u>	<u>432,000</u>

11. Investments

The group has no investments.

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 April 2020 and 31 March 2021	<u>100,000</u>	<u>11,759,000</u>	<u>11,859,000</u>
Impairment			
At 1 April 2020 and 31 March 2021	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount			
At 1 April 2020 and 31 March 2021	<u>100,000</u>	<u>11,759,000</u>	<u>11,859,000</u>
At 31 March 2020	<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.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

12. Debtors

Debtors amounts falling due within one year are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	80,484	37,141	—	—
Amounts owed by Group undertakings	—	—	410	620
Prepayments and accrued income	1,252,888	1,207,704	—	—
Finance debtor	6,129,684	5,222,720	—	—
Other debtors	114,705	93,158	—	—
	<u>7,577,761</u>	<u>6,560,723</u>	<u>410</u>	<u>620</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Finance debtor	<u>83,613,530</u>	<u>90,802,985</u>	<u>—</u>	<u>—</u>

The movement in the finance debtor is analysed as follows:

	2021	2020
	£	£
At beginning of year	96,025,705	100,892,482
Amortisation	(6,282,491)	(4,866,777)
At end of year	<u>89,743,214</u>	<u>96,025,705</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	
	2021	2020	2021	2020
	£	£	£	£
6.484% Guaranteed Secured Bonds 2028	7,007,535	6,574,344	—	—
Trade creditors	88,934	7,730	—	—
Amounts owed to Group undertakings	410	620	410	620
Accruals and deferred income	6,077,022	5,817,634	—	—
Corporation tax	151,963	137,010	—	—
Taxation and social security	548,240	549,572	—	—
Loan issue costs	(324,364)	(348,130)	—	—
	<u>13,549,740</u>	<u>12,738,780</u>	<u>410</u>	<u>620</u>

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Coupon bearing investment sums (CBIS)	11,759,000	11,759,000	11,759,000	11,759,000
6.484% Guaranteed Secured Bonds 2028	52,879,393	59,886,936	–	–
Loan Issue costs	(1,116,689)	(1,441,118)	–	–
	<u>63,521,704</u>	<u>70,204,818</u>	<u>11,759,000</u>	<u>11,759,000</u>

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 £19,917,521 (2020: £28,962,694) 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 (2020: £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.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

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

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 (2020: £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.

15. Provisions for Liabilities

Group	Deferred tax (note 16) £
At 1 April 2020	11,342,379
Charge against provision	(730,016)
At 31 March 2021	<u>10,612,363</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	
	2021	2020	2021	2020
	£	£	£	£
Included in provisions for liabilities (note 15)	<u>10,612,363</u>	<u>11,342,379</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	<u>10,612,363</u>	<u>11,342,379</u>	<u>-</u>	<u>11,342,379</u>

The deferred tax liability expected to reverse in 2021 is £444,131, this primarily relates to the reversal of timing differences on capital allowances.

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

17. Called Up Share Capital

Issued, called up and fully paid

	2021		2020	
	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.

19. Cash Generated from Operations

	2021	2020
	£	£
Profit for the financial year	2,733,911	1,645,803
<i>Adjustments for:</i>		
Interest receivable and similar income	(8,438,703)	(9,019,428)
Interest payable and similar expenses	6,668,754	7,094,434
Tax on profit	1,110,947	2,314,143
<i>Changes in:</i>		
Trade and other debtors	6,172,417	9,824,619
Trade and other creditors	339,259	(202,895)
	<u>8,586,585</u>	<u>11,656,676</u>

20. Analysis of Changes in Net Debt

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£	£	£
Cash at bank and in hand	14,043,013	1,295,158	15,338,171
Debt due within one year	(6,574,964)	(432,571)	(7,007,535)
Debt due after one year	(71,645,936)	7,007,543	(64,638,393)
	<u>(64,177,887)</u>	<u>7,870,130</u>	<u>(56,307,757)</u>

Summit Holdings (Wishaw) Limited

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

Year Ended 31 March 2021

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 (2020: £2,939,750) in subordinated loan notes due from the company. Interest paid in the year was £529,000 (2020: £529,000) and dividends paid in the year was £403,600 (2020: £172,800). Fees paid for the provision of directors, staff and technical support services were £40,000 (2020: £40,000). As at 31 March 2021, trade creditors and accruals included £155 (2020: £nil) 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 (2020: £8,819,250) in subordinated loan notes due from the company. Interest paid in the year was £1,587,000 (2020: £1,587,000) and dividends paid in the year was £605,400 (2020: £259,200). 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 £256,358 (2020: £252,201). As at 31 March 2021, trade creditors and accruals included £nil (2020: £465) due to BIIF Bidco Limited.

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 BIIF L.P. (who own 60% of the share capital of the company).