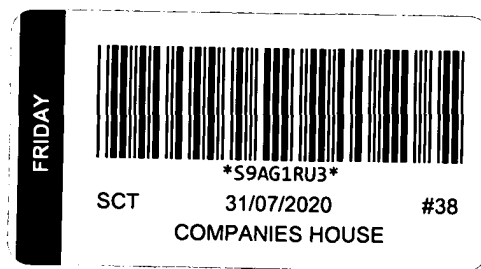


Summit Finance (Wishaw) plc
Annual Report and Financial Statements
31 March 2020



Summit Finance (Wishaw) plc
Annual Report and Financial Statements
Year ended 31 March 2020

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Summit Finance (Wishaw) plc

Officers and Professional Advisers

The board of directors	Andrew Leslie Tennant John Cavill David Gilmour 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	Barclays 71 Lombard Street London EC3P 3BS

Summit Finance (Wishaw) plc

Strategic Report

Year ended 31 March 2020

Principal Objectives and Strategies

The principal activity of the Company is to provide finance to Summit Healthcare (Wishaw) Limited for the operation of a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals Trust. The Directors do not anticipate any change to the principal activity of the Company in the foreseeable future.

Performance Review

The result for the year, after taxation, amounted to £nil (2019: £nil).

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

The directors have considered the future financial impact to the Company of the Coronavirus pandemic, taking into account the sources of income and additional expenditure, if any. It is their view that the income to the project will not be impacted. Alongside this the expected expenditure should not see material variation from its current levels and key suppliers are expected to continue to be able to service the project. Although the likely full impact is unknown, it is not expected to materially impact on the operations of financial position of the Company.

Review of the Business

The Company has been performing well and has been compliant with the covenants laid out in the Bond Trust Deed. The Company is also forecasting compliance with the covenants laid out in the group loan agreement for the next 12 months.

Future Developments

The directors intend for the business 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 Company from a cash perspective is assessed on a six monthly 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 Company's net cash inflows available for debt service relative to actual debt service payments. At the year end this ratio was 1.21. The Company has been performing well and has been compliant with the covenants laid out in the Bond Trust Deed.

Financial Instruments

The Company's principal financial instruments comprise bonds, which are listed on the London Stock Exchange main market. 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 Company 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.

Summit Finance (Wishaw) plc

Strategic Report *(continued)*

Year ended 31 March 2020

Principal Risks and Uncertainties

The Company's exposure to and management of interest rate risk, credit risk and liquidity risk is detailed below:

Interest rate risk

The Company's policy is to manage its cost of borrowings using fixed rate debt. The return on the amounts due from subsidiary undertakings exactly matches the interest payable on the Company's bond and accordingly is not exposed to cash flow interest rate risk.

Credit risk

The Company's principal financial assets are amounts owed by a related undertaking creating a concentration of credit risk. The related undertaking will service the debt with cash flows generated from 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 cash flows are relatively predictable.

The maximum credit risk exposure relating to financial assets is represented by the carrying value at the Statement of Financial Position date.

Liquidity risk

As with interest rate risk, the return on the amounts due from the related undertaking exactly matches the capital payable on the Company's bond and accordingly is not exposed to any level of net cash flow liquidity risk.

S172 Statement

The following disclosures describes how to the Board has had regard to the matters set out in section 172 (1) (a) to (f) and forms the Directors Statement required under section 414CZA of the Companies Act 2006.

a. The likely consequences of any decision in the long term

The board seeks to engage regularly with the finance manager through a number of forums, including at board meetings. Regular reporting is provided to the board by the manager, which will alert the board to changes to regulation or market practice, which will inform the board's decision making.

b. The interests of the Company's employees

As an externally managed company, the Company's activities are all outsourced and therefore it does not have any employees.

c. The need to foster the Company's business relationships with suppliers, customers and others

The Company's primary business relationship is with the external debt provider, debt funders are provided with operational and financial reports on a quarterly basis.

d. The impact of the Company's operations on the community and the environment

The Company has very limited direct impact on the environment as it has no greenhouse gas emissions. Notwithstanding that the Company is committed to minimizing environmental disruption from its activities.

Summit Finance (Wishaw) plc

Strategic Report *(continued)*

Year ended 31 March 2020

S172 Statement *(continued)*

e. The desirability of the Company maintaining a reputation for high standards of business conduct

The Company is committed, in its day to day operations and dealings with all affiliates to uphold the highest standard of business conduct and integrity. The directors are not responsible for setting a "business culture" in the traditional sense, but are committed to understanding the culture of the manager and service providers and raise any concerns in this regard if necessary.

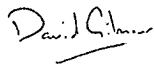
f. The need to act fairly between members of the Company

The Company is solely owned by one member and therefore has no fairness considerations needed to be made during decision making.

Principal decisions

For the year ended 31 March 2020 the Board made no principal decisions.

This report was approved by the board of directors on 30 July 2020 and signed on behalf of the board by:



David Gilmour
Director

Summit Finance (Wishaw) plc

Directors' Report

Year ended 31 March 2020

The directors present their report and the audited Annual Report and Financial Statements of Summit Finance (Wishaw) plc ("the Company") for the year ended 31 March 2020.

Principal Activities

The principal activity of the Company is to provide finance to Summit Healthcare (Wishaw) Limited for the operation of a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals Trust. The Directors do not anticipate any change to the principal activity of the Company in the foreseeable future.

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
David Gilmour
Christopher Solley

Dividends

The directors do not recommend the payment of a dividend.

Qualifying Indemnity Provision

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

Financial Instruments

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

Future Developments

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

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 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 Company's auditor is aware of that information.

A resolution to reappoint Johnston Carmichael LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Summit Finance (Wishaw) plc

Directors' Report *(continued)*

Year ended 31 March 2020

This report was approved by the board of directors on 30 July 2020 and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

Summit Finance (Wishaw) plc

Directors' Responsibilities Statement

Year ended 31 March 2020

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

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and 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 Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing the Annual Report and 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 Financial Statements; and
- prepare the Annual Report and Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Summit Finance (Wishaw) plc

Independent Auditor's Report to the Members of Summit Finance (Wishaw) plc

Opinion

We have audited the financial statements of Summit Finance (Wishaw) plc (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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'.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020, and of its result 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 company 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 as applied to listed public interest entities, and we have fulfilled our 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Key audit matters

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

Summit Finance (Wishaw) plc

Independent Auditor's Report to the Members of Summit Finance (Wishaw) plc (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Recoverability of debtors Recoverability of debtors from group undertakings in note 8 of £64.7m (2019: £70.5m) has been identified as a key audit matter. The long-term debtor from group undertakings is from Summit Healthcare (Wishaw) Limited ('Projectco'), the operational company in the group.</p> <p>Summit Healthcare (Wishaw) Limited will service the debt with cash flows generated from the availability of the hospital and from the operational management and maintenance of the facility.</p> <p>The project concession cash flows are secured under contract from Lanarkshire Acute Hospitals NHS Trust.</p>	<p>To assess the underlying project's outlook for the remainder of the concession period we reviewed the latest Projectco operating model and predicted cashflows. This indicated that sufficient income is forecast to be received by Projectco to allow the debtor to be recovered. Additionally, a review was performed of the reasonableness of Lanarkshire Acute Hospitals NHS Trust's ability to continue to pay the monthly service income, it's settlement performance to date and whether any issues have arisen over recovery of amounts due. At Projectco level, no issues were identified, and repayments have been received in line with those forecast during the year against the group debtor. Finally, the adequacy of the Projectco's bank and cash position at year end was reviewed with no issues noted.</p> <p>We are therefore satisfied that the debtors from group undertakings are recoverable.</p>
<p>Carrying value of debt, being a listed bond The company has £66.5m (2019: £72.6m) of listed bonds (see notes 9 and 10) which mature in instalments until 2028. The bond is accounted for as a basic financial instrument. The bond is initially recognised at the present value of cash payable to the lender and subsequently measured at amortised cost using the effective interest rate. 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. Given the significance of the carrying value in the financial statements, we consider this to be a key area of focus.</p>	<p>We recalculated the carrying value of the listed bond which has been amortised using the effective interest rate, whereby the finance costs are at a fixed rate of interest of 6.484% and amortisation of loan issue costs. We were able to agree all relevant details about the bond to bible documentation. We did not note any issues from our testing.</p> <p>We examined the criteria for a financial liability to be considered a basic financial instrument under FRS 102. No issues were noted and we are satisfied the treatment of the bond as a basic financial instrument remains appropriate.</p> <p>From the work completed, we were able to obtain reasonable comfort that the carrying value of debt appears reasonable.</p>

Summit Finance (Wishaw) plc

Independent Auditor's Report to the Members of Summit Finance (Wishaw) plc (continued)

Our application of materiality

The scope of our audit was influenced by the application of materiality. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Materiality was determined as follows:

Materiality Measure	Entity
Financial statements as a whole (Overall materiality)	£323,610 This was based on 0.5% of the gross assets of the company. This is considered to be the most appropriate benchmark given the nature of the business and is a generally accepted auditing benchmark.
Performance materiality used to drive the extent of testing	£161,800 being 50% of financial statement materiality.
Communication of misstatements to the Directors	£16,180 (5% of overall materiality) and any misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit

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

How we tailored the audit scope

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

We completed a statutory audit of the company. All work was undertaken by the company audit team. This audit work was complete prior to finalisation of the audit of the company financial statements, thereby providing further evidence in support of our company opinion.

Summit Finance (Wishaw) plc

Independent Auditor's Report to the Members of Summit Finance (Wishaw) plc *(continued)*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of the 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.

Summit Finance (Wishaw) plc

Independent Auditor's Report to the Members of Summit Finance (Wishaw) plc (continued)

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.

The objectives of our audit, in respect of irregularities, including fraud are: to identify and assess the risks of material misstatement of the financial statements due to irregularities, including fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement, designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and have a direct impact on the preparation of the financial statements. We determined that the most significant are:
 - Companies Act 2006;
 - Listing rules – continuing obligations (Chapters 14,17,18,19,20);
 - Applicable Financial Conduct Authority (FCA) rules; and
 - Tax Legislation (governed by HM Revenue and Customs).
- Based on our understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiring of key management as to any known instances of non-compliance or suspected non-compliance with laws and regulations, reviewing any correspondence with regulator's and reports.
- We assessed the susceptibility of the company's financial statement to material misstatement, including how fraud might occur by holding discussions with key management and directors.
- As part of our audit procedures, we were aware of the risk of fraud, especially around areas of judgement and those areas assessed as having the risk of management override.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the directors of Summit Finance (Wishaw) plc on 11th May 2020 to audit the financial statements for the period ending 31 March 2020. Our total uninterrupted period of engagement is three years, covering the periods ending 31 March 2018 to 31 March 2020.

We have undertaken non-audit services relating to corporate tax services for the company on the basis that the estimation of the effect on the financial statements is inconsequential, separately or in the aggregate on the audited financial statements. We remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the directors.

Summit Finance (Wishaw) plc

Independent Auditor's Report to the Members of Summit Finance (Wishaw) plc (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Irvine Spowart (Senior Statutory Auditor)

For and on behalf of Johnston Carmichael LLP

31 July 2020

Chartered Accountants

Statutory Auditor

7-11 Melville Street

Edinburgh

EH3 7PE

The notes on pages 17 to 22 form part of these Financial Statements.

Summit Finance (Wishaw) plc
Statement of Comprehensive Income
Year ended 31 March 2020

	Note	2020 £	2019 £
Interest receivable and similar income	6	4,977,814	5,377,075
Interest payable and similar expenses	7	<u>(4,977,814)</u>	<u>(5,377,075)</u>
Result Before Taxation		—	—
Tax on profit		—	—
Result for the Financial Year and Total Comprehensive Income		<u>—</u>	<u>—</u>

All the activities of the Company are from continuing operations.

The notes on pages 17 to 22 form part of these Financial Statements.

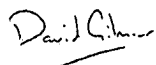
Summit Finance (Wishaw) plc

Statement of Financial Position

As at 31 March 2020

	Note	2020 £	2019 £
Current Assets			
Debtors: amounts falling due within one year	8	6,276,214	5,850,502
Debtors: amounts falling due after more than one year	8	58,445,818	64,672,627
		<u>64,722,032</u>	<u>70,523,129</u>
Creditors: amounts falling due within one year	9	<u>(6,226,214)</u>	<u>(5,800,502)</u>
Net Current Assets		<u>58,495,818</u>	<u>64,722,627</u>
Total Assets Less Current Liabilities		<u>58,495,818</u>	<u>64,722,627</u>
Creditors: amounts falling due after more than one year	10	<u>(58,445,818)</u>	<u>(64,672,627)</u>
Net Assets		<u>50,000</u>	<u>50,000</u>
Capital and Reserves			
Called up share capital	12	50,000	50,000
Retained earnings	13	—	—
Total Shareholders' Funds		<u>50,000</u>	<u>50,000</u>

The Financial Statements were approved by the board of directors and authorised for issue on 30 July 2020, and are signed on behalf of the board by:



David Gilmour
Director

Company registration number: SC185067

The notes on pages 17 to 22 form part of these Financial Statements.

Summit Finance (Wishaw) plc

Statement of Changes in Equity

Year ended 31 March 2020

	Called up share capital £	Retained earnings £	Total £
At 1 April 2018	50,000	—	50,000
Result for the financial year		—	—
At 31 March 2019	50,000	—	50,000
Result for the financial year		—	—
At 31 March 2020	<u>50,000</u>	<u>—</u>	<u>50,000</u>

The notes on pages 17 to 22 form part of these Financial Statements.

Summit Finance (Wishaw) plc

Notes to the Annual Report and Financial Statements

Year ended 31 March 2020

1. General information

Summit Finance (Wishaw) plc ("the Company") is a publicly limited 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 Company is to provide finance for the operation of a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals Trust.

The Company'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 financial statements of Summit Finance (Wishaw) plc 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.

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 Company's 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

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the directors have considered the future financial impact to the Company of (COVID-19) taking into account any impact on future operations and based on their risk assessment, are satisfied that this will not directly impact the Company's ability to meet its liabilities as they fall due over the next 12 months.

Summit Finance (Wishaw) plc

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

Year ended 31 March 2020

3. Accounting policies *(continued)*

(c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Summit Holdings (Wishaw) Limited which can be obtained from the company secretary at 11 Thistle Street, Edinburgh, EH2 1DF, and are available at Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) No disclosure has been given for the aggregate remuneration of key management personnel.
- (c) The Company's immediate parent company is Summit Healthcare (Wishaw) Limited, which is wholly owned by Summit Holdings (Wishaw) Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

(d) Key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments 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.

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 Company'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.

(e) 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 Company 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. Bond interest is recognised as accruing on a day to day basis.

Issue costs associated with the bond have been capitalised in accordance with FRS 102 and will be amortised over the life of the bonds.

Summit Finance (Wishaw) plc

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

Year ended 31 March 2020

3. Accounting policies *(continued)*

(f) 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.

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.

4. Auditors' remuneration

The audit fee of £8,000 (2019: £1,550) and tax fee of £500 (2019: £392) was borne by the parent company Summit Healthcare (Wishaw) Limited. Auditor remuneration is payable to Johnston Carmichael LLP.

Summit Finance (Wishaw) plc

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

Year ended 31 March 2020

5. Particulars of employees and directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2019: nil). The directors did not receive any remuneration from the Company during the year (2019: £nil).

6. Interest receivable and similar income

	2020	2019
	£	£
Interest from Group undertakings	<u>4,977,814</u>	<u>5,377,075</u>

7. Interest payable and similar expenses

	2020	2019
	£	£
Interest payable on bond	4,610,950	4,992,214
Other interest payable and similar expenses	<u>366,864</u>	<u>384,861</u>
	<u>4,977,814</u>	<u>5,377,075</u>

8. Debtors

Debtors amounts falling due within one year are as follows:

	2020	2019
	£	£
Amounts owed by Group undertakings	<u>6,276,214</u>	<u>5,850,502</u>

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

	2020	2019
	£	£
Amounts owed by Group undertakings	<u>58,445,818</u>	<u>64,672,627</u>

On 25 June 1998 the Company issued £136,556,000 guaranteed secured bonds, bearing interest at 6.484%, due between 1998 and 2028. The net proceeds from the issue were received by the immediate parent company on behalf of Summit Finance (Wishaw) plc and are treated as a loan receivable. The loan is repayable over the same period as the bonds, as set out in note 10, so as to match the cash flows required to meet these obligations. The remaining balance of £50,000 is not interest bearing and is repayable on demand.

9. Creditors: amounts falling due within one year

	2020	2019
	£	£
6.484% Guaranteed Secured Bonds 2028	6,574,344	6,167,932
Loan Issue Costs	<u>(348,130)</u>	<u>(367,430)</u>
	<u>6,226,214</u>	<u>5,800,502</u>

Summit Finance (Wishaw) plc

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

Year ended 31 March 2020

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

	2020	2019
	£	£
6.484% Guaranteed Secured Bonds 2028	59,886,936	66,461,309
Loan Issue Costs	(1,441,118)	(1,788,682)
	<u>58,445,818</u>	<u>64,672,627</u>

On 25 June 1998 the Company 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 £28,962,694 (2019: £37,448,736) in respect of bank loan liabilities payable or repayable 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 undertaking of the Company;

and

(ii) an assignment in security of all rights of the Company under the intercompany loan agreement with its parent company, all bank accounts, if any, of the Company 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.

11. Financial instruments

The bond loan and intercompany receivable are both held at amortised cost.

12. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

13. Reserves

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

14. Related party transactions

The Company is 100% owned by Summit Healthcare (Wishaw) Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

Summit Finance (Wishaw) plc

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

Year ended 31 March 2020

15. Controlling party

The immediate parent undertaking is Summit Healthcare (Wishaw) Limited, which is 100% owned by Summit Holdings (Wishaw) Limited.

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).

Copies of the consolidated accounts of Summit Holdings (Wishaw) Limited can be obtained from 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF.