Robertson Health (Easter Ross) Limited

Directors' report and financial statements

Registered number SC243124

31 March 2014

Contents

Directors and advisors

Directors

J McDonagh
B Balfour
M Smith

Registered Office

10 Perimeter Road
Pinefield Industrial Estate
Elgin
Morayshire
IV30 6AE

Company Secretary

PK Johnstone

Registered Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Solicitors

Maclay Murray & Spens LLP
1 George Square
Glasgow
G2 1AL

Bankers

Bank of Scotland plc
New Uberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2014.

Principal activities

The principal activities of the Company are the design, build, finance, operation and maintenance of Easter Ross Primary Care Resource Centre at Invergordon, through an agreement with Highland Primary Care NHS Trust. The agreement was entered into under the Government's Private Finance Initiative Scheme.

Business review

Robertson Health (Easter Ross) Limited is a special purpose Company which has entered into a 27 year contract with Highland Primary Care NHS Trust to design, build, finance, operate and maintain a new primary care resource centre at Easter Ross in Invergordon, including the provision of facilities management services.

The profit for the year after taxation is £228,900 (*2013: profit of £201,941*) as set out in the profit and loss account on page 5.

Dividend

The dividend paid in the year was £35,000 *(2013: £67,045)*.

Directors

The directors who held office during the year are set out below.

WG Robertson – (Resigned 27.09.13)
AP Fordyce – (Resigned 27.09.13)
J McDonagh – (Appointed 11.11.13)
B Balfour
M Smith – (Appointed 01.11.13)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

PK Johnstone
Secretary

19th August 2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Robertson Health (Easter Ross) Limited

We have audited the financial statements of Robertson Health (Easter Ross) Limited for the year ended 31 March 2014 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our auditor; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Hugh Harvie

Hugh Harvie, (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

27.8. 2014

Profit and loss account
for the year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	2	**761,036**	771,570
Operating expenses	3	**(534,126)**	(513,491)
Operating profit		**226,910**	258,079
Interest receivable and similar income	6	**542,686**	561,393
Interest payable and similar charges	7	**(533,771)**	(549,516)
Profit on ordinary activities before taxation	4	**235,825**	269,956
Tax on profit on ordinary activities	8	**(6,925)**	(68,015)
Profit for the financial year	15	**228,900**	201,941

The profit for the year has been derived from continuing activities.

The Company has no recognised gains or losses for the financial year other than those reported above.

Notes on pages 7 to 13 form part of the financial statements.

Balance sheet
at 31 March 2014

	Note	2014 £	2013 £
Current assets			
Debtors : due within one year	9	**997,055**	898,989
Debtors : due after more than one year	9	**6,782,885**	6,984,698
Total debtors		**7,779,940**	7,883,687
Cash at bank and in hand		**983,194**	820,703
		8,763,134	8,704,390
Creditors: amounts falling due within one year	10	**(809,739)**	(685,712)
Net current assets		**7,953,395**	8,018,678
Creditors: amounts falling due after more than one year	11	**(6,792,851)**	(7,056,669)
Provisions for liabilities and charges	12	**(454,103)**	(449,468)
Net assets		**706,441**	512,541
Capital and reserves			
Called up share capital	13	**1,000**	1,000
Share premium	14	**99,000**	99,000
Profit and loss account	15	**606,441**	412,541
Shareholders' funds	16	**706,441**	512,541

These financial statements were approved by the board of directors on 19 August 2014 and were signed on its behalf by:

B Balfour
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Going concern

The directors have prepared cash flow forecasts for the Company for the entire Private Finance Initiative contract which covers a period of at least twelve months from the date of approval of these financial statements. These cash flow forecasts indicate that the Company will generate a cash surplus and will be able to meet its liabilities as they fall due and accordingly the directors have prepared the financial statements on the going concern basis.

Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard number 1 to prepare a cash flow statement on the grounds of its size.

Turnover

Turnover represents the value of work done and services rendered, excluding VAT.

Finance debtor / amounts recoverable under contracts

Costs incurred in the construction of the primary care resource centre have been accounted for under Financial Reporting Standard ('FRS') 5 Application Note F. Applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to the Highland Primary Care NHS Trust.

As such, all construction costs incurred on the project, including interest on finance up to the date of commission and incidental costs were recorded as construction work in progress during the construction phase of the project. Costs are recognised as cost of sales to the extent that they relate to the value of work done in respect of turnover recognised.

On completion of the construction phase the resultant contract receivable debtor was reclassified as a finance debtor. Fees are allocated between turnover 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.

Financial instruments

The Company has entered into a derivative interest rate swap agreement.

Finance costs in accordance with FRS4 are charged to the profit and loss account over the life of the loan.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes *(continued)*

2 Turnover

	2014 £	2013 £
Service fees	**761,036**	771,570

3 Operating expenses

	2014 £	2013 £
RFM Service Fees	**227,004**	219,944
Other operating expenses	**307,122**	293,547
	534,126	513,491

4 Profit on ordinary activities before taxation

	2014 £	2013 £
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements	**4,070**	3,920
Audit of parent Company financial statements pursuant to legislation	**1,000**	1,000
Other services relating to taxation	**3,300**	3,100

5 Remuneration of directors

The directors received no emoluments from the Company during the year. There are no employees of the Company.

Elgin Infrastructure Limited received fees of £8,365 *(2013: £7,976)* from the Company during the year in respect of the services of WG Robertson, AP Fordyce and J McDonagh as directors.

BOS Infrastructure (No.3) Limited received fees of £8,365 *(2013: £7,976)* from the Company during the year in respect of the services of B Balfour and M Smith as directors.

6 Interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	**11,449**	3,992
Interest receivable on finance debtor	**531,237**	557,401
	542,686	561,393

Notes *(continued)*

7 Interest payable

	2014 £	2013 £
Senior debt	**413,955**	429,700
Subordinated debt – to parent Company	**113,660**	113,660
Amortisation of finance costs in accordance with FRS 4	**6,156**	6,156
	533,771	549,516

8 Taxation

	2014 £	2013 £
UK corporation tax		
Current tax on income for year	**2,290**	798
Deferred tax		
Adjustment in respect of prior year	**(1,388)**	-
Origination and reversal of timing differences	**74,138**	75,417
Effect of decreased tax rate	**(68,115)**	(8,200)
	4,635	67,217
Total tax charge	**6,925**	68,015

Factors affecting the tax charge for the current year

The current tax charge for the year *(and previous year)* is the same as the standard rate of corporation tax in the UK of 23%, *(2013:24%)*.

Current tax reconciliation	2014 £	2013 £
Profit on ordinary activities before tax	**235,825**	269,956
Corporation tax at 23% *(2013: 24%)*	**54,240**	64,789
Effects of:		
Tax losses utilised	**(82,249)**	(87,257)
Capital allowances for the year in excess of depreciation	**(506)**	(8,063)
Ineligible capital repayment	**22,533**	31,489
Other timing differences	**1,926**	(160)
Capitalised deferred revenue deductions	**6,346**	1
	2,290	798

Factors affecting the future current and total tax charges

Reductions in the UK corporation tax rate to 23% (effective 1 April 2013) were substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2014 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date

Notes *(continued)*

9 Debtors

	2014 £	2013 £
Amounts falling due within one year		
Finance debtor	**244,340**	222,285
Trade debtors	**8,460**	8,424
Other debtors	**744,255**	668,280
	997,055	898,989
Amounts falling due after more than one year		
Finance debtor	**6,782,885**	6,984,698

	2014 £	2013 £
Finance debtor		
At beginning of year	**7,206,983**	7,315,560
Repayments received	**(222,285)**	(210,425)
Additions	**42,527**	101,848
At end of year	**7,027,225**	7,206,983

The finance debtor represents payments due from Highland Primary Care NHS Trust in respect of the Project Agreement. These payments are received over the remaining life of the agreement.

10 Creditors: amounts falling due within one year

	2014 £	2013 £
Senior debt (note 11)	**269,973**	251,093
Trade creditors	**22,730**	22,250
Accruals & deferred income	**358,221**	246,306
Corporation tax	**2,161**	668
VAT	**42,994**	51,735
Amounts due to related parties	**113,660**	113,660
	809,739	685,712

Notes *(continued)*

11 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Senior debt (secured)	**5,986,748**	6,250,566
Subordinated debt due to parent Company	**806,103**	806,103
	6,792,851	7,056,669

The Company has a term loan with Bank of Scotland plc secured by a Bond and Floating charge over its present and future assets and undertaking. The loan is also secured by a Guarantee supported by a Bond and Floating charge over the assets and undertaking of the Company's parent Company, Robertson Health (Easter Ross) Holdings Limited. The loan bears interest at 6.40% per annum under a swap agreement entered into by the Company. The swap rate is fixed for the duration of the loan. The loan is stated net of finance costs of £86,115 (*2013: £92,270*), and is repayable in quarterly instalments which commenced 30 April 2005. The final repayment date is 31 January 2028.

Subordinated debt provided by Robertson Health (Easter Ross) Holdings Limited bears interest at 14.1% per annum and is repayable in 2029.

	2014 £	2013 £
Debt can be analysed as falling due:		
In one year or less, or on demand	**269,973**	251,093
Between one and two years	**294,179**	269,973
Between two and five years	**922,233**	897,382
In five years or more	**5,662,554**	5,981,583
Finance cost	**(86,115)**	(92,270)
	7,062,824	7,307,761

12 Provision for liabilities and charges

	Deferred taxation £
At beginning of year	449,468
Charge to the profit and loss for the year	4,635
At end of year	**454,103**

The elements of deferred taxation are as follows:

	2014 £	2013 £
Difference between accumulated depreciation and amortisation of capital allowances	**430,807**	496,854
Other timing differences	**236,852**	280,997
Tax losses	**(213,556)**	(328,383)
	454,103	449,468

Notes *(continued)*

13 Called up share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
100,000 Ordinary shares of £0.01 each	**1,000**	1,000

14 Share premium account

	2014
	£
At the beginning and end of year	**99,000**

15 Profit and loss account

	2014
	£
At beginning of year	412,541
Profit for the year	228,900
Dividend paid during the year	(35,000)
At end of year	**606,441**

16 Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the financial year	**228,900**	201,941
Dividend paid during the year	**(35,000)**	(67,045)
Net addition to shareholders' funds	**193,900**	134,896
Opening shareholders' funds	**512,541**	377,645
Closing shareholders' funds	**706,441**	512,541

17 Commitments `

At 31 March 2014 the Company had no authorised and contracted capital commitments *(2013: £nil)*.

Notes *(continued)*

18 Related party disclosures

On 27th September 2013 Robertson Capital Projects Limited sold its 50.1% shareholding in Elgin Infrastructure Limited (EIL) to Cobalt Project Investments Limited. EIL is a 50% shareholder in the Company's immediate holding Company Robertson Health (Easter Ross) Holdings Limited.

Robertson Capital Projects Limited however will continue to provide the management services as required under the Management Service Agreement.

During the year the Company incurred the following expenditure with related parties. The amounts payable at the end of the year are also set out below:

Related party	**Relationship**	**Class of transactions**	**2014 expenditure £**	2013 expenditure £	**2014 creditor £**	2013 creditor £
BOS Infrastructure (No.3) Limited	50% shareholder in Robertson Health (Easter Ross) Holdings Limited	Directors' fees	**8,365**	7,976	-	-
Bank of Scotland plc	10% effective shareholding in BOS Infrastructure (No.3) Limited	Senior Debt Provider	**426,933**	429,699	**6,413,405**	6,646,136
Elgin Infrastructure Limited	50% shareholder in Robertson Health (Easter Ross) Holdings Limited	Directors' fees	**8,365**	7,976	-	-
Robertson Facilities Management Limited	Subsidiary of Robertson Group Limited	FM services to 27th September 2013	**141,994**	386,935	-	80,500
Robertson Capital Projects Limited	50.1% shareholder in Elgin Infrastructure Limited, a 50% shareholder in Robertson Health (Easter Ross) Holdings Limited	Management fees to 27th September 2013	**12,199**	23,639	-	5,910

During the year interest of £113,660 (*2013: £113,660*) was payable to Robertson Health (Easter Ross) Holdings Limited, the immediate parent Company.

19 Immediate & ultimate holding Company

The immediate holding Company is Robertson Health (Easter Ross) Holdings Limited, a Company incorporated in Scotland. This Company's accounts can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

At the year end Robertson Health (Easter Ross) Holdings Limited is owned 50% by Elgin Infrastructure Limited, which is a joint venture between Cobalt Project Investments Limited and 3i Infrastructure plc, and 50% by BOS Infrastructure (No.3) Limited.