

Robertson Health (Gartnavel) Limited

Directors' report and financial statements

Registered number SC271565

31 March 2012



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Directors and advisors

Directors

WG Robertson
JDG Perks
AP Fordyce
B Balfour

Registered Office

10 Perimeter Road
Pinefield Industrial Estate
Elgin
Moray
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 Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Directors' report

The directors present their report and the financial statements for the year ended 31 March 2012.

Principal activities

The principal activities of the Company are the development of the site of Gartnavel Hospital and the provision of services through an agreement with Greater Glasgow & Clyde Health Board. The agreement was entered into under the Government's Private Finance Initiative Scheme.

Business review

Robertson Health (Gartnavel) Limited is a special purpose Company established by Robertson Capital Projects Limited and Uberior Infrastructure Investments Limited. On 25 November 2005 the Company entered into a contract with Greater Glasgow & Clyde Health Board to design, build, finance, operate and maintain Gartnavel Royal Hospital. The hospital is operational and the Company provides facilities management services.

The profit for the year is set out in the profit and loss account on page 5. The profit for the year after providing for taxation is £168,894 (2011: profit £98,217).

Dividend

The dividend paid in the year is £300,228 (2011: £nil)

Directors

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

WG Robertson
JDG Perks
AP Fordyce
B Balfour

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

13th July 2012

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 (Gartnavel) Limited

We have audited the financial statements of Robertson Health (Gartnavel) Limited for the year ended 31 March 2012 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 2012 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 audit.

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

27 July 2012

Profit and loss account
for the year ended 31 March 2012

	<i>Note</i>	2012 £	2011 £
Turnover	<i>2</i>	1,103,888	952,905
Operating expenses	<i>3</i>	(644,255)	(595,006)
Operating profit		459,633	357,899
Interest receivable and similar income	<i>6</i>	1,078,805	1,095,829
Interest payable and similar charges	<i>7</i>	(1,310,203)	(1,317,315)
Profit on ordinary activities before taxation	<i>4</i>	228,235	136,413
Tax on profit on ordinary activities	<i>8</i>	(59,341)	(38,196)
Profit for the financial year	<i>14</i>	168,894	98,217

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

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

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

Balance sheet
at 31 March 2012

	<i>Note</i>	2012 £	2011 £
Current assets			
Debtors : due within one year	9	989,547	779,020
Debtors : due after more than one year	9	18,626,130	18,977,507
Total debtors		19,615,677	19,756,527
Cash at bank and in hand		1,420,320	1,362,009
		21,035,997	21,118,536
Creditors: amounts falling due within one year	10	(1,413,536)	(1,137,048)
Net current assets		19,622,461	19,981,488
Creditors: amounts falling due after more than one year	11	(19,410,842)	(19,638,535)
Net assets		211,619	342,953
Capital and reserves			
Called up share capital	12	2,020	2,020
Share premium account	13	199,980	199,980
Profit and loss account	14	9,619	140,953
Shareholders' funds	15	211,619	342,953

These financial statements were approved by the board of directors on signed on its behalf by:

13th July 2012 and were

A P Fordyce

A P Fordyce
 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 requirements 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.

Amounts recoverable under contracts/finance debtor

Costs incurred in the construction of the hospital 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 Greater Glasgow & Clyde Health Board. 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. On completion of the construction phase the resultant contract receivable debtor was reclassified as a finance debtor. Costs are recognised as cost of sales to the extent that they relate to the value of work done in respect of turnover recognised.

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

	2012 £	2011 £
Services fees	1,103,888	952,905

3 Operating expenses

	2012 £	2011 £
Other operating expenses	612,203	564,581
Management fees	32,052	30,425
	644,255	595,006

4 Profit on ordinary activities before taxation

	2012 £	2011 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration:		
Audit of these financial statements	3,770	3,495
Audit of parent Company financial statements pursuant to legislation	1,000	1,000
Other services relating to taxation	3,100	2,925

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 £11,095 (2011: £10,531) from the Company during the year in respect of the services of WG Robertson and AP Fordyce as directors.

BOS Infrastructure (No.3) Limited received fees of £11,095 (2011: £10,531) from the Company during the year in respect of the services of JDG Perks and B Balfour as directors.

Notes (continued)

6 Interest receivable and similar income

	2012 £	2011 £
Bank interest receivable	3,606	2,916
Interest receivable on finance debtor	1,075,199	1,092,913
	<u>1,078,805</u>	<u>1,095,829</u>

7 Interest payable and similar charges

	2012 £	2011 £
Senior debt	1,014,457	1,021,569
Subordinated debt – to parent Company	280,878	280,878
Amortisation of finance costs in accordance with FRS 4	14,868	14,868
	<u>1,310,203</u>	<u>1,317,315</u>

8 Taxation

	2012 £	2011 £
<i>UK corporation tax</i>		
Current tax on income for year	59,341	38,196
	<u>59,341</u>	<u>38,196</u>
Tax on profit on ordinary activities	59,341	38,196

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 26%, (2011: 28%).

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	228,235	136,413
	<u>228,235</u>	<u>136,413</u>
Corporation tax at 26% (2011: 28%)	59,341	38,196

Factors affecting the future current and total tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Company's future current tax charge accordingly.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the Company's future current tax charge.

Notes (continued)

9 Debtors

	2012 £	2011 £
<i>Amounts falling due within one year</i>		
Finance debtor	351,377	332,523
Prepayments and accrued income	6,053	5,876
Other debtors	632,117	440,621
	<u>989,547</u>	<u>779,020</u>
<i>Amounts falling due after more than one year</i>		
Finance debtor	18,626,130	18,977,507
	<u>18,626,130</u>	<u>18,977,507</u>
	2012 £	2011 £
<i>Finance debtor</i>		
At beginning of year	19,310,035	19,624,669
Repayments	(332,528)	(314,634)
	<u>18,977,507</u>	<u>19,310,035</u>
At end of year	18,977,507	19,310,035

The finance debtor represents payments due from Greater Glasgow & Clyde Health Board 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

	2012 £	2011 £
Senior debt (note 11)	242,561	198,783
Trade creditors	43,090	68,823
Accruals and deferred income	972,927	742,020
Other creditors	119,863	111,683
Corporation tax	35,095	15,739
	<u>1,413,536</u>	<u>1,137,048</u>

11 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Senior debt (secured)	17,538,324	17,766,017
Subordinated debt due to parent Company	1,872,518	1,872,518
	<u>19,410,842</u>	<u>19,638,535</u>

Notes (continued)

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

The senior debt due to the Bank of Scotland plc is secured by a Bond and Floating charge over the assets and undertaking of the Company and by a Guarantee supported by a Bond and Floating charge over the assets and undertaking of its parent Company. The loan bears interest at 5.62% per annum under a swap agreement entered into by the Company. The swap rate is fixed for the duration of the term loan. The term loan is repayable in quarterly instalments which commenced 15 January 2008. The final repayment is due 15 July 2035. Senior debt is stated net of finance costs of £386,766 (2011: £401,634).

Subordinated debt provided by Robertson Health (Gartnavel) Holdings Limited bears interest at 15% per annum and is repayable from January 2035. Accrued interest of £57,715 is included in accruals due within one year.

	2012 £	2011 £
Debt can be analysed as falling due:		
In one year or less, or on demand	242,561	198,783
Between one and two years	238,427	242,561
Between two and five years	761,877	732,943
In five years or more	18,797,304	19,064,665
Finance costs	(386,766)	(401,634)
	<u>19,653,403</u>	<u>19,837,318</u>

12 Called up share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
202,000 Ordinary shares of £0.01 each	2,020	2,020
	<u>2,020</u>	<u>2,020</u>

13 Share premium account

	2012 £	2011 £
At beginning and end of year	199,980	199,980
	<u>199,980</u>	<u>199,980</u>

14 Profit and loss account

	£
At beginning of year	140,953
Profit for the year	168,894
Dividends	(300,228)
At end of year	<u>9,619</u>

Notes (continued)

15 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	168,894	98,217
Dividend paid during the year	(300,228)	-
Net (reduction)/addition to shareholders' funds	(131,334)	98,217
Opening shareholders' funds	342,953	244,736
Closing shareholders' funds	211,619	342,953

16 Commitments

At 31 March 2012 the Company had no authorised and contracted capital commitments (2011: £nil).

17 Related party disclosures

Robertson Group Limited is a 95% shareholder in Robertson Capital Projects Limited who owns 50.1% in Elgin Infrastructure Limited, a 70% shareholder in the Company's immediate holding Company, Robertson Health (Gartnavel) Holdings Limited.

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 transaction	2012 Expenditure £	2011 Expenditure £	2012 Creditor £	2011 Creditor £
BOS Infrastructure (No.3) Limited	30% shareholder in Robertson Health (Gartnavel) Holdings Limited	Directors' fees	11,095	10,531	-	-
Bank of Scotland Plc	10% effective shareholding in BOS Infrastructure (No.3) Limited	Senior Debt Provider	1,014,457	1,063,016	18,374,890	18,579,611
Robertson Capital Projects Limited	50.1% shareholder in Elgin Infrastructure Limited, a 70% shareholder in Robertson Health (Gartnavel) Holdings Limited	Management fees	32,052	31,925	8,013	-
Elgin Infrastructure Limited	70% shareholder of Robertson Health (Gartnavel) Holdings Limited	Directors' fees	11,095	10,531	-	-
Robertson Facilities Management Limited	Subsidiary of Robertson Group Limited	FM Services	490,943	325,183	161,749	86,059

Notes *(continued)*

17 Related party disclosures *(continued)*

During the year the Company paid interest of £280,878 (2011: £280,878) to Robertson Health (Gartnavel) Holdings Limited, its immediate parent Company. £57,715 was due to Robertson Health (Gartnavel) Holdings Limited at the year end. Subordinated debt due to parent Company is disclosed in note 11.

18 Immediate ultimate holding Company

The immediate holding Company is Robertson Health (Gartnavel) 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 (Gartnavel) Holdings Limited is owned 70% by Elgin Infrastructure Limited, which is a joint venture between Robertson Capital Projects Limited and 3i Infrastructure plc, and 30% by BOS Infrastructure (No.3) Limited.