

Stobhill Healthcare Facilities Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2012

Registered Number SC275420

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Stobhill Healthcare Facilities Limited

Financial Statements

Year Ended 31 December 2012

Contents	Page
Company information	1
The directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report to the members	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

Stobhill Healthcare Facilities Limited

Company Information

The board of directors	A J Gordon (Resigned 9 February 2012) BIIF Corporate Services Limited B W Dalglish (Resigned 11 April 2012) D Gilmour A Ritchie (Resigned 25 March 2013) A Gregson (Resigned 6 July 2012) K McLellan (Served from 11 April 2012 to 25 March 2013) R Thompson (Appointed 25 March 2013) P McCulloch (Appointed 25 March 2013)
Company secretary	Infrastructure Managers Limited
Registered office	2nd Floor 11 Thistle Street Edinburgh EH2 1DF
Auditors	PricewaterhouseCoopers LLP Chartered accountants and Statutory Auditors Erskine House 68-73 Queen Street Edinburgh EH2 4NH
Bankers	Royal Bank of Scotland Plc 36 St Andrew's Square Edinburgh EH2 2YB
Solicitors	Dundas and Wilson Saltire Court 20 Castle Terrace Edinburgh EH1 2EN

Stobhill Healthcare Facilities Limited

The Directors' Report

Year Ended 31 December 2012

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2012.

Principal Activities and Business Review

The principal activity of the Company is the provision of a hospital building and associated facilities management for NHS Greater Glasgow & Clyde over a contract period of 35 years from the date of completion of the building.

Results and Dividends

The profit for the year, after taxation, amounted to £62,497 (2011: profit £115,338). The directors have not recommended a dividend.

The profit for the year will be transferred to reserves.

The Directors are satisfied with the overall performance of the Company.

Key performance indicators

The performance of the Company 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. The Company has been performing well and has been compliant with the covenants laid out in the group loan agreement.

Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 12 to the accounts.

Directors

The directors who served the Company during the year and up to the date of this report are listed on page 1.

Stobhill Healthcare Facilities Limited

The Directors' Report *(continued)*

Year Ended 31 December 2012

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
2nd Floor
11 Thistle Street
Edinburgh
EH2 1DF

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'S. R.', written over a horizontal line.

Infrastructure Managers Limited
Company Secretary

Approved by the directors on ...11 Apr 13....

Stobhill Healthcare Facilities Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2012

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

In so far as the directors are aware:

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

The Directors' Responsibilities were approved by the board on 11 Apr 13 and signed on its behalf by:


D Gilmore

Stobhill Healthcare Facilities Limited

Independent Auditors' Report to the Members of Stobhill Healthcare Facilities Limited

We have audited the financial statements of Stobhill Healthcare Facilities Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of Directors and Auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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.

This report, including the opinions, has been prepared for and only for the Company's Members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2012 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.

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.

Stobhill Healthcare Facilities Limited

Independent Auditors' Report to the Members of Stobhill Healthcare Facilities Limited *(continued)*

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.

M. Cowie

Martin Cowie (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered accountants and Statutory Auditors
Edinburgh

11 April 2013

Stobhill Healthcare Facilities Limited

Profit and Loss Account

Year Ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	668,011	669,120
Cost of sales		(282,101)	(255,468)
Gross profit		385,910	413,652
Administrative expenses		(198,225)	(174,222)
Operating profit	3	187,685	239,430
Interest receivable	5	1,365,646	1,377,930
Interest payable and similar charges	6	(1,470,556)	(1,460,417)
Profit on ordinary activities before taxation		82,775	156,943
Tax on profit on ordinary activities	7	(20,278)	(41,605)
Profit for the financial year		62,497	115,338

All of the activities of the Company are classed as continuing.

The Company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

The notes on pages 9 to 15 form part of these financial statements.

Stobhill Healthcare Facilities Limited

Balance Sheet

As at 31 December 2012

	Note	2012 £	2011 £
Current assets			
Debtors due within one year	8	1,234,103	1,250,400
Debtors due after one year	8	19,710,459	19,951,239
Cash at bank		1,567,351	1,561,459
		<u>22,511,913</u>	<u>22,763,098</u>
Creditors: Amounts falling due within one year	9	(952,387)	(1,048,949)
Net current assets		<u>21,559,526</u>	<u>21,714,149</u>
Total assets less current liabilities		<u>21,559,526</u>	<u>21,714,149</u>
Creditors: Amounts falling due after more than one year	10	(21,198,248)	(21,415,368)
Net assets		<u>361,278</u>	<u>298,781</u>
Capital and reserves			
Share capital	13	30,062	30,062
Profit and loss account	14	331,216	268,719
Equity shareholders' funds	15	<u>361,278</u>	<u>298,781</u>

These financial statements on pages 7 to 15 were approved by the directors and authorised for issue on 11 April 2013, and are signed on their behalf by:


D Gilmour

Company Registration Number: SC275420

The notes on pages 9 to 15 form part of these financial statements.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

Year Ended 31 December 2012

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is small.

Turnover

Turnover which excludes value added tax represents the invoiced value of the unitary charge earned in relation to the provision of the building and services under the contract between the Company and NHS Greater Glasgow & Clyde.

Deferred taxation

Deferred tax is fully provided on timing differences recognised by the balance sheet date when the Company has an obligation to pay more or less tax in the future as a result of these timing differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Company has not adopted a policy of discounting deferred tax assets and liabilities, as permitted by FRS 19 (Deferred Tax).

Financial Instruments

The Company uses derivative financial instruments to manage exposures to fluctuations in interest rates. Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest expense over the term of the contracts.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

Year Ended 31 December 2012

1. Accounting policies (*continued*)

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 agreement transfers substantially all the risks and rewards of ownership to the customer.

As such the costs incurred on the project have been treated as a finance debtor within these accounts.

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.

Taxation

The tax expense represents the sum of current tax expense and deferred tax expense. Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover is given below:

	2012	2011
	£	£
United Kingdom	<u>668,011</u>	<u>669,120</u>

3. Operating profit

Operating profit is stated after charging:

	2012	2011
	£	£
Auditors' remuneration		
- as auditor	7,990	7,758
- for other services	<u>4,790</u>	<u>4,650</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

Year Ended 31 December 2012

4. Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2011: £nil). There were no employees in the financial year other than the directors (2011: nil).

5. Interest receivable

	2012	2011
	£	£
Bank interest receivable	8,730	7,211
Interest receivable on finance debtor	1,356,916	1,370,719
	<u>1,365,646</u>	<u>1,377,930</u>

6. Interest payable and similar charges

	2012	2011
	£	£
Interest payable on bank borrowing	1,194,912	1,184,287
Subordinated debt interest	267,054	267,313
Amortisation of finance costs	8,590	8,817
	<u>1,470,556</u>	<u>1,460,417</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 24.49% (2011 - 26.49%)	20,278	41,605
Total current tax	<u>20,278</u>	<u>41,605</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 24.49% (2011 - 26.49%).

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>82,775</u>	<u>156,943</u>
Profit on ordinary activities by rate of tax	20,278	41,498
Expenses not deductible for tax purposes	-	107
Total current tax (note 7(a))	<u>20,278</u>	<u>41,605</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

Year Ended 31 December 2012

8. Debtors

	2012	2011
	£	£
Trade debtors	6,565	37,391
Corporation tax repayable	12,420	–
Finance debtor	19,938,385	20,149,550
Other debtors	785,542	820,151
Prepayments and accrued income	201,650	194,547
	<u>20,944,562</u>	<u>21,201,639</u>

The debtors above include the following amounts falling due after more than one year:

	2012	2011
	£	£
Finance debtor	<u>19,710,459</u>	<u>19,951,239</u>

Other debtors consist of the unitary charge control account.

Finance Debtor

The movement in the finance debtor is analysed as follows:

	2012	2011
	£	£
Balance as at 1 January 2012	20,149,550	20,347,861
Repayments received	(211,165)	(198,311)
	<u>19,938,385</u>	<u>20,149,550</u>

9. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Bank loans (note 10)	217,112	198,558
Trade creditors	8,542	114,087
Amounts owed to group undertakings	89,018	89,018
Corporation tax	–	43,776
Other creditors	90,812	118,044
Accruals and deferred income	546,903	485,466
	<u>952,387</u>	<u>1,048,949</u>

Amounts owed to group undertakings bear no interest and are repayable on demand.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

Year Ended 31 December 2012

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

	2012 £	2011 £
Bank loans	19,188,254	19,405,374
Subordinated loan	2,009,994	2,009,994
	<u>21,198,248</u>	<u>21,415,368</u>

Bank loans bear interest based on LIBOR. On 13th July 2005, as part of its interest rate management strategy, the Company entered into an interest rate swap in respect of part of the debt maturing in February 2039. Under this swap, the Company receives interest on a variable basis and pays interest at a fixed rate of 4.74%.

Bank loans represent amounts drawn from a facility of £19,405,366 (2011: £19,603,932) which is repayable in semi-annual instalments until February 2039.

Bank loans are secured over the assets of the company. In addition, the bank holds a Parent Security Agreement incorporating a floating charge over the assets of Stobhill Healthcare Facilities (Holdings) Limited. Under the Parent Security Agreement the parent company pledges as security its interest in the shares and loan stock of Stobhill Healthcare Facilities Limited.

The subordinated loan notes are unsecured, bear interest at 13.25% per annum and are repayable between 2031 and 2042.

11. Creditors - capital instruments

Creditors include loans which are due for repayment as follows:

	2012 £	2011 £
Amounts repayable:		
In one year or less or on demand	217,112	198,558
In more than one year but not more than two years	233,623	217,113
In more than two years but not more than five years	1,398,907	738,273
In more than five years	19,565,718	20,459,982
	<u>21,415,360</u>	<u>21,613,926</u>

12. Financial risk management objectives and policies

Due to the nature of the Company's business, the only financial risks the directors consider relevant to this Company is credit, interest rate and liquidity risk. The credit risks are not considered significant as the client is a quasi governmental organisation.

Interest rate risk

The financial risk management objectives of the company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. The company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

Year Ended 31 December 2012

12. Financial risk management objectives and policies (continued)

Liquidity risk

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings.

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the company's financial instruments that are carried in the financial statements at other than fair values:

	2012		2011	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
<i>Financial liabilities</i>				
Long term borrowing	(19,562,691)	(13,235,363)	(19,768,385)	(13,740,302)
Interest rate swap	–	(6,327,328)	–	(6,028,083)
RPI swap	–	(2,554,753)	–	(3,173,432)

The fair values of the fixed rate borrowing and the interest rate swap have been calculated by discounting the fixed cash flows at the prevailing interest rates at the year end.

13. Share capital

Authorised share capital:

	2012 £	2011 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
30,062 Ordinary shares of £1 each	<u>30,062</u>	<u>30,062</u>	<u>30,062</u>	<u>30,062</u>

14. Profit and loss account

	2012 £	2011 £
Balance brought forward	268,719	153,381
Profit for the financial year	<u>62,497</u>	<u>115,338</u>
Balance carried forward	<u>331,216</u>	<u>268,719</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

Year Ended 31 December 2012

15. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	62,497	115,338
Opening shareholders' funds	298,781	183,443
Closing shareholders' funds	<u>361,278</u>	<u>298,781</u>

16. Related party disclosures

The directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required.

BIIF Bidco Limited, a related entity of PFI Infrastructure Finance Limited received fees in relation to directors services of £10,023 (2011: £9,644).

Semperian PPP Investments Partners Limited, a related entity of Semperian Health projects Limited received fees in relation to directors services of £6,747 (2011: £7,230). Semperian Health projects Limited held 40% of the share capital and 40% of the loan stock in Stobhill Healthcare Facilities (Holdings) Limited until 27 March 2013 when it sold its share in the project to Foresight VCT plc and Foresight 2 VCT plc.

17. Ultimate parent company

The Company is a wholly owned subsidiary undertaking of Stobhill Healthcare Facilities (Holdings) Limited, a Company registered in Scotland. The share capital of Stobhill Healthcare Facilities (Holdings) Limited is held in the proportions of: PFI Infrastructure Finance Limited 60%, Foresight VCT plc 20% and Foresight 2 VCT plc 20% who together acquired the 40% Semperian Health Projects Limited (formerly Trillium Health Projects Limited) share capital on 27 March 2013.

Foresight VCT plc and Foresight VCT 2 plc are owned by a number of investors, with no one investor having individual control.

The ultimate parent and controlling entity of PFI Infrastructure Finance Limited is Barclays Integrated Infrastructure Fund LP. Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control.