

Stobhill Healthcare Facilities Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2009

Registered Number SC275420

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Stobhill Healthcare Facilities Limited

Financial Statements

For the Year Ended 31 December 2009

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Stobhill Healthcare Facilities Limited

Company Information

Directors	A J Gordon B Semple (Resigned 26 August 2009) K McLellan (Resigned 26 August 2009) BIIF Corporate Services Ltd (Appointed 31 March 2009) A Christakis (Appointed 19 March 2009) B W Dalglish (Appointed 10 June 2009) A Ritchie (Appointed 1 November 2009) A Gregson (Appointed 1 November 2009)
Company secretary	Infrastructure Managers Limited
Registered office	2nd Floor 11 Thistle Street Edinburgh EH2 1DF
Auditor	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors PO Box 90 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

For the Year Ended 31 December 2009

The Directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2009.

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 £77,648 (2008: profit £141,060).

Particulars of dividends paid are detailed in note 8 to the financial statements.

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 1 to the accounts. The fair values of the financial instruments are included in note 13 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)*

For the Year Ended 31 December 2009

Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006.

The Directors' report was approved by the board on 28/03/10..... and signed on its behalf by:



Simon Peck
For and on behalf of
Infrastructure Managers Limited
Company Secretary
Edinburgh

Company Registration Number: SC275420

Stobhill Healthcare Facilities Limited

Statement of Directors' Responsibilities

For the Year Ended 31 December 2009

The Directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year ended 31 December 2009. In preparing these financial statements, the Directors are required to:

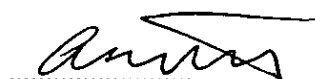
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that 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 auditor is 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 auditor is aware of that information.

The Directors' responsibilities were approved by the board on 26/03/10 and signed on its behalf by:



A Ritchie
Director

Stobhill Healthcare Facilities Limited

Independent auditor's 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 2009 which comprise the Profit and Loss Account, the 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 explained more fully 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 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.

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 2009 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 auditor's 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.

Martin Cowie

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

26 March 2010

Stobhill Healthcare Facilities Limited

Profit and Loss Account

For the Year Ended 31 December 2009

		Year to 31 Dec 09 £	Period from 1 Mar 08 to 31 Dec 08 £
	Note		
Turnover	2	517,571	519,695
Cost of sales		(233,308)	(199,240)
Gross profit		<u>284,263</u>	<u>320,455</u>
Administrative expenses		(134,666)	(89,218)
Operating profit	3	<u>149,597</u>	<u>231,237</u>
Interest receivable	5	1,400,275	1,207,588
Interest payable and similar charges	6	(1,442,028)	(1,242,356)
Profit on ordinary activities before taxation		<u>107,844</u>	<u>196,469</u>
Tax on profit on ordinary activities	7	(30,196)	(55,409)
Profit for the financial year	15	<u><u>77,648</u></u>	<u><u>141,060</u></u>

The Company has no recognised gains and losses other than those included in the profit above, which all relate to continuing activities, 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 16 form part of these financial statements.

Stobhill Healthcare Facilities Limited

Balance Sheet

as at 31 December 2009

	Note	2009 £	2008 £
Current assets			
Debtors due within one year	9	1,625,734	1,113,593
Debtors due after one year	9	20,352,027	20,536,477
Cash at bank		1,001,024	1,408,014
		<u>22,978,785</u>	<u>23,058,084</u>
Creditors: Amounts falling due within one year	10	(908,255)	(824,835)
Net current assets		<u>22,070,530</u>	<u>22,233,249</u>
Total assets less current liabilities		<u>22,070,530</u>	<u>22,233,249</u>
Creditors: Amounts falling due after more than one year	11	(21,785,645)	(21,926,012)
Net assets		<u>284,885</u>	<u>307,237</u>
Capital and reserves			
Share capital	14	30,062	30,062
Profit and loss account	15	254,823	277,175
Equity shareholder's funds	16	<u>284,885</u>	<u>307,237</u>

These financial statements on pages 7 to 16 were approved by the Directors and authorised for issue on 25/6/10, and are signed on their behalf by:


 A Ritchie
 Director

The notes on pages 9 to 16 form part of these financial statements.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

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

The Turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

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

For the Year Ended 31 December 2009

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.

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:

	Year to 31 Dec 09 £	Period from 1 Mar 08 to 31 Dec 08 £
United Kingdom	<u>517,571</u>	<u>519,695</u>

3. Operating profit

Operating profit is stated after charging:

	Year to 31 Dec 09 £	Period from 1 Mar 08 to 31 Dec 08 £
Auditor's remuneration		
- as auditor	6,000	8,874
- for other services	<u>3,000</u>	<u>3,700</u>

4. Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2008: £nil). There were no employees in the financial year other than the directors (2008: £nil).

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

5. Interest receivable

	Year to 31 Dec 09 £	Period from 1 Mar 08 to 31 Dec 08 £
Bank interest receivable	3,128	36,248
Interest receivable on finance debtor	1,397,147	1,171,340
	<u>1,400,275</u>	<u>1,207,588</u>

6. Interest payable and similar charges

	Year to 31 Dec 09 £	Period from 1 Mar 08 to 31 Dec 08 £
Interest payable on bank borrowing	1,163,899	1,009,315
Subordinated debt interest	266,575	223,275
Amortisation of finance costs	11,554	9,766
	<u>1,442,028</u>	<u>1,242,356</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	Year to 31 Dec 09 £	Period from 1 Mar 08 to 31 Dec 08 £
Current tax:		
UK Corporation tax based on the results for the year at 28% (2008 - 28.20%)	30,196	55,409
Total current tax	<u>30,196</u>	<u>55,409</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 28% (2008 - 28.20%).

	Year to 31 Dec 09 £	Period from 1 Mar 08 to 31 Dec 08 £
Profit on ordinary activities before taxation	<u>107,844</u>	<u>196,469</u>
Profit on ordinary activities by rate of tax	<u>30,196</u>	<u>55,409</u>
Total current tax (note 7(a))	<u>30,196</u>	<u>55,409</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

8. Dividends

Equity dividends

	Year to 31 Dec 09 £	Period from 1 Mar 08 to 31 Dec 08 £
Paid during the year:		
Dividend of £3.326 (2008: nil) per ordinary share	<u>100,000</u>	<u>—</u>

9. Debtors

	2009 £	2008 £
Trade debtors	505,952	74,675
Finance debtor	20,536,478	20,712,921
Other debtors	749,442	646,310
Prepayments and accrued income	185,889	216,164
	<u>21,977,761</u>	<u>21,650,070</u>

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

	2009 £	2008 £
Finance debtor	<u>20,352,027</u>	<u>20,536,477</u>

Other debtors consist of the unitary charge control account.

Finance Debtor

The movement in the finance debtor is analysed as follows:

	2009 £	2008 £
Balance as at 1 January 2009	20,712,921	20,850,643
Additions in the period/year	-	750
Repayments received	(176,443)	(138,472)
	<u>20,536,478</u>	<u>20,712,921</u>
Balance at 31 December 2009		

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

10. Creditors: Amounts falling due within one year

	2009	2008
	£	£
Bank loans (note 10)	140,366	115,610
Trade creditors	162,242	67,265
Amounts owed to group undertakings	91,457	89,018
Corporation tax	30,196	55,409
Other creditors	42,016	40,938
Accruals and deferred income	441,978	456,595
	<u>908,255</u>	<u>824,835</u>

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

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

	2009	2008
	£	£
Bank loans	19,775,651	19,916,018
Loan notes	2,009,994	2,009,994
	<u>21,785,645</u>	<u>21,926,012</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 £19,916,017 (31 Dec 2008: £20,031,628) 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 loan notes are unsecured, bear interest at 13.25% per annum and are repayable between 2031 and 2042.

12. Creditors - capital instruments

Creditors include loans which are due for repayment as follows:

	2009	2008
	£	£
Amounts repayable:		
In one year or less or on demand	140,366	115,610
In more than one year but not more than two years	168,266	140,384
In more than two years but not more than five years	642,163	353,480
In more than five years	20,975,216	21,432,148
	<u>21,926,011</u>	<u>22,041,622</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

13. 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.

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:

	31 Dec 09		31 Dec 08	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
<i>Financial liabilities</i>				
Long term borrowing	(20,658,586)	(16,297,967)	(20,788,214)	(15,710,819)
Interest rate swap	—	(4,360,619)	—	(5,077,395)

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.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

14. Share capital

Authorised share capital:

	2009	2008
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £1 each	<u>30,062</u>	<u>30,062</u>	<u>30,062</u>	<u>30,062</u>

15. Profit and loss account

	Year to 31 Dec 09	Period from 1 Mar 08 to 31 Dec 08
	£	£
Balance brought forward	277,175	136,115
Profit for the financial year	77,648	141,060
Equity dividends	<u>(100,000)</u>	<u>—</u>
Balance carried forward	<u>254,823</u>	<u>277,175</u>

16. Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	77,648	141,060
Equity dividends	<u>(100,000)</u>	<u>—</u>
Net (reduction)/addition to shareholders' funds	<u>(22,352)</u>	<u>141,060</u>
Opening shareholders' funds	<u>307,237</u>	<u>166,177</u>
Closing shareholders' funds	<u>284,885</u>	<u>307,237</u>

17. Related party disclosures

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

Disclosure of related party transactions that the Directors have with the group which is consolidated at BIIF Holdco Limited are included in the accounts of that entity.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

For the Year Ended 31 December 2009

18. Ultimate parent company

The Company is a wholly owned subsidiary 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, a company registered in England and Wales, 60% and Semperian Health Projects Limited (formerly Trillium Health Projects Limited), a company registered in England and Wales, 40%.

The ultimate parent and controlling entity of Semperian Health Projects Limited is Semperian PPP Investment Partners LP (formerly Trillium PPP Investment Partners LP), acting through its general partner Semperian PPP Investment Partners GP Limited (formerly Trillium PPP Investment Partners GP Limited).

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.