

COMPANY REGISTRATION NUMBER: SC275420

Stobhill Healthcare Facilities Limited
Annual Report and Financial Statements
31 December 2015

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Stobhill Healthcare Facilities Limited

Annual Report and Financial Statements

Year Ended 31 December 2015

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Stobhill Healthcare Facilities Limited

Officers and Professional Advisers

The board of directors	BIIF Corporate Services Limited (Resigned 4 February 2016) D Gilmour J Cavill (Appointed 4 February 2016) R Thompson P McCulloch
Company secretary	Infrastructure Managers Limited
Registered office	2nd Floor 11 Thistle Street Edinburgh EH2 1DF
Auditor	PricewaterhouseCoopers LLP Chartered accountants & Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Royal Bank of Scotland Plc 36 St Andrew's Square Edinburgh EH2 2YB
Solicitors	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD

Stobhill Healthcare Facilities Limited

Directors' Report

Year Ended 31 December 2015

The directors present their report and the financial statements of the Company for the year ended 31 December 2015.

Principal Activities

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.

Performance Review

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. The accounts for both years are presented under FRS 102, the adjustments to the prior year reported financial position and financial performance are given in note 21.

The profit for the year, after taxation, amounted to £263,609 (2014: £228,067).

The profit for the year will be transferred to reserves.

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.

Key performance indicators

The performance of the Company from a cash perspective is assessed six monthly 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.

Going Concern

The directors acknowledge that the company is in net liabilities, however this is a result of the Interest rate and RPI swaps, which are significantly out of the money, being brought onto the balance sheet. After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

D Gilmour	
R Thompson	
P McCulloch	
J Cavill	(Appointed 4 February 2016)
	(Appointed 31 March 2009 and
BIIF Corporate Services Limited	resigned 4 February 2016)
BIIF Corporate Services Limited	(Resigned 4 February 2016)

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Stobhill Healthcare Facilities Limited

Directors' Report *(continued)*

Year Ended 31 December 2015

Financial Instruments

Due to the nature of the Company's business, the financial risks the directors consider relevant to this Company is credit, interest rate, cash flow and liquidity risk. The credit risk is 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. The Company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

Cash Flow and Liquidity risk

Many of the Cash Flow risks are addressed by means of contractual provisions. The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on ^{23 JUNE 2016} and signed on behalf of the board by:



Infrastructure Managers Limited

Company Secretary

Stobhill Healthcare Facilities Limited

Directors' Responsibilities Statement

Year Ended 31 December 2015

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 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 auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

The Directors' Responsibilities were approved by the board on 22 JUNE 2016 and signed on its behalf by:



D Gilmour
Director

Stobhill Healthcare Facilities Limited

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

Year Ended 31 December 2015

Our Opinion

In our opinion, Stobhill Healthcare Facilities Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on Other Matter Prescribed by the Companies Act 2006

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

Matters on Which We are Required to Report by Exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Stobhill Healthcare Facilities Limited

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

Year Ended 31 December 2015

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Respective Responsibilities of Directors and Auditor

Our responsibilities and those of the directors

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Stobhill Healthcare Facilities Limited

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

Year Ended 31 December 2015

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Caroline Roxburgh (Senior Statutory Auditor)

For and on behalf of
PricewaterhouseCoopers LLP
Chartered accountants & Statutory Auditors
Edinburgh

26 June 2016

Stobhill Healthcare Facilities Limited

Statement of Comprehensive Income

Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	4	1,015,486	864,778
Cost of sales		(388,989)	(306,219)
Gross profit		626,497	558,559
Administrative expenses		(232,744)	(207,719)
Other operating income	5	—	1,907
Operating profit		393,753	352,747
Interest receivable	8	1,316,851	1,330,705
Interest payable	9	(1,383,246)	(1,394,040)
Profit on ordinary activities before taxation		327,358	289,412
Taxation on ordinary activities	10	(63,749)	(61,345)
Profit for the financial year		263,609	228,067
Fair value movements on cash flow hedging instruments, net of tax		666,563	(2,049,771)
Total comprehensive income for the year		930,172	(1,821,704)

All the activities of the Company are from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

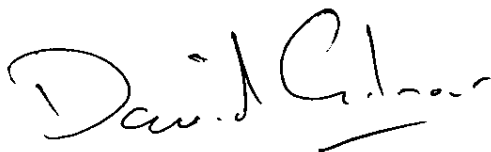
Stobhill Healthcare Facilities Limited

Statement of Financial Position

As at 31 December 2015

	Note	2015 £	2014 £
Current assets			
Debtors: due within one year	12	1,914,042	1,724,302
Debtors: due after more than one year	12	20,575,968	21,231,275
Cash at bank and in hand		1,855,773	1,970,305
		<u>24,345,783</u>	<u>24,925,882</u>
Creditors: amounts falling due within one year	13	<u>(1,026,049)</u>	<u>(1,085,417)</u>
Net current assets		<u>23,319,734</u>	<u>23,840,465</u>
Total assets less current liabilities		<u>23,319,734</u>	<u>23,840,465</u>
Creditors: amounts falling due after more than one year	14	<u>(29,571,007)</u>	<u>(30,886,968)</u>
Provisions			
Taxation including deferred tax	16	<u>(23,253)</u>	<u>(38,195)</u>
Net liabilities		<u>(6,274,526)</u>	<u>(7,084,698)</u>
Capital and reserves			
Called up share capital	17	30,062	30,062
Hedging reserve	18	(7,429,338)	(8,095,901)
Retained earnings	18	1,124,750	981,141
Shareholders' deficit		<u>(6,274,526)</u>	<u>(7,084,698)</u>

These financial statements were approved by the board of directors and authorised for issue on 23 JUNE 2016 and are signed on behalf of the board by:



D Gilmour
Director

Company registration number: SC275420

The notes on pages 11 to 21 form part of these financial statements.

Stobhill Healthcare Facilities Limited

Statement of Changes in Equity

Year Ended 31 December 2015

	Called up share capital £	Hedging reserve £	Retained earnings £	Total £
At 1 January 2014	30,062	(6,046,130)	753,074	(5,262,994)
Profit for the year			228,067	228,067
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	—	(2,049,771)	—	(2,049,771)
Total comprehensive income for the year	—	(2,049,771)	228,067	(1,821,704)
At 31 December 2014	30,062	(8,095,901)	981,141	(7,084,698)
Profit for the year			263,609	263,609
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	—	666,563	—	666,563
Total comprehensive income for the year	—	666,563	263,609	930,172
Dividends paid and payable	11	—	(120,000)	(120,000)
Total investments by and distributions to owners	—	—	(120,000)	(120,000)
At 31 December 2015	<u>30,062</u>	<u>(7,429,338)</u>	<u>1,124,750</u>	<u>(6,274,526)</u>

Included in the fair value movement on cash flow hedging instruments is £920,639 (2014: £717,756) that was recycled through Interest Payable in the statement of comprehensive income.

The notes on pages 11 to 21 form part of these financial statements.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements

Year Ended 31 December 2015

1. Statement of compliance

The individual financial statements of Stobhill Healthcare Facilities Limited 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

2. General information

Stobhill Healthcare Facilities Limited ('the company') is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF.

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

The company's functional and presentation currency is the pound sterling.

3. Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

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 judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement 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.

Going concern

The directors acknowledge that the company is in net liabilities, however this is a result of the Interest rate and RPI swaps, which are significantly out of the money, being brought onto the balance sheet. It is not the intention to close out these instruments before their maturity date, therefore there is no impact on the company's ability to meet its liabilities as they fall due. After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 21.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

3. Accounting policies *(continued)*

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 BIIF Holdco Limited which can be obtained from Cannon Place, 78 Cannon Street, London, EC4N 6AF. 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) Disclosures in respect of financial instruments have not been presented.

Judgements and key sources of estimation uncertainty

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

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) Hedge accounting and consideration of the fair value of derivative financial instruments

The Company uses derivative financial instruments to hedge certain economic exposures in relation to movements in interest rates and movements in RPI as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Company fair values its derivative financial instruments and records the fair value of those instruments on its balance sheet. No market prices are available for these instruments and consequently the fair values are derived using financial models developed by the shareholders based on counterparty information that is independent of the Company, but use observable market data in respect of RPI and interest rates as an input to valuing those derivative financial instruments. There is also a judgement on whether an economic hedge relationship exists in order to achieve hedge accounting. Appropriate documentation has been prepared detailing the economic relationship between the hedging instrument and the underlying loan being hedged.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

3. Accounting policies *(continued)*

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 balance sheet, 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 balance sheet. 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.

ii) Accounting for service concession arrangements

Accounting for the service concession contract and finance debtors requires estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecast results of the contract.

Revenue recognition

Turnover represents the services' share of the management services income received by the Company for the provision of a PFI asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest 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.

Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

3. Accounting policies *(continued)*

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the statement of comprehensive income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

4. Turnover

Turnover arises from:

	2015 £	2014 £
Rendering of services	<u>1,015,486</u>	<u>864,778</u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

5. Other operating income

	2015 £	2014 £
Other operating income	<u>—</u>	<u>1,907</u>

6. Auditors' remuneration

	2015 £	2014 £
Fees payable for the audit of the financial statements	<u>9,411</u>	<u>8,731</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

6. Auditors' remuneration *(continued)*

Included in the fee above is £2,074 (2014: £1,874) for the audit of the immediate parent entity Stobhill Healthcare Facilities (Holdings) Limited.

7. Particulars of employees and directors

The average number of persons employed by the company during the financial year, including the directors, amounted to nil (2014: nil). The directors did not receive any remuneration from the Company during the year (2014: £nil).

8. Interest receivable

	2015 £	2014 £
Interest on cash and cash equivalents	6,830	5,736
Interest receivable on finance debtor	<u>1,310,021</u>	<u>1,324,969</u>
	<u>1,316,851</u>	<u>1,330,705</u>

9. Interest payable

	2015 £	2014 £
Interest on bank loans and overdrafts	1,094,085	1,106,678
Interest due to group undertakings	266,324	266,324
Other interest payable and similar charges	<u>22,837</u>	<u>21,038</u>
	<u>1,383,246</u>	<u>1,394,040</u>

10. Taxation on ordinary activities

Major components of tax expense

	2015 £	2014 £
Current tax:		
UK current tax expense	77,908	61,447
Adjustments in respect of prior periods	—	(102)
Total current tax	<u>77,908</u>	<u>61,345</u>
Deferred tax:		
Origination and reversal of timing differences	(14,159)	—
Taxation on ordinary activities	<u>63,749</u>	<u>61,345</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

10. Taxation on ordinary activities *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%).

	2015 £	2014 £
Profit on ordinary activities before taxation	327,358	289,412
Profit on ordinary activities by rate of tax	66,279	51,315
Changes in tax rates	(2,530)	10,030
Tax on profit on ordinary activities	63,749	61,345

Factors that may affect future tax expense

On 26 October 2015, a reduction in the UK corporation tax rate from 20% to 18% was substantively enacted. The reduction is to take effect in two stages from 1 April 2017 (19%) and then from 1 April 2020 (18%). As a result, relevant deferred tax balances have been re-measured at the rate at which the majority of the deferred tax balance is expected to unwind

This change has reduced the deferred tax asset at the balance sheet date by £178,546.

In his Budget speech on 16 March 2016 the Chancellor of the Exchequer proposed that the above UK corporation tax rate of 18% effective from 1 April 2020 be further reduced to 17%. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. If enacted, the change would reduce the deferred tax asset at the balance sheet by £89,273.

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2015 £	2014 £
Dividend of £3.99 (2014: £nil) per ordinary share	120,000	—

12. Debtors

Debtors falling due within one year are as follows:

	2015 £	2014 £
Trade debtors	1,081	—
Prepayments and accrued income	218,939	219,599
Finance debtor	277,216	488,772
Other debtors	1,416,806	1,015,931
	1,914,042	1,724,302

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

12. Debtors *(continued)*

Debtors falling due after one year are as follows:

	2015	2014
	£	£
Deferred tax asset	1,630,098	2,023,975
Finance debtor	18,945,870	19,207,300
	<u>20,575,968</u>	<u>21,231,275</u>

The movement in the finance debtor is analysed as follows:

	2015	2014
	£	£
At beginning of year	19,466,685	19,710,459
Repayments	(243,599)	(243,774)
At end of year	<u>19,223,086</u>	<u>19,466,685</u>

Other debtors include the unitary charge control account as well as other small trading balances due within the year.

13. Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts	257,362	234,654
Trade creditors	4,939	48,879
Amounts owed to group undertakings	89,018	89,018
Accruals and deferred income	551,998	583,158
Corporation tax	38,010	31,798
Social security and other taxes	84,722	97,910
	<u>1,026,049</u>	<u>1,085,417</u>

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

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

	2015	2014
	£	£
Bank loans and overdrafts	18,500,844	18,757,097
Amounts owed to group undertakings	2,009,994	2,009,994
Derivative financial liability	9,060,169	10,119,877
	<u>29,571,007</u>	<u>30,886,968</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

14. Creditors: amounts falling due after more than one year *(continued)*

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 £18,838,888 (2014: £19,095,270) which is repayable in semi-annual instalments until February 2039. Issue costs of £80,682 (2014: £141,929) have been offset against total loan drawdowns.

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.

Amounts owed to group undertakings include subordinated loan notes which are unsecured, bear interest at 13.25% per annum and are repayable between 2031 and 2042.

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2015 £	2014 £
Included in debtors (note 12)	1,630,098	2,023,975
Included in provisions (note 16)	(23,253)	(38,195)
	<u>1,606,845</u>	<u>1,985,780</u>

The net deferred tax liability expected to reverse in 2016 is £2,439. This primarily relates to the reversal of timing differences on capital allowances offset by expected utilisation of tax losses and short term timing differences.

	2015 £
Opening balance	1,985,780
Movement through the profit or loss	14,942
Movement through other comprehensive income	(393,877)
Closing balance	<u>1,606,845</u>

16. Provisions

	Deferred tax (note 15) £
At 1 January 2015	38,195
Deferred tax	(14,942)
At 31 December 2015	<u>23,253</u>

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

17. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>30,062</u>	<u>30,062</u>	<u>30,062</u>	<u>30,062</u>

18. Reserves

Hedging reserve - This reserve records fair value movements on cash flow hedging instruments.

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

19. Related party transactions

The company is wholly owned by Stobhill Healthcare Facilities (Holdings) 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.

20. Controlling party

The immediate parent undertaking is Stobhill Healthcare Facilities (Holdings) Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The ultimate parent and controlling party is BIIF L.P. BIIF L.P. is owned by a number of investors with no one investor having individual control. 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%, and Zadar Infrastructure Limited 40%, the share capital of which is held by Foresight VCT plc 50% and Foresight 2 VCT plc 50%. Each of these companies are registered in England and Wales. Both Foresight VCT plc and Foresight VCT 2 plc are publicly listed companies, 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 BIIF LP. BIIF LP is owned by a number of investors, with no one investor having individual control.

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements (continued)

Year Ended 31 December 2015

21. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

Profit for the financial year		31 December 2014
		£
UK GAAP - As previously reported		187,539
Effective Interest Rate adjustment on Bank loans	B	(15,673)
RPI Swap	C	66,333
Deferred tax impact of adjustments	D	
- Effective Interest Rate adjustment on Bank loans		3,135
- RPI Swap		(13,267)
Total Adjustment to profit for the financial year		40,528
FRS 102		228,067

Other Comprehensive Income		31 December 2014
		£
UK GAAP - As previously reported		-
Derivative financial instrument	A	(2,562,214)
Deferred tax impact of adjustments	D	
- Derivative financial instruments		512,443
FRS 102		(2,049,771)

Total Equity		1 January 2014	31 December 2014
		£	£
UK GAAP - As previously reported		670,882	858,421
Derivative Financial Instruments	A	(7,557,663)	(10,119,877)
Effective Interest Rate adjustment to bank loans	B	(22,736)	(38,410)
RPI Swap	C	163,054	229,387
Deferred taxation	D	1,483,469	1,985,781
FRS 102		(5,262,994)	(7,084,698)

A. Derivative Financial Instruments

FRS 102 requires derivative financial instruments to be recognised at fair value. This requires the instrument to be brought onto the balance sheet, the company has adopted hedge accounting limiting the impact of fair value movements in the profit or loss. Previously under UK GAAP the company did not recognise these instruments in the financial statements. Accordingly at transition a liability of £7,557,663 was recognised and a loss of £2,562,214 was recognised in the statement of comprehensive income for the year ended 31 December 2014/31 March 2015. A liability of £10,119,877 was recognised at that date.

B. Effective Interest Rate Adjustment to bank loans

Under FRS 102, debt instruments must be recorded at amortised cost using the effective interest method, previously finance costs were allocated over the term of the instrument on a straight line

Stobhill Healthcare Facilities Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2015

basis. On transition the Loans were increased by £22,736 with a further £15,674 charge recognised in the profit and loss account for the year ended 31 December 2014.

C. RPI Swap

Under UK GAAP the company had previously recorded payments against the RPI Swap as a finance charge and recognised under interest payable. Under FRS 102 this has been allocated against invoiced revenue, under Service Concession Arrangement accounting, the revenue recognised is based on the service costs of the company uplifted by the operating margin, the remaining portion of the invoiced revenue is allocated between Finance Debtor Interest and Finance Debtor Amortisation. On transition £163,054 has been removed from interest expense and applied as amortisation of the finance debtor, with a further £66,333 adjustment in 2014.

D. Deferred Taxation

The company has accounted for deferred taxation on transition as follows:

(a) Derivative financial instruments – Deferred tax of £1,511,533 has been recognised at 20% on the liability recognised on transition at 1 January 2014. In the year ended 31 December 2014 the company has recognised a debit of £512,443 in the statement of comprehensive income in respect of the increase in the value of derivative financial instruments.

(b) Effective Interest Rate adjustment to bank loans - Deferred tax of £7,682 has been recognised at 20% of the adjustment. The deferred tax balance will be amortised on a straight line basis over a 10 year period as required by the Change of Accounting Practice regulations set out by HMRC.

(c) RPI Swap - Deferred tax of £32,611 has been recognised at 20% of the adjustment. The deferred tax balance will be amortised on a straight line basis over a 10 year period.