

**Stobhill Healthcare Facilities Limited**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2013**

**Registered Number SC275420**

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# **Stobhill Healthcare Facilities Limited**

## **Financial Statements**

**Year Ended 31 December 2013**

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# **Stobhill Healthcare Facilities Limited**

## **Company Information**

<b>The board of directors</b>	BIIF Corporate Services Limited D Gilmour A Ritchie (Resigned 25 March 2013) K McLellan (Resigned 25 March 2013) R Thompson (Appointed 25 March 2013) P McCulloch (Appointed 25 March 2013)
<b>Company secretary</b>	Infrastructure Managers Limited
<b>Registered office</b>	2nd Floor 11 Thistle Street Edinburgh EH2 1DF
<b>Auditors</b>	PricewaterhouseCoopers LLP Chartered accountants and Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Bankers</b>	Royal Bank of Scotland Plc 36 St Andrew's Square Edinburgh EH2 2YB
<b>Solicitors</b>	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD

# **Stobhill Healthcare Facilities Limited**

## **Directors' Report**

### **Year Ended 31 December 2013**

The directors present their report and the financial statements of the Company for the year ended 31 December 2013.

### **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.

### **Directors**

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

### **Auditor**

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

### **Small Company Provisions**

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

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

Signed by order of the directors



Infrastructure Managers Limited  
Company Secretary

Approved by the directors on 24 June 2014

# **Stobhill Healthcare Facilities Limited**

## **Statement of Directors' Responsibilities**

**Year Ended 31 December 2013**

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 year.

In preparing those financial statements, the directors are required to:

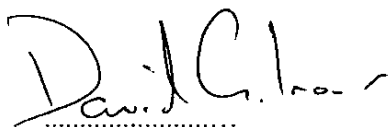
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 24 June 2014 and signed on its behalf by:



D Gilmour

# **Stobhill Healthcare Facilities Limited**

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

### **Report on the Financial Statements**

#### ***Our Opinion***

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### ***What We Have Audited***

The financial statements, which are prepared by Stobhill Healthcare Facilities Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

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.

#### ***What an Audit of Financial Statements Involves***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

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.

#### **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)*

#### **Other 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.

##### ***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 take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### ***Our responsibilities and those of directors***

As explained more fully in the Statement of Directors' Responsibilities 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 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.



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

26 Dec 2014

# **Stobhill Healthcare Facilities Limited**

## **Profit and Loss Account**

**Year Ended 31 December 2013**

	Note	2013 £	2012 £
<b>Turnover</b>		<b>983,872</b>	668,011
Cost of sales		<u>(272,299)</u>	<u>(282,101)</u>
<b>Gross profit</b>		<b>711,573</b>	385,910
Administrative expenses		<u>(195,561)</u>	<u>(198,225)</u>
<b>Operating profit</b>	2	<b>516,012</b>	187,685
Interest receivable	4	1,347,717	1,365,646
Interest payable and similar charges	5	<u>(1,459,445)</u>	<u>(1,470,556)</u>
<b>Profit on ordinary activities before taxation</b>		<b>404,284</b>	82,775
Tax on profit on ordinary activities	6	<u>(94,680)</u>	<u>(20,278)</u>
<b>Profit for the financial year</b>		<b>309,604</b>	62,497

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 8 to 14 form part of these financial statements.



# Stobhill Healthcare Facilities Limited

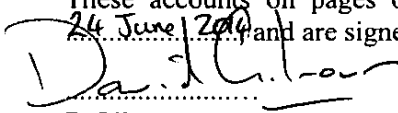
## Balance Sheet

As at 31 December 2013

	Note	2013 £	2012 £
<b>Current assets</b>			
Debtors due within one year	7	1,449,697	1,234,103
Debtors due after one year	7	19,466,615	19,710,459
Cash at bank		1,730,171	1,567,351
		<u>22,646,483</u>	<u>22,511,913</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(1,011,171)</u>	<u>(952,387)</u>
<b>Net current assets</b>		<u>21,635,312</u>	<u>21,559,526</u>
<b>Total assets less current liabilities</b>		<u>21,635,312</u>	<u>21,559,526</u>
<b>Creditors: Amounts falling due after more than one year</b>	9	(20,964,430)	(21,198,248)
<b>Net assets</b>		<u>670,882</u>	<u>361,278</u>
<b>Capital and reserves</b>			
Share capital	12	30,062	30,062
Profit and loss account	13	640,820	331,216
<b>Equity shareholders' funds</b>	14	<u>670,882</u>	<u>361,278</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These accounts on pages 6 to 14 were approved by the directors and authorised for issue on 24 June 2014 and are signed on their behalf by:

  
D Gilmour

Company Registration Number: SC275420

The notes on pages 8 to 14 form part of these financial statements.

# **Stobhill Healthcare Facilities Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 December 2013**

#### **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 unitary charge is the turnover of the Company which is received from the provision of a PFI asset to the customer and is received over the life of the concession period.

##### **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 2013

#### 1. Accounting policies *(continued)*

##### Finance debtor

Costs incurred in the construction of subsidiaries' assets have been accounted for under FRS 5 Application Note F.

When 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 customer, the costs incurred by the company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

Management service income is 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. Turnover represents the income allocated to the services provided as part of the overall project.

##### 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. Operating profit

Operating profit is stated after charging:

	2013	2012
	£	£
Auditor's fees	<u>8,791</u>	<u>7,990</u>

#### 3. Directors fees

The Directors did not receive any remuneration from the Company during the year (2012: £nil). There were no employees in the financial year. (2012: nil).

#### 4. Interest receivable

	2013	2012
	£	£
Bank interest receivable	5,579	8,730
Interest receivable on finance debtor	<u>1,342,138</u>	<u>1,356,916</u>
	<u>1,347,717</u>	<u>1,365,646</u>

# Stobhill Healthcare Facilities Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

### 5. Interest payable and similar charges

	2013	2012
	£	£
Interest payable on bank borrowings	1,121,902	1,194,912
Interest on other loans	264,591	267,054
Amortisation of loan issue costs	8,296	8,590
	<u>1,394,789</u>	<u>1,470,556</u>

### 6. Taxation on ordinary activities

#### (a) Analysis of charge in the year

	2013	2012
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 23.25% (2012 - 24.49%)	93,982	20,278
Over/under provision in prior year	698	-
Total current tax	<u>94,680</u>	<u>20,278</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.25% (2012 - 24.49%).

	2013	2012
	£	£
Profit on ordinary activities before taxation	<u>404,284</u>	<u>82,775</u>
Profit on ordinary activities by rate of tax	93,982	20,278
Adjustments to tax charge in respect of previous periods	698	-
Total current tax (note 6(a))	<u>94,680</u>	<u>20,278</u>

### 7. Debtors

	2013	2012
	£	£
Trade debtors	6,964	6,565
Corporation tax repayable	-	12,420
Finance debtor	19,710,459	19,938,385
Other debtors	992,701	785,542
Prepayments and accrued income	206,188	201,650
	<u>20,916,312</u>	<u>20,944,562</u>

# Stobhill Healthcare Facilities Limited

## Notes to the Financial Statements

Year Ended 31 December 2013

### 7. Debtors (continued)

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

	2013	2012
	£	£
Finance debtor	<u>19,466,615</u>	<u>19,710,459</u>

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

#### Finance Debtor

The movement in the finance debtor is analysed as follows:

	2013	2012
	£	£
Balance as at 1 January 2013	19,938,385	20,149,550
Repayments received	(227,926)	(211,165)
Balance at 31 December 2013	<u>19,710,459</u>	<u>19,938,385</u>

### 8. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	50,095	8,542
Amounts owed to group undertakings	89,018	89,018
Bank loans (note 10)	233,610	217,112
Corporation tax	31,699	—
VAT	97,292	—
Other creditors	1,931	90,812
Accruals and deferred income	507,526	546,903
	<u>1,011,171</u>	<u>952,387</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 2013

#### 9. Creditors: Amounts falling due after more than one year

	2013 £	2012 £
Bank loans	18,954,436	19,188,254
Amounts owed to group undertakings	2,009,994	2,009,994
	<u>20,964,430</u>	<u>21,198,248</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 £19,188,046 (2012: £19,405,366) 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.

#### 10. Creditors - capital instruments

Creditors include loans which are due for repayment as follows:

	2013 £	2012 £
Amounts repayable:		
In one year or less or on demand	233,610	217,112
In more than one year but not more than two years	239,888	233,623
In more than two years but not more than five years	835,586	1,398,907
In more than five years	19,888,956	19,565,718
	<u>21,198,040</u>	<u>21,415,360</u>

#### 11. 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 2013

#### 11. 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:

	2013		2012	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
<i>Financial liabilities</i>				
Long term borrowing	(19,338,004)	(15,393,743)	(19,562,691)	(13,235,363)
Interest rate swap	-	(3,944,261)	-	(6,327,328)
RPI swap	-	(358,595)	-	(540,880)

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.

#### 12. Share capital

##### **Allotted, called up and fully paid:**

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	30,062	30,062	30,062	30,062

#### 13. Profit and loss account

	2013 £	2012 £
Balance brought forward	331,216	268,719
Profit for the financial year	309,604	62,497
Balance carried forward	640,820	331,216

# **Stobhill Healthcare Facilities Limited**

## **Notes to the Financial Statements**

**Year Ended 31 December 2013**

### **14. Reconciliation of movements in shareholders' funds**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>309,604</b>	62,497
Opening shareholders' funds	<b>361,278</b>	298,781
Closing shareholders' funds	<b>670,882</b>	361,278

### **15. 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 £10,398 (2012: £10,023) and VCF Partners, a related entity to Foresight VCT PLC and Foresight 2 VCT PLC received fees of £7,625 (2012: £nil), also in relation to directors services.

### **16. 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 BIIF LP. BIIF LP is owned by a number of investors, with no one investor having individual control.