

**Robertson Health (Midlothian) Limited**

**Directors' report and financial  
statements**

**Registered number SC345017**

**31 March 2011**



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## **Directors and advisors**

### **Directors**

W G Robertson  
AP Fordyce

### **Registered Office**

10 Perimeter Road  
Pinefield Industrial Estate  
Elgin  
Morayshire  
IV30 6AE

### **Company Secretary**

P Johnstone

### **Registered Auditor**

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

### **Solicitors**

Maclay Murray & Spens LLP  
151 St Vincent Street  
Glasgow  
G2 5NJ

### **Bankers**

The Cooperative Bank  
PO Box 101  
1 Balloon Street  
Manchester  
M60 4EP

## Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2011.

### Principal activities

The principal activities of the company are the design, build, finance, operation and maintenance of a community hospital near Bonnyrigg in Midlothian, through an agreement with NHS Lothian. The agreement was entered into under the Government's Private Finance Initiative Scheme.

### Business review

The construction phase reached practical completion ahead of schedule on 9<sup>th</sup> August 2010 and the contract is now in the operational phase.

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Directors

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

W G Robertson  
AP Fordyce

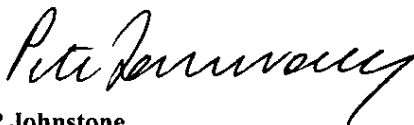
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



P Johnstone  
Secretary

Stirling  
8<sup>th</sup> August 2011

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG  
United Kingdom

**Independent auditor's report to the members of Robertson Health (Midlothian) Limited**

We have audited the financial statements of Robertson Health (Midlothian) Limited for the year ended 31 March 2011 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

15 August 2011

**Profit and loss account**  
*for the year ended 31 March 2011*

	<i>Note</i>	<b>2011</b> £	<b>2010</b> £
<b>Turnover</b>	<i>2</i>	<b>3,547,874</b>	15,129,365
Operating expenses	<i>3</i>	<b>(3,357,461)</b>	(15,129,365)
<b>Operating profit</b>		<b>190,413</b>	-
Interest receivable and similar income	<i>6</i>	<b>625,307</b>	-
Interest payable and similar charges	<i>7</i>	<b>(727,302)</b>	-
<b>Profit on ordinary activities before taxation</b>	<i>4</i>	<b>88,418</b>	-
Tax on result on ordinary activities	<i>8</i>	<b>(24,757)</b>	-
<b>Profit for the financial year</b>	<i>13</i>	<b>63,661</b>	-

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

The company has no recognised gains or losses for the financial year other than those reported above.

**Balance sheet**  
*at 31 March 2011*

	Note	2011 £	2010 £
<b>Current assets</b>			
Debtors : due within one year	9	609,884	576,257
Debtors : due after more than one year	9	20,720,673	18,182,538
		<hr/>	<hr/>
Total debtors		21,330,557	18,758,795
Cash at bank and in hand		859,300	517,313
		<hr/>	<hr/>
		22,189,857	19,276,108
<b>Creditors: amounts falling due within one year</b>	10	(571,631)	(3,217,281)
		<hr/>	<hr/>
<b>Net current assets</b>		21,618,226	16,058,827
<b>Creditors: amounts falling due after more than one year</b>	11	(21,411,065)	(15,915,327)
		<hr/>	<hr/>
<b>Net assets</b>		207,161	143,500
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	143,500	143,500
Profit and loss account	13	63,661	-
		<hr/>	<hr/>
<b>Shareholders' funds</b>	14	207,161	143,500
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 8<sup>th</sup> August 2011 and were signed on its behalf by:

*Alun Fordyce*

A P Fordyce  
 Director



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

#### ***Going concern***

The directors have prepared cash flow forecasts for the company for the entire Private Finance Initiative contract which covers a period of at least twelve months from the date of approval of these financial statements. These cash flow forecasts indicate that the company will generate a cash surplus and will be able to meet its liabilities as they fall due and accordingly the directors have prepared the financial statements on the going concern basis.

#### ***Cash flow statement***

The company is exempt from the requirement of Financial Reporting Standard number 1 to prepare a cashflow statement on the grounds of its size.

#### ***Turnover***

Turnover represents the value of work done and services rendered, excluding VAT.

#### ***Amounts recoverable under contracts / finance debtor***

Costs incurred in the construction of the community hospital have been accounted for in accordance with Financial Reporting Standard ('FRS') 5 Application Note F. Applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to NHS Lothian. As such, all construction costs incurred on the project, including interest on finance up to the date of commission and incidental costs, are recorded as construction work in progress during the construction phase of the project. Costs are recognised as cost of sales to the extent that they relate to the value of work done in respect of turnover recognised.

On completion of the construction phase the resultant contract receivable debtor will be reclassified as a finance debtor. Fees will be allocated between turnover and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

#### ***Financial instruments***

The company is party to a derivative interest rate swap agreement, which has been issued to manage exposures to fluctuations in interest rates.

Finance costs in accordance with FRS4 are charged to the profit and loss account over the life of the loan.

#### ***Taxation***

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## Notes (continued)

### 2 Turnover

	2011 £	2010 £
Value of work done	2,836,575	15,129,365
Service fees receivable	537,615	-
Other income	173,684	-
	<u>3,547,874</u>	<u>15,129,365</u>

### 3 Operating expenses

	2011 £	2010 £
Materials, site and production costs	3,010,060	15,129,365
Other Operating expenses	347,448	-
	<u>3,357,508</u>	<u>15,129,365</u>

### 4 Profit on ordinary activities before taxation

	2011 £	2010 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit of these financial statements	3,495	3,495
Audit of parent financial statements pursuant to legislation	1,000	1,000
Other services relating to taxation	2,925	2,925
	<u>7,420</u>	<u>7,420</u>

### 5 Remuneration of directors

The directors received no emoluments from the company during the year. There are no employees of the company.

Elgin Infrastructure Limited received fees of £10,433 (2010: £5,031) from the company during the year in respect of the services of WG Robertson and AP Fordyce as directors.

### 6 Interest receivable and similar income

	2011 £	2010 £
Interest on Finance Debtor	625,273	-
Bank interest receivable	34	-
	<u>625,307</u>	<u>-</u>

**Notes (continued)**

**7 Interest payable and similar charges**

	2011 £	2010 £
Subordinated loan interest	119,420	-
Bank loan interest	594,879	-
Amortisation of finance costs in accordance with FRS 4	13,003	-
	<u>727,302</u>	<u>-</u>

**8 Taxation**

	2011 £	2010 £
Analysis of charge in year		
UK corporation tax	24,757	-
	<u>24,757</u>	<u>-</u>
Tax on profit on ordinary activities	<u>24,757</u>	<u>-</u>

Factors affecting the charge for the current year. The current tax charge for the year is the same as (2010: the same as) the standard rate of corporation tax in the UK of 28% (2010: 28%).

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	88,418	-
	<u>88,418</u>	<u>-</u>
Corporation tax at 28% (2010: 28%)	<u>24,757</u>	<u>-</u>

**9 Debtors**

	2011 £	2010 £
<i>Amounts falling due within one year</i>		
Amounts recoverable on contracts	-	142,468
Finance debtor	298,439	-
Prepayments	21,689	14,259
Other debtors	244,213	419,530
Trade debtors	45,543	-
	<u>609,884</u>	<u>576,257</u>
<i>Amounts falling due after more than one year</i>		
Amounts recoverable on contracts	-	18,182,538
Finance debtor	20,720,673	-
	<u>20,720,673</u>	<u>18,182,538</u>

**Notes (continued)**

**10 Creditors: amounts falling due within one year**

	2011 £	2010 £
Trade creditors	47,015	1,156,405
Accruals	393,859	560,156
Other creditors	69,600	-
Corporation tax	24,757	-
Senior debt (see note 11)	36,400	2,020
Equity bridge loan	-	1,498,700
	<u>571,631</u>	<u>3,217,281</u>

**11 Creditors: amounts falling due after more than one year**

	2011 £	2010 £
Senior debt (secured)	19,796,689	15,915,327
Subordinated debt	1,614,376	-
	<u>21,411,065</u>	<u>15,915,327</u>

The senior debt due to the Cooperative Bank is secured by a bond and floating charge over the company's present and future assets. The debt is also secured by a guarantee supported by a bond and floating charge over the assets and undertakings of the company's parent company, Robertson Health (Midlothian) Holdings Limited. The debt bears interest at 5.26% per annum under a swap agreement entered into by the company. The swap rate is fixed for the duration of the debt. The debt is stated net of finance costs of £363,726 (2010: £376,729) and is repayable in quarterly instalments which commenced on the 30 September 2010. The final repayment date is 30 September 2039.

	2011 £	2010 £
Debt can be analysed as falling due:		
In one year or less, or on demand	36,400	1,500,720
Between one and two years	59,000	36,358
Between two and five years	95,000	58,577
In five years or more	21,620,791	16,197,121
Finance costs	(363,726)	(376,729)
	<u>21,447,465</u>	<u>17,416,047</u>

**12 Called up share capital**

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
143,500 Ordinary shares of £1.00 each	<u>143,500</u>	<u>143,500</u>

**Notes (continued)**

**13 Profit and loss account**

	2011 £	2010 £
At beginning of year	-	-
Profit for the year	63,661	-
	<hr/>	<hr/>
At end of year	63,661	-
	<hr/>	<hr/>

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

	2011 £	2010 £
Profit for the financial year	63,661	-
	<hr/>	<hr/>
Net addition to shareholders' funds	63,661	-
Opening shareholders' funds	143,500	143,500
	<hr/>	<hr/>
Closing shareholders' funds	207,161	143,500
	<hr/>	<hr/>

**15 Related party transactions**

The main construction contract for the project was placed with Robertson Construction (Lothian) Limited, whose ultimate holding company is Robertson Construction Group Limited. Robertson Group Limited, a company under control by the same shareholders, is a 95% shareholder in Robertson Capital Projects Limited which has a 50.1% share in Elgin Infrastructure Limited, the 100% shareholder in the company's immediate holding company, Robertson Health (Midlothian) Holdings Limited.

Related party	Relationship	Class of transactions	2011 expenditure £	2010 expenditure £	2011 creditor £	2010 creditor £
Robertson Construction (Lothian) Ltd	The immediate holding company, Robertson Construction Group Ltd, is a fellow subsidiary of Robertson Group Ltd	Construction	2,999,560	13,972,944	284,008	1,603,974
Robertson Capital Projects Limited	50.1% shareholder in Elgin Infrastructure Ltd is a 100% shareholder of Robertson Health (Midlothian) Holdings Limited	Management Services	61,107	168,092	8,250	100,000
Elgin Infrastructure Limited	100% shareholder of Robertson Health (Midlothian) Holdings Ltd	Management Services	10,433	5,031	-	-
Robertson Facilities Management	Fellow Subsidiary of Robertson Group Limited	Facilities Management	223,694	-	61,023	-

**Notes** *(continued)*

**16 Immediate and ultimate holding company**

The company's immediate holding company is Robertson Health (Midlothian) Holdings Limited, a company incorporated in Scotland, registered number 3455010. The accounts of Robertson Health (Midlothian) Holdings Limited can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

The immediate holding company of Robertson Health (Midlothian) Holdings Limited is Elgin Infrastructure Limited, which is a joint venture between Robertson Capital Projects Limited and 3i Infrastructure Plc.