

ALDER HEY HOLDCO 2 LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR TO 31 MARCH 2015**

Registered Number 8387797

TUESDAY



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DIRECTORS AND ADVISORS

Directors

J Heath

J M Linney (resigned, 22 July 2015)

R J Marsden

A Travis

R G Whitby

A S Pearson (appointed, 22 July 2015)

Company secretary and registered office

M Lewis (resigned, 4 September 2015)

P Naylor (appointed, 4 September 2015)

1 Kingsway

London

WC2B 6AN

Auditor

KPMG LLP

Chartered Accountants and Statutory Auditor

Arlington Business Park

Theale

Reading

RG7 4SD

Principal bankers

Sumitomo Mitsui Banking Corporation Europe Limited

99 Queen Victoria Street

London

EC4V 4EH

STRATEGIC REPORT

The Directors present the Strategic Report and the audited financial statements for the year to 31 March 2015.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Alder Hey HoldCo 2 Limited is the holding company of Alder Hey HoldCo 1 Limited, which in turn is the holding company of Alder Hey (Special Purpose Vehicle) Limited. Its principal activity is to provide finance to its subsidiary for the design, construction and operation of a new 270 bed specialist paediatric centre hospital with multi-storey car park for the Alder Hey Childrens NHS Foundation Trust. Financial close was achieved on 21 March 2013. The concession period is 30 years.

The company borrowed £13.9m from the shareholders of Alder Hey Holdco 3 Limited and on-loaned this to the Company's subsidiary undertaking under the same terms.

The directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

GOING CONCERN

The going concern assessment is provided in the Directors' Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is required to repay its subordinated debt borrowed in instalments from September 2015. Proceeds of this subordinated debt were in turn loaned via Alder Hey Holdco 1 Limited to the Company's subsidiary, Alder Hey (Special Purpose Vehicle) Limited. The Company faces the risk that Alder Hey (Special Purpose Vehicle) Limited will not generate sufficient cash flows to enable it to repay the loans and hence the Company will not be able to repay the subordinated debt.

As described in the accounts of the Alder Hey (Special Purpose Vehicle) Limited these risks associated with the Alder Hey Hospital project are largely mitigated and hence the risk of default on these loans are considered minimal. Due to the nature of the business, in the opinion of the directors there are no key performance indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

On behalf of the Board



J Heath
Director

25 September 2015

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year to 31 March 2015.

DIRECTORS

The Directors who served throughout the year are shown on page 1.

POLITICAL DONATIONS

The Company made no political donations or incurred any political expenditure during the period.

PROPOSED DIVIDEND

The directors do not recommend payment of a dividend.

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 aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. More information is provided in note 1 to the financial statements.

AUDITOR

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

On behalf of the Board



J Heath
1 Kingsway, London WC2B 6AN
Director
25 September 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements and accounting estimates that are reasonable and prudent;
- state whether 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 its 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDER HEY HOLDCO 2 LIMITED

We have audited the financial statements of Alder Hey HoldCo 2 Limited for the year ended 31 March 2015 set out on pages 6 to 13.

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

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 auditor

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). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its result 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 Strategic Report and 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.



Amanda Moses (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
West Berkshire
RG7 4SD

25 September 2015

PROFIT AND LOSS ACCOUNT**FOR THE YEAR TO 31 MARCH 2015**

	Notes	2015 £'000	For the period 6 February 2013 to 31 March 2014 £'000
Net interest payable	4	-	-
Result on ordinary activities before taxation		-	-
Taxation	5	-	-
Result for the financial period		-	-

The accompanied notes form an integral part of these financial statements.

All items in the profit and loss account relate to continuing operations.

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents.

OTHER COMPREHENSIVE INCOME

FOR THE YEAR TO 31 MARCH 2015

			For the period 6 February 2013 to 31 March 2014 £'000
	Notes	2015 £'000	
Result for the Financial Year		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		-	-

The accompanied notes form an integral part of these financial statements.

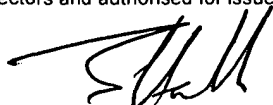
ALDER HEY HOLDCO 2 LIMITED

BALANCE SHEET AS AT 31 MARCH 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	6	30	30
Current assets			
Debtors		26,057	12,109
- due within one year	7	949	-
- due after more than one year	7	25,108	12,109
		26,057	12,109
Current liabilities			
Creditors: amounts falling due within one year	8	(949)	-
Net current assets		25,108	12,109
Total assets less current liabilities		25,138	12,139
Creditors: amounts falling due after more than one year	8	(25,108)	(12,109)
Net assets		30	30
Capital and reserves			
Called up share capital	9	30	30
Profit and loss account		-	-
Shareholder's funds		30	30

The accompanied notes form an integral part of these financial statements.

The financial statements of Alder Hey HoldCo 2 Limited, registered number 8387797, were approved by the Board of Directors and authorised for issue on 25 September 2015. They were signed on its behalf by:



J Heath
Director
25 September 2015

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2015

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 April 2015	30	-	30
Total comprehensive income for the period			
Result for the period	-	-	-
Other comprehensive income	-	-	-
	<u>30</u>	<u>-</u>	<u>30</u>
Transactions with owners, recorded directly in equity			
Issue of shares	-	-	-
Total contributions by and distributions to owners	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2015	<u>30</u>	<u>-</u>	<u>30</u>

The accompanied notes form an integral part of these financial statements.

Notes to the financial statements for the year to 31 March 2015

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council. The principal accounting policies are summarised below.

The Company's ultimate parent undertaking, Alder Hey HoldCo 3 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Alder Hey HoldCo 3 Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Reconciliation of the number of shares outstanding from the beginning to end of the period.

As the consolidated financial statements of Alder Hey HoldCo 3 Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

b) Going concern

The directors have reviewed the cash flow forecast and taking into account reasonable possible risks in operations to the Company's subsidiary and the fact the obligations of the Company's subsidiary's sole customer are underwritten by the Secretary of State for Health they believe that the Company will be able to settle its liabilities as they fall due for the foreseeable future and therefore it is appropriate to prepare these financial statements on the going concern basis.

c) Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

Investments in subsidiaries, are carried at cost less impairment.

d) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between Alder Hey Holdco 3 Limited's taxable profits and its results as stated in the financial information that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Notes to the financial statements for the year to 31 March 2015 (continued)

2 OPERATING RESULTS

The auditor's remuneration of £1,000 for the audit of Alder Hey Holdco 2 Limited was borne by a fellow group undertaking.

3 STAFF COSTS AND DIRECTORS' REMUNERATION

The Company had no employees and hence no staff costs during the period. No Directors received any remuneration for services to Alder Hey HoldCo 2 Limited during the period. Alder Hey HoldCo 2 Limited is managed by secondees from the shareholders under a management services contract.

4 NET INTEREST PAYABLE

	2015 £'000	For the period 6 February 2013 to 31 March 2014 £'000
Interest receivable and similar income		
Subordinated loan interest receivable from group undertakings	1,290	938
Interest payable and similar charges		
Subordinated loan interest payable	(1,290)	(938)
Net interest payable	-	-

5 TAXATION

The differences between the total current tax and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2015 £'000	For the period 6 February 2013 to 31 March 2014 £'000
Result for the period	-	-
Total tax	-	-
Total tax for the period	-	-

Notes to the financial statements for the year to 31 March 2015 (continued)

6 INVESTMENTS

	2015 £'000	2014 £'000
Subsidiary undertakings	30	30
Total	30	30

The balance sheet value of investments held represents the purchase consideration. The value of investments is not less than the aggregate amounts at which they are shown in the balance sheet.

The Company holds a 100% investment in Alder Hey HoldCo 1 Limited, a company incorporated in England and Wales. The investment held represents 30,000 ordinary shares of £1 each.

The Company also indirectly holds through Alder Hey HoldCo 1 Limited a 100% investment in Alder Hey (Special Purpose Vehicle) Limited, a company incorporated in England and Wales.

7 DEBTORS

	2015 £'000	2014 £'000
Due within one year		
Senior subordinated debt owed by group undertakings	209	-
Subordinated debt owed by group undertakings	740	-
	949	-
Due after more than one year		
Senior subordinated debt owed by group undertakings	11,899	12,109
Subordinated debt owed by group undertakings	13,209	-
	25,108	12,109

The amounts owed by group undertakings consists of the following:

- Subordinated Secured Facility from Prudential on-loaned and receivable from Alder Hey Holdco 1 Limited of £12.12 million repayable in instalments from September 2015 to September 2043, with a fixed rate of interest of 7.81%.

- Sub-ordinated debt receivable from Alder Hey Holdco 1 Limited of £16.47 million repayable in instalments from September 2015 to September 2043, with a fixed rate of interest of 11.74%. As at 31 March £13.95 million had been drawn down and on-loaned. The remaining balance is to be drawn down and on-loaned by June 2015.

8 CREDITORS

	2015 £'000	2014 £'000
Amounts falling due within one year		
Senior subordinated debt	209	-
Subordinated debt	740	-
	949	-
Amounts falling due after more than one year		
Senior subordinated debt	11,899	12,109
Subordinated debt	13,209	-
	25,108	12,109
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less	949	-
Between one and two years	324	209
Between two and five years	1,577	1,135
In five years or more	23,207	10,765
	26,057	12,109

Loans

The loan consists of the following:

- Subordinated Secured Facility from Prudential of £12.1 million repayable in instalments from September 2015 to September 2043, with a fixed rate of interest of 7.81%.

The facility was fully drawn down at financial close and on-loaned to the Company's subsidiary undertaking, Alder Hey Holdco 1 Limited.

- Subordinated Debt of £16.47 million repayable in instalments from September 2015 to September 2043, with a fixed rate of interest of 11.74%. As at 31 March £13.95 million had been drawn down. The remaining balance is to be drawn down by June 2015.

Notes to the financial statements for the year to 31 March 2015 (continued)

9 CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Allotted, called up and fully paid: 30,000 ordinary shares of £1 each	30	30

10 TRANSACTIONS WITH RELATED PARTIES

	2015 £'000	2014 £'000
Subordinated debt balance payable at 31 March		
Laing O'Rourke Construction Limited	5,481	-
John Laing Investments Limited	5,645	-
Interserve Investments Limited	2,823	-

11 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Alder Hey HoldCo 3 Limited, a Company incorporated in Great Britain.

The smallest and largest group in which its results are consolidated and the Company's ultimate parent and controlling entity is Alder Hey HoldCo 3 Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated accounts of Alder Hey HoldCo 3 Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.