

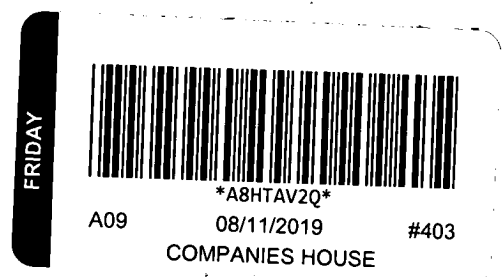
**Sandwell Fundco 3 Limited**

Directors' Report and Financial Statements

Year Ended

31 March 2019

Company Number 04928336



# **Sandwell Fundco 3 Limited**

## **Contents**

---

	<b>Page</b>
<b>Company Information</b>	
<b>Directors' Report</b>	<b>1 - 2</b>
<b>Independent Auditors' Report</b>	<b>3 - 5</b>
<b>Statement of Comprehensive Income</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Notes to the Financial Statements</b>	<b>9 - 21</b>

## **Company Information**

---

<b>Directors</b>	M W Grinonneau S F Murphy C S Douglass D M Vermeer J D Sutcliffe
<b>Registered number</b>	04928336
<b>Registered office</b>	9th Floor Cobalt Square 83-85 Hagley Road Birmingham B16 8QG
<b>Independent auditors</b>	BDO LLP Two Snowhill Birmingham B4 6GA

# **Sandwell Fundco 3 Limited**

## **Directors' Report For the Year Ended 31 March 2019**

---

The directors present their annual report and the audited financial statements for the year ended 31 March 2019.

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption and the company has taken advantage of the exemption from the requirement to prepare a strategic report.

### **Principal activities**

The company manages four health centres under the Government's LIFT Initiative.

### **Results and dividends**

The loss for the year, after taxation, amounted to £90,000 (2018 - profit of £43,000).

The directors do not recommend the payment of a dividend (2018 - £Nil).

### **Directors**

The directors who served during the year and to the date of this report were:

M W Grinonneau  
G W Mackinlay (resigned 22 May 2019)  
S F Murphy  
P J Sheldrake (resigned 23 April 2018)  
C S Douglass  
D M Vermeer (appointed 24 April 2018)  
R J Coates (appointed 1 October 2018, resigned 8 October 2018)  
J D Sutcliffe (appointed 22 May 2019)

### **Going concern**

At the year-end, the company had net liabilities of £29,000 (2018 - net assets of £61,000). The company has net current assets (excluding debtors due after more than one year) of £520,000 (2018 - £266,000), including cash of £628,000 (2018 - £559,000).

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company. The company produces long-term financial forecasts which show the company is able to operate and meet its financial obligations as they fall due, including compliance with all loan covenants. Based on this review and the future business prospects of the company, the directors believe the company will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Qualifying third party indemnity provisions**

The directors of the company have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

# **Sandwell Fundco 3 Limited**

## **Directors' Report (continued) For the Year Ended 31 March 2019**

---

### **Directors' responsibilities statement**

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 period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 to 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.

### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 28<sup>th</sup> October 2019 and signed on its behalf.



**C S Douglass**  
Director

# **Sandwell Fundco 3 Limited**

## **Independent Auditors' Report to the Members of Sandwell Fundco 3 Limited**

---

### **Opinion**

We have audited the financial statements of Sandwell Fundco 3 Limited ("the Company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **Sandwell Fundco 3 Limited**

## **Independent Auditors' Report to the Members of Sandwell Fundco 3 Limited (continued)**

---

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Respective responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our auditor's report.

## Sandwell Fundco 3 Limited

### Independent Auditors' Report to the Members of Sandwell Fundco 3 Limited (continued)

---

#### Use of our report

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.



**Stephen Hale** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Birmingham  
United Kingdom

*4 November 2019*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Sandwell Fundco 3 Limited

## Statement of Comprehensive Income For the Year Ended 31 March 2019

	Note	2019 £000	2018 £000
Revenue	4	317	600
Cost of sales		(143)	(411)
<b>Gross profit</b>		<b>174</b>	<b>189</b>
Administrative expenses		(186)	(76)
<b>Operating (loss)/profit</b>	5	<b>(12)</b>	<b>113</b>
Interest receivable and similar income	7	500	521
Interest payable and similar charges	8	(523)	(542)
<b>(Loss)/profit before tax</b>		<b>(35)</b>	<b>92</b>
Tax on (loss)/profit	9	(55)	(49)
<b>(Loss)/profit for the financial year</b>		<b>(90)</b>	<b>43</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(90)</b>	<b>43</b>

The results for the current and previous financial year derive from continuing operations.

The notes on pages 9 to 21 form part of these financial statements.



**Sandwell Fundco 3 Limited**  
Registered number: 04928336

**Balance Sheet**  
**As at 31 March 2019**

				(As restated - note 2.2)	(As restated - note 2.2)
	Note	2019 £000	2019 £000	2018 £000	2018 £000
<b>Current assets</b>					
Debtors: amounts falling due within one year	10	497		793	
Debtors: amounts falling due after more than one year	10	8,954		9,537	
Cash at bank and in hand		628		559	
		<u>10,079</u>		<u>10,889</u>	
Creditors: amounts falling due within one year	12	(605)		(1,086)	
<b>Net current assets</b>			<u>9,474</u>		<u>9,803</u>
<b>Total assets less current liabilities</b>			<u>9,474</u>		<u>9,803</u>
Creditors: amounts falling due after more than one year	13		(9,187)		(9,593)
Provision for liabilities	15		(316)		(149)
<b>Net (liabilities)/assets</b>			<u>(29)</u>		<u>61</u>
<b>Capital and reserves</b>					
Called up share capital	18		1		1
Profit and loss account			(30)		60
			<u>(29)</u>		<u>61</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
28 October 2019



**C S Douglass**  
Director

The notes on pages 9 to 21 form part of these financial statements.

# Sandwell Fundco 3 Limited

## Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>At 1 April 2017</b>	<b>1</b>	<b>17</b>	<b>18</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	43	43
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	43	43
<b>At 1 April 2018</b>	<b>1</b>	<b>60</b>	<b>61</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(90)	(90)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive loss for the year</b>	-	(90)	(90)
<b>At 31 March 2019</b>	<b>1</b>	<b>(30)</b>	<b>(29)</b>

The notes on pages 9 to 21 form part of these financial statements.

# **Sandwell Fundco 3 Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

---

### **1. General information**

Sandwell Fundco 3 Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office of the company is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

### **2. Accounting policies**

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

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The functional currency is pounds sterling and rounded to the nearest £'000.

In preparing the separate financial statements, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the company;
- The company has taken advantage of exemption, not to disclose related party transactions between members wholly owned members of the group.

#### **2.2 Balance sheet re-presentation**

Finance debtors have been re-presented to show these as debtors, within current assets, split between amounts expected to be received within one year and amounts expected to be received after more than one year, rather than entirely within fixed assets to better represent the nature of the balance.

#### **2.3 Going concern**

At the year-end, the company had net liabilities of £29,000 (2018 - net assets of £61,000). The company has net current assets (excluding debtors due after more than one year) of £520,000 (2018 - £266,000), including cash of £628,000 (2018 - £559,000).

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company. The company produces long-term financial forecasts which show the company is able to operate and meet its financial obligations as they fall due, including compliance with all loan covenants. Based on this review and the future business prospects of the company, the directors believe the company will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

# **Sandwell Fundco 3 Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

---

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

#### **2.4 Financial assets**

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Financial assets measured at amortised cost comprise cash at bank, trade debtors, finance debtors, other debtors and amounts owed by group undertakings.

#### **2.5 Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial liabilities measured at amortised cost comprise bank and other loans, trade creditors, other creditors, amounts owed to group undertakings and accruals.

#### **2.6 Revenue**

##### **2.6.1 Public to private concession arrangements**

A substantial portion of the company's assets are used within the framework of concession contracts granted by public sector customers ('grantors'). Under these contracts, the company constructs primary care centres that are leased to the NHS on 25 year leases.

In order to fall within the scope of FRS 102 s34. 12, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the significant residual interest in the infrastructure at the end of the term of the arrangement.

Pursuant to FRS 102 s34. 14, such infrastructures are not recognised in assets of the operator as property, plant and equipment but in financial assets ('financial asset model').

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

---

### 2. Accounting policies (continued)

#### 2.6 Revenue (continued)

##### 2.6.2 'Financial asset model'

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of;

- amounts specified or determined in the contract; or
- the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of FRS 102 s34. 14 are recorded in the balance sheet under the heading finance debtors and measured at amortised cost.

Pursuant to section 23 of FRS 102, revenue associated with this financial asset model comprises service remuneration which relates to facilities management, lifecycle maintenance and ad hoc property related income. Service remuneration is recognised as services are delivered.

Costs recognised in respect of service remuneration activities in advance of the work being undertaken are recognised as an asset within 'Other debtors' where the asset can be reliably measured and it is considered probable that those costs give rise to future revenue under the concession arrangements.

##### 2.6.3 Other revenue items

Cost recoveries income is recognised to off-set costs as those costs are incurred.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

#### 2.7 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have been originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

# **Sandwell Fundco 3 Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

---

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

#### **2.8 Provisions**

The company has recognised provisions for liabilities of uncertain timing or amount in respect of lifecycle obligations existing at the reporting date. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Discounting, to reflect current market assessments of the time value of money and risks specific to the liability, is considered immaterial given the company expects to settle the obligations within the next financial year.

#### **2.9 Reserves**

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 3. Accounting estimates and judgments

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are as follows:

#### 3.1 Key sources of estimation uncertainty

Financial asset (note 11) – The calculation of the amortised cost of the financial asset requires an estimate of the residual value of the property at the end of the lease term. This estimate has been based on the residual value allocated to the contract in the financial models, which form the basis for the calculation of rent charged to the lessees.

Financial asset interest rate – The financial asset interest income is based on the WACC of the project and is applied to the carrying value of the financial asset on a quarterly basis. The interest rate used in 2019 is 5.19% (2018: 5.19%) per annum.

RPI index (note 11) - The finance debtors predict a level of RPI increases for future receipts and expenditure. This represents a degree of judgement and uncertainty given the nature of RPI. Where RPI differs from the estimated rate of 2.5%, this will impact future receipts/expenditure and thus increase/reduce the service margin (see below), which affects the amount of revenue recognised in any given period.

Service margin (notes 4 & 11) - After the property is constructed, the company provides property management services. The remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. The service margin rate used in 2019 is 27.12% (2018: 27.73%) per annum. It is the policy of the directors that the service margin is reviewed annually on 1 January each year to generate a new service margin rate, which is to be applied in the proceeding financial year.

Lifecycle provision (note 15) - Provision is made in respect of lifecycle repairs/replacements required as at the reporting date, which the company is obligated to carry out under its lease agreements. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

#### 3.2 Critical judgements

Concession arrangements - The concession arrangements undertaken by the company are considered to fall within the scope of section 34 of FRS 102 "Service Concession Arrangements", as described in the turnover note. This judgement has been based on a consideration of the nature and terms of the agreements and, in all contracts, the existence of an option for the grantor to purchase the properties at the end of the contract.

### 4. Revenue

An analysis of revenue by class of business is as follows:

	2019 £000	2018 £000
Service remuneration	310	566
Cost recoveries	7	34
	<u>317</u>	<u>600</u>

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2019 £000	2018 £000
Fees payable to the company's auditor for the audit of the company's annual financial statements	3	3

The company had no employees during the year or the prior year.

### 6. Directors' remuneration

The directors did not receive any remuneration from the company for their services to the company during the year or the previous year. The directors are remunerated by the shareholding companies for their services to the group as a whole. It is not practicable to apportion their remuneration for their services to this company.

### 7. Interest receivable and similar income

	2019 £000	2018 £000
Bank interest receivable	2	2
Financial asset interest receivable	498	519
	<u>500</u>	<u>521</u>

### 8. Interest payable and similar expenses

	2019 £000	2018 £000
Bank loan interest payable	402	421
Amortisation of loan issue costs	5	5
Loan note interest payable	116	116
	<u>523</u>	<u>542</u>



# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 9. Taxation

	2019 £000	2018 £000
<b>Deferred tax</b>		
Origination and reversal of timing differences - current year	55	49
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>55</u>	<u>49</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/profit on ordinary activities before tax	<u>(35)</u>	<u>92</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(7)	17
<b>Effects of:</b>		
Expenses not deductible	68	37
Change in tax rate	(6)	(5)
<b>Total tax charge for the year</b>	<u>55</u>	<u>49</u>

#### Factors that may affect future tax charges

The Finance Act 2016, enacted on 15 September 2016, reduced the main rate of Corporation tax to 17% for the year commencing 1 April 2020. These changes have been reflected in the carrying value of the deferred tax liability at the balance sheet date.

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 10. Debtors

	(As restated - note 2.2)	
	2019	2018
	£000	£000
<b>Due after more than one year</b>		
Finance debtors (note 11)	8,954	9,537
	<u>8,954</u>	<u>9,537</u>
<b>Due within one year</b>		
Trade debtors	-	321
Finance debtors (note 11)	379	459
Amounts owed by related parties	3	-
Other debtors	112	-
Prepayments and accrued income	3	13
	<u>497</u>	<u>793</u>

Other debtors represent costs which give rise to future revenue under the concession arrangements.

### 11. Financial assets

	2019	2018
	£000	£000
Balance at 1 April	9,996	10,365
<b>Income recognised in the income statement</b>		
- service remuneration	310	566
- interest income	498	519
	<u>808</u>	<u>1,085</u>
<b>Other movements</b>		
- cash received	(1,471)	(1,454)
	<u>(1,471)</u>	<u>(1,454)</u>
<b>Balance at 31 March</b>	<u>9,333</u>	<u>9,996</u>

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 11. Financial assets (continued)

	2019 £000	2018 £000
<b>Analysis of expected net receipts timing:</b>		
Within one year	379	459
After more than one year	8,954	9,537
<b>Balance at 31 March</b>	<b>9,333</b>	<b>9,996</b>

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

	2019 £000	2018 £000
Bank loans (note 14)	399	550
Trade creditors	90	177
Amounts owed to group undertakings	6	-
Amounts owed to related parties (note 14)	13	71
Other taxation and social security	56	59
Other creditors	-	21
Accruals and deferred income	41	208
	<b>605</b>	<b>1,086</b>

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

	2019 £000	2018 £000
Bank loans (note 14)	8,293	8,686
Amounts owed to related parties (note 14)	894	907
	<b>9,187</b>	<b>9,593</b>

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 14. Loans payable

#### (a) Bank loans

	2019 £000	2018 £000
<b>The bank loans are repayable as follows</b>		
Within one year	404	555
Between one and two years	423	404
Between two and five years	1,363	1,364
After more than five years	6,607	7,023
	<u>8,797</u>	<u>9,346</u>

Bank borrowings relate to a Senior Debt Facility. The amounts drawn under the facility are repayable on an agreed repayment profile of three monthly instalments that commenced on 30 September 2013 and are due to end in March 2038.

Interest charges on amounts drawn down under both the current and previous facility are based on a long term gilt-based loan of 4.42% per annum.

The Senior Facility is secured by a first floating charge over the assets of the company.

Issue costs of £105,000 (2018 - £110,000) are offset against the bank loans and will be amortised over the duration of the facilities.

#### (b) Subordinated loan notes due to related parties

	2019 £000	2018 £000
<b>The loan notes are repayable as follows</b>		
Within one year	13	11
Between one and two years	15	12
Between two and five years	56	47
After more than five years	823	848
	<u>907</u>	<u>918</u>

The loan notes carry a coupon of 12.52% (2018: 12.52%) and are repayable in the quarter ending December 2038. The loan notes are unsecured.

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 15. Provisions

	<b>Lifecycle provision £000</b>	<b>Deferred taxation (note 16) £000</b>	<b>Total £000</b>
At 1 April 2018	-	149	149
Charged to the profit and loss account	112	55	167
<b>At 31 March 2019</b>	<b>112</b>	<b>204</b>	<b>316</b>

Lifecycle provision is made in respect of lifecycle repairs/replacements required as at the reporting date, which the company is obligated to carry out under its lease agreements. The provision represents management's best estimate of the full replacement cost of all items identified as requiring upgrades as at the year-end.

### 16. Deferred tax liability

	<b>2019 £000</b>
At beginning of year	(149)
Charged to profit or loss	(55)
<b>At end of year</b>	<b>(204)</b>

An analysis of the deferred tax liability included in the financial statements is as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
Fixed asset timing differences	(335)	(335)
Losses and other deductions	122	177
Cash flow hedge reserve	9	9
	<b>(204)</b>	<b>(149)</b>

### 17. Cash at bank and in hand

Included in cash at bank and in hand are bank balances totalling £81,000 (2018: £25,000) which are restricted for use in pre-described circumstances by the bank.

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 18. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1,000 ordinary share of £1 each	<u>1,000</u>	<u>1,000</u>

### 19. Financial instruments

	2019 £000	2018 £000
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>9,966</u>	<u>10,876</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>9,836</u>	<u>10,730</u>

### 20. Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Sandwell Midco 3 Limited, which is in turn a wholly owned subsidiary of Sandwell Estates Partnership Limited. Both companies are registered in England and Wales.

As at 31 March 2019, Sandwell Estates Partnership Limited was owned by Primary Plus Holdings Limited (60%) and Community Health Partnerships Limited (40%), which are both registered in England and Wales.

The directors are of the opinion that there is no ultimate parent undertaking or controlling party by virtue of the company's joint ownership and control.

# Sandwell Fundco 3 Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 21. Related party transactions

Key management personnel include all directors who together have authority and planning, directing and controlling the activities of the company. See note 6 for details of directors' remuneration.

The directors consider the material transactions undertaken by the company during the year with related parties were as follows:

	2019 £000	2018 £000
<b>Sales to:</b>		
Community Health Partnerships Limited	174	170
<b>Balances due to:</b>		
Community Health Partnerships Limited	363	390
Primary Plus Holdings Limited	544	585
<b>Interest charged to:</b>		
Community Health Partnerships Limited	46	46
Primary Plus Holdings Limited	70	70

### 22. Other commitments

On completion of the buildings, under terms of contracts made, the company is committed to fixed payments, which increase by indexation, for Facilities Management for a 25 year period. The current year payment for these services amounted to £193,000.

Under the terms of management agreements with its parent company, the company is committed to the payment of fixed and variable fees based on services provided in the contract term. The current year payment for these services amounted to £63,000.