

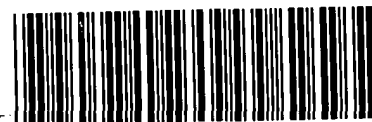
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**SANDWELL FUNDCO 3 LIMITED  
(FORMERLY SANDWELL LIFT PROJECT COMPANY  
(NO. 3) LIMITED)**

**Company Registration No. 04928336**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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## **SANDWELL FUNDCO 3 LIMITED**

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### **Report and Financial Statements For the year ended 31 March 2018**

<b>Contents</b>	<b>Page</b>
<b>COMPANY INFORMATION</b>	<b>1</b>
<b>DIRECTORS' REPORT</b>	<b>2</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>4</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>7</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>8</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>9</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>10</b>
<b>PRINCIPAL ACCOUNTING POLICIES</b>	<b>11</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>14</b>

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## **SANDWELL FUNDCO 3 LIMITED**

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### **Company Information**

#### **Directors**

J L Crouch (resigned 1 August 2017)  
M W Grinonneau  
G W Mackinlay  
S F Murphy  
P J Sheldrake (resigned 23 April 2018)  
C S E Douglass (appointed 1 August 2017)  
D M M Vermeer (appointed 24 April 2018)  
R J Coates (appointed 1 October 2018)

#### **Company Secretary**

C Sheridan (resigned 31 March 2018)

#### **Registered Office**

15th Floor Cobalt Square  
83-85 Hagley Road  
Birmingham  
B16 8QG

#### **Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## **SANDWELL FUNDCO 3 LIMITED**

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### **Directors' Report For the year ended 31 March 2018**

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

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

With effect from 25 September 2018 the Company's name changed from Sandwell LIFT Project Company (No. 3) Limited to Sandwell Fundco 3 Limited.

#### **Principal activities**

Sandwell Fundco 3 Limited is a public private partnership business that was established under the NHS Local Improvement Finance Trust (LIFT) directive to engage in the provision of integrated health and social accommodation within Sandwell with the objective of promoting the improvement of health and social care services. The company is a subsidiary of Sandwell Estate Partnerships Limited.

The company was established in 2012 and commenced the development of its first property, Portway Lifestyle Centre. This was completed in September 2013 and was fully operational by October 2013.

The results for the year are included on page 7.

#### **Dividends**

The directors did not recommend the payment of a dividend (2017: £nil).

#### **Directors**

The current directors of the company, who served throughout the period and subsequently unless otherwise stated, are shown on page 1.

Sandwell Fundco 3 Limited has adopted Articles of Association, the provisions of which do not require the directors to retire by rotation or to retire at the first Annual General Meeting after their appointment.

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

The directors of Sandwell Fundco 3 Limited have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

#### **Going concern**

The company has net assets of £61,000 (2017: £18,000) and net current liabilities of £193,000 (2017: £198,000), including cash of £559,000 (2017: £421,000), at 31 March 2018.

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, despite the current economic conditions 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

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### **Directors' Report (continued)** **For the year ended 31 March 2018**

#### **Directors' responsibilities statement**

The directors are responsible for preparing the annual 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 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 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.

#### **Auditor and disclosure of information to auditor**

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP has expressed their willingness to continue in office as the company auditor.

**On behalf of the board**



**C Douglass**  
Director

26 Nov, 2018

## **SANDWELL FUNDCO 3 LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL FUNDCO 3 LIMITED**

We have audited the financial statements of Sandwell Fundco 3 Limited ("the company") for the year ended 31 March 2018 which comprise the statement of comprehensive income, the statement of financial position, statement of changes in equity, statement of cash flows and 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 2018 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

#### **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.

## **SANDWELL FUNDCO 3 LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL FUNDCO 3 LIMITED (continued)**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

#### **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 director's 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.

## SANDWELL FUNDCO 3 LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL FUNDCO 3 LIMITED (continued)

#### 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>. This description forms part of our auditor's report.

#### 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.

BDO LLP

#### Paul Bailey (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor  
55 Baker Street  
London  
W1U 7EU

28 November 2018

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



## SANDWELL FUNDCO 3 LIMITED

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### Statement of Comprehensive Income For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover	1	600	497
Cost of sales		(411)	(326)
<b>Gross profit</b>		<b>189</b>	<b>171</b>
Administrative expenses		(76)	(68)
<b>Operating profit</b>		<b>113</b>	<b>103</b>
Interest receivable and similar income	5	521	543
Interest payable and similar charges	6	(542)	(574)
<b>Profit on ordinary activities before taxation</b>		<b>92</b>	<b>72</b>
Tax on profit on ordinary activities	7	(49)	(48)
<b>Profit for the financial year</b>		<b>43</b>	<b>24</b>
<b>Total comprehensive income for the year</b>		<b>43</b>	<b>24</b>

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

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

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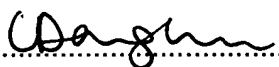
## SANDWELL FUNDCO 3 LIMITED

### Statement of Financial Position As at 31 March 2018

	Note	2018 £'000	2017 £'000
<b>Non-current asset</b>			
Financial assets	8	<u>9,996</u>	<u>10,365</u>
<b>Current assets</b>			
Debtors – due within one year	9	334	5
Cash at bank and in hand	10	<u>559</u>	<u>421</u>
		<u>893</u>	<u>426</u>
<b>Creditors</b>			
Amounts falling due within one year	11	<u>(1,086)</u>	<u>(624)</u>
<b>Net current liabilities</b>		<u>(193)</u>	<u>(198)</u>
<b>Total assets less current liabilities</b>		<b>9,803</b>	<b>10,167</b>
<b>Creditors</b>			
Amounts falling due after more than one year	11	(9,593)	(10,049)
Provision for liabilities	13	(149)	(100)
<b>Net assets</b>		<u><u>61</u></u>	<u><u>18</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account		60	17
<b>Shareholders' fund</b>		<u><u>61</u></u>	<u><u>18</u></u>

The financial statements of Sandwell Fundco 3 Limited, registered number 04928336, were approved by the Board of Directors and authorised for issue on 26 Nov 2018.

These accounts have been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.

  
.....  
C Douglass  
Director

26 Nov. 2018

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

## SANDWELL FUNDCO 3 LIMITED

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### Statement of Changes in Equity For the year ended 31 March 2018

	Issued share capital £'000	Profit and loss account £'000	Total  2018 £'000
1 April 2017	1	17	18
Comprehensive income for the year			
Profit for the year	-	43	43
Total comprehensive income for the year	-	43	43
31 March 2018	1	60	61

	Issued share capital £'000	Profit and loss account £'000	Total  2017 £'000
1 April 2016	1	(7)	(6)
Comprehensive income for the year			
Profit for the year	-	24	24
Total comprehensive income for the year	-	24	24
31 March 2017	1	17	18

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

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## SANDWELL FUNDCO 3 LIMITED

### Statement of Cash Flows For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Profit for the financial year		43	24
Adjustments for:			
Interest receivable	5	(521)	(543)
Interest payable	6	542	574
Turnover on mark-up on costs	1	(566)	(469)
Taxation	7	49	48
(Increase)/decrease in trade and other debtors		(329)	318
Increase/(decrease) in trade creditors		256	(48)
<b>Net cash used in operating activities</b>		<b>(526)</b>	<b>(96)</b>
<b>Cash flows from investing activities</b>			
Interest received		2	2
Receipts on finance asset		1,454	1,434
<b>Net cash from investing activities</b>		<b>1,456</b>	<b>1,436</b>
<b>Cash flows from financing activities</b>			
Repayment of loans		(358)	(485)
Interest paid		(434)	(569)
<b>Net cash used in financing activities</b>		<b>(792)</b>	<b>(1,054)</b>
<b>Net increase in cash &amp; cash equivalents</b>		<b>138</b>	<b>286</b>
Cash and cash equivalents at beginning of year		421	135
<b>Cash and cash equivalents at end of year</b>		<b>559</b>	<b>421</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand	10	559	421
		<b>559</b>	<b>421</b>

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

## SANDWELL FUNDCO 3 LIMITED

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### **Principal Accounting Policies** **For the year ended 31 March 2018**

Sandwell Fundco 3 Limited is incorporated in England and Wales. The registered office is 15th Floor Cobalt Square, 83-85 Hagley Road, Birmingham, B16 8QG.

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **Basis of preparation**

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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

#### **Going concern**

The company has net assets of £61,000 (2017: £18,000) and net current liabilities of £193,000 (2017: £198,000), including cash of £559,000 (2017: £421,000), at 31 March 2018.

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, despite the current economic conditions 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.

#### **Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change 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 income or directly in equity respectively.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## SANDWELL FUNDCO 3 LIMITED

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### Principal Accounting Policies (continued) For the year ended 31 March 2018

#### Turnover

##### a. 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 a 25 year lease.

To fall within the scope of section 34 of FRS 102, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide using the infrastructure, to whom, and at what price; and
- the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Pursuant to section 34 of FRS 102, such infrastructure is not recognised in assets of the operator as property, plant and equipment but as financial assets ('financial asset model').

##### b. 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 section 34 of FRS 102 are recorded in the statement of financial position under the heading financial assets and measured at amortised cost.

Pursuant to section 23 of FRS 102, revenue associated with this financial model comprises of service remuneration which relates to lifecycle maintenance and facilities income and ad hoc property related services income.

##### c. Other revenue items

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

#### Financial Asset

The financial asset is stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

#### Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the trade date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

## **SANDWELL FUNDCO 3 LIMITED**

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### **Principal Accounting Policies (continued) For the year ended 31 March 2018**

#### **Financial instruments (continued)**

Financial instruments are derecognised on trade date when the company is no longer a party to the contractual provisions of the instrument.

#### **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.

#### **Finance costs**

Finance costs that were accrued during construction of the fixed assets were expensed as they were incurred.

#### **Loan arrangement fees**

Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. The capitalised fees are then released to the statement of comprehensive income on a straight line basis over the term of the loan.

#### **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:

##### **a. Key sources of estimation uncertainty**

Financial asset – 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 2018 is 5.19% (2017: 5.19%) per annum.

Service margin – 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 2018 is 27.73% (2017: 27.32%) per annum. It is the policy of the directors that the service margin is reviewed annually on 1 April each year to generate a new service margin rate, which is to be applied in the proceeding financial year.

##### **b. 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.

## SANDWELL FUNDCO 3 LIMITED

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### Notes to the Financial Statements For the year ended 31 March 2018

#### 1. Analysis of turnover and profit on ordinary activities before taxation

Turnover in the year is analysed as follows:

	2018 £'000	2017 £'000
Cost recoveries	34	28
Service margin	566	469
	<u>600</u>	<u>497</u>

#### 2. Audit costs

The audit fee for the company amounted to £2,808 (2017: £2,700). This cost has been borne by Community Solutions Partnership Services Limited and has been recovered through the management services agreement between the two parties.

#### 3. 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.

#### 4. Staff numbers

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

#### 5. Interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest receivable	2	2
Financial asset interest receivable	519	541
	<u>521</u>	<u>543</u>

#### 6. Interest payable and similar charges

	2018 £'000	2017 £'000
Bank interest payable	426	458
Loan note interest payable	116	116
	<u>542</u>	<u>574</u>



## SANDWELL FUNDCO 3 LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2018

#### 7. Tax on profit on ordinary activities

	2018 £'000	2017 £'000
<b>a) Analysis of tax on ordinary activities</b>		
UK corporation tax payable at 19% (2017: 20%)	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences		
- current year	49	48
Total deferred tax	48	48
Tax on profit on ordinary activities	49	48

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%) (2017: 20%). The differences are explained below:

	£'000	£'000
<b>b) Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before tax	92	72
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (19 %) (2017: 20%)	17	14
Effects of:		
Expenses not deductible for tax purposes	37	45
Change in tax rate	(5)	(11)
Current tax charge for the year	49	48

The reduction in the corporation tax rate to 17% from 1 April 2020 is not anticipated to materially affect the future tax charge.

## SANDWELL FUNDCO 3 LIMITED

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### Notes to the Financial Statements (continued) For the year ended 31 March 2018

#### 8. Financial assets

	2018 £'000	2017 £'000
Balance at 1 April	10,365	10,788
<b>Income recognised in the income statement</b>		
- service remuneration	566	470
- interest income	519	541
	<u>1,085</u>	<u>1,011</u>
<b>Other movements</b>		
- cash received	(1,454)	(1,434)
	<u>(1,454)</u>	<u>(1,434)</u>
Balance at 31 March	<u>9,996</u>	<u>10,365</u>

#### 9. Debtors

	2018 £'000	2017 £'000
<b>Due within one year</b>		
Trade debtors	321	4
Prepayments and accrued income	13	1
	<u>334</u>	<u>5</u>

#### 10. Cash at bank and in hand

Included in cash at bank and in hand is cash of £559,000 (2017: £421,000) which is restricted for use in pre-described circumstances by the bank.

## SANDWELL FUNDCO 3 LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2018

#### 11. Creditors

	2018 £'000	2017 £'000
<b>Amounts falling due within one year</b>		
Bank loans (note 12)	550	448
Trade creditors	177	7
Amounts owed to related parties	71	67
Other taxation and social security	59	60
Other creditors	21	21
Accruals and deferred income	208	21
	<u>1,086</u>	<u>624</u>
<b>Amounts falling due after more than one year</b>		
Bank loans (note 12)	8,686	9,131
Amounts owed to related parties (note 12)	907	918
	<u>9,593</u>	<u>10,049</u>

#### 12. Loans

##### (a) Bank loans

	2018 £'000	2017 £'000
<b>The bank loans are repayable as follows</b>		
Within one year	550	448
Between one and two years	399	438
Between two and five years	1,348	1,265
After more than five years	6,939	7,428
	<u>9,236</u>	<u>9,579</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 the debt have been offset against the bank loans and will be amortised over the duration of the facility.

## SANDWELL FUNDCO 3 LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2018

#### 12. Loans (continued)

##### (b) Subordinated loan due to parent undertaking

	2018 £'000	2017 £'000
<b>The loans are repayable as follows</b>		
Within one year	11	10
Between one and two years	12	11
Between two and five years	47	42
After more than five years	848	865
	<u>918</u>	<u>928</u>

The loan notes carry a coupon of 12.52% (2017: 12.52%) and are repayable in the quarter ending December 2038.

#### 13. Provision for liabilities

	2018 £'000	2017 £'000
<b>Deferred tax</b>		
Balance at beginning of year	100	52
Debit to profit for the financial year	49	48
Balance at end of year	<u>149</u>	<u>100</u>

An analysis of the deferred taxation provided in the financial statements is as follows:

	£'000	£'000
Capital allowances in excess of amortisation	335	303
Non trading loan relationship losses	(177)	(194)
UK Property losses	(9)	(9)
	<u>149</u>	<u>100</u>

#### 14. Called up share capital

	2018 £'000	2017 £'000
<b>Allotted, called up and fully paid</b>		
1,000 ordinary share of £1 each	<u>1</u>	<u>1</u>

## SANDWELL FUNDCO 3 LIMITED

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### Notes to the Financial Statements (continued) For the year ended 31 March 2018

#### 15. Financial instruments

The company's financial instruments may be analysed as follows:

	2018 £'000	2017 £'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	10,876	10,790
	<u>10,876</u>	<u>10,790</u>
 <b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	10,730	10,728
	<u>10,730</u>	<u>10,728</u>

Financial assets measured at amortised cost comprise financial asset, cash at bank and in hand, amounts due from related parties, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, amounts due to related parties, trade creditors, other creditors and accruals.

#### 16. Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Sandwell Midco 3 Limited (formerly Sandwell LIFT Midco (No. 3) Limited), which is in turn a wholly owned subsidiary of Sandwell Estates Partnership Limited (formerly Sandwell LIFT Company Limited). Both companies are registered in England and Wales.

As at 31 March 2018, 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 (continued) For the year ended 31 March 2018

#### 17. Related party transactions

The company has taken advantage of the exemption provided in FRS102 not to disclose transactions with companies within the group of which it is a member, where these transactions occur between entities which are 100% owned members of that group.

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

Name of party	Relationship	Nature of transaction	Transaction amount during year ended 31 March 2018 £'000	Amount owed to related parties at 31 March 2018 £'000
Community Health Partnerships Limited	Shareholder in Sandwell Estates Partnership Limited	Loan	-	(367)
Community Health Partnerships Limited	Shareholder in Sandwell Estates Partnership Limited	Interest	(46)	(23)
Community Health Partnerships Limited	Shareholder in Sandwell Estates Partnership Limited	Provision of services	170	-
Primary Plus Holdings Limited	Shareholder in Sandwell Estates Partnership Limited	Loan	-	(551)
Primary Plus Holdings Limited	Shareholder in Sandwell Estates Partnership Limited	Interest	(70)	(34)

Transactions with related parties in the prior year are set out overleaf.

## SANDWELL FUNDCO 3 LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2018

#### 17. Related party transactions (continued)

Name of party	Relationship	Nature of transaction	Transaction amount during year ended 31 March 2017 £'000	Amount owed to related parties at 31 March 2017 £'000
Community Health Partnerships Limited	Shareholder in Sandwell Estates Partnership Limited	Loan	-	(371)
Community Health Partnerships Limited	Shareholder in Sandwell Estates Partnership Limited	Interest	(47)	(23)
Community Health Partnerships Limited	Shareholder in Sandwell Estates Partnership Limited	Provision of services	168	-
Primary Plus Holdings Limited	Shareholder in Sandwell Estates Partnership Limited	Loan	-	(557)
Primary Plus Holdings Limited	Shareholder in Sandwell Estates Partnership Limited	Interest	(70)	(35)