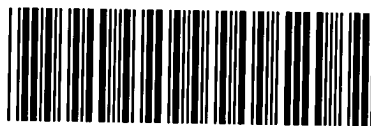


Registration Number: 04958890

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

WEDNESDAY



A6BYADGW

A11

02/08/2017

#295

COMPANIES HOUSE

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
COMPANY INFORMATION

Directors	J Taylor R Williams E Forsyth P Sherriff M Grinonneau R Driver
Secretary	R Williams
Registered Number	04958890
Registered Office	5 The Triangle Wildwood Drive Worcester Worcestershire WR5 2QX
Auditors	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONTENTS

Strategic Report	1
Directors' Report	3
Independent Auditors' Report.....	5
Consolidated Income Statement	7
Consolidated Statement of Comprehensive Income	8
Consolidated and Company Statements of Financial Position	9
Consolidated and Company Statements of Changes in Equity	10
Consolidated Cash Flow Statement	11
Notes to the Financial Statements	12

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2016

Review of Business

The group is a property development joint venture between BaSS LIFT Holdings Limited (a subsidiary of Prime LIFT Investments Limited) and Community Health Partnerships Limited to deliver health, social care and educational infrastructure in the Birmingham and Solihull area.

The group's properties are let predominantly to NHS and Local Authority backed clients, on long leases.

The group's profit before tax increased by £3,253,171 to £10,400,779 (2015 - £7,147,608). The main reasons for the increase being the revaluation of properties in 2016 of £6,746,092 in comparison to £4,405,000 in 2015. Pre tax profits excluding revaluation movements increased by £912,079, the majority of which related to increased profits as a result of the Birmingham Dental Hospital which became operational during the year.

The net assets of the group have increased by 23% to £27,320,329 (2015 - £22,234,525) largely due to the profit for the year and assisted by an upwards revaluation of the group's property portfolio. The gross value of the properties owned by the group at the year end was £199,675,734.

Construction on the group's largest project to date, Birmingham Dental Hospital and School of Dentistry reached practical completion on 5th February 2016 when it became operational and started to earn rental income.

As a public private partnership with public sector clients, the principal risks and uncertainties relate to the credit risk of the public sector tenants together with potential delays in the property development programme. Credit risk is considered to be low, but delays in the development programme have been experienced due to budget constraints in the NHS and Local Authorities.

Key Performance Indicators

The group and subsidiary companies use 'Net Asset Value growth', 'Rental growth' and 'Pre-tax profits' excluding revaluation increases as its financial key performance indicators (KPIs) to measure its performance. The directors consider these ratios to be the most relevant to the nature of the trading and investing activities of the group as a whole.

Metrics:

- Sustained growth in 'Net Asset Value'
- Sustained rental growth
- 'Pre-tax profits' excluding revaluation increases to exceed 5% of turnover

Performance:

- 'Net Asset Value' increased by 23%
- Rental income increased by 32%
- 'Pre-tax profits excluding revaluation increases' were 23% of turnover

Financial risk management

The group's financial risk management objective is broadly to seek to make neither a profit nor a loss from exposure to interest rate risk. Its policy is to finance working capital through retained earnings and to finance fixed assets through borrowings for the term of the first lease of each of these assets.

The group's hedging strategy is to enter into financial instruments in the form of either interest rate swaps and RPI revenue swaps or other fixed interest arrangements in order to manage its exposure to interest rate and inflation rate risk as required. These financial instruments are held for the purposes of hedging through the entire term of the relevant loan or lease and are not intended to be traded, so that the group's exposure to price risk of financial instruments is minimal. Further as the counterparties to all financial instruments are its bankers and its parent company, the group is also exposed to minimal credit risk or liquidity risk in respect of these instruments.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2016

The group's lease revenues and most of its costs were linked to inflation at the inception of projects. In respect of part of the portfolio the financing structures include a portion of the lease income being subject to a RPI revenue swap and senior loan repayment profiles are structured such that the group would continue to meet its covenants in a low inflation environment, resulting in these projects being largely but not wholly insensitive to inflation.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

This report was approved by the board on **10 July 2017** and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J Taylor', with a checkmark at the end.

J Taylor
Director

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2016

The directors submit their report and the consolidated financial statements for the year ended 31 December 2016.

Principal Activity

The principal activity of the BaS group (Birmingham and Solihull Local Improvement Finance Trust Limited and subsidiaries) during the year was that of property investment, property development and delivering services in health and education facilities. It acquires land and designs and constructs facilities for rent in the Birmingham and Solihull area as part of the government sponsored Local Improvement Finance Trust (LIFT) initiative.

A review of the business and future developments is included within the Strategic Report.

Dividends

No dividends were distributed for the year ended 31 December 2016 (2015 - £Nil).

Directors

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

J Taylor
R Williams
E Forsyth
P Sherriff
R Driver

During the year, the following change in directors has occurred:

J Keyte – resigned 28 July 2016
R Laing – resigned 28 July 2016
R Driver – appointed 28 July 2016

The Chair of the Board, J Taylor is remunerated by the company.

All other directors are remunerated by their respective employing entities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2016

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.

Statement as to 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 that director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the group's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on **10 JULY 2017** and signed on its behalf.


R Williams
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion Birmingham and Solihull Local Improvement Finance Trust Limited's group financial statements and company financial statements ("the financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's profit and cash flows 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and company statements of financial position as at 31 December 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED**

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 and 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

13 July 2017

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
REVENUE		16,016,762	12,116,791
Administrative expenses		(2,695,809)	(2,293,089)
Revaluation of investment properties	9	6,746,092	4,405,000
OPERATING PROFIT	2	20,067,045	14,228,702
Interest receivable and similar income	4	49,999	44,484
Interest payable and similar charges	5	(9,716,265)	(7,125,578)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,400,779	7,147,608
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(1,678,499)	(566,015)
PROFIT FOR THE FINANCIAL YEAR		8,722,280	6,581,593

All amounts relate to continuing operations.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
PROFIT FOR THE FINANCIAL YEAR		8,722,280	6,581,593
Other comprehensive (loss)/ income:			
Change in fair value of hedging instruments	15	(4,279,234)	1,624,757
Tax on components of other comprehensive income	6	642,758	(497,774)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		(3,636,476)	1,126,983
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,085,804	7,708,576

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
	Note	2016	2015	2016	2015
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	7	203	813	203	813
Investments	8	-	-	1,004	1,004
Investment property	9	199,675,734	194,047,114	-	-
		199,675,937	194,047,927	1,207	1,817
CURRENT ASSETS					
Debtors: amounts falling due within one year	10	692,980	192,079	375	-
Debtors: amounts falling due after more than one year	10	162,288	84,089	12,564,975	12,593,536
Cash at bank and in hand		15,224,923	13,573,667	215,911	51,558
		16,080,191	13,849,835	12,781,261	12,645,094
CREDITORS - amounts falling due within one year	11	(6,434,332)	(6,953,181)	(222,350)	(167,831)
NET CURRENT ASSETS		9,645,859	6,896,654	12,558,911	12,477,263
TOTAL ASSETS LESS CURRENT LIABILITIES		209,321,796	200,944,581	12,560,118	12,479,080
CREDITORS – amounts falling due after more than one year	12	(178,412,091)	(176,236,399)	(12,491,691)	(12,509,140)
PROVISIONS FOR LIABILITIES	14	(3,589,376)	(2,473,657)	-	-
NET ASSETS/(LIABILITIES)		27,320,329	22,234,525	68,427	(30,060)
CAPITAL AND RESERVES					
Called-up share capital	16	50,000	50,000	50,000	50,000
Revaluation reserve	17	40,922,772	35,211,655	-	-
Hedging reserve	17	(10,722,221)	(7,085,745)	-	-
Retained earnings	17	(2,930,222)	(5,941,385)	18,427	(80,060)
EQUITY SHAREHOLDERS' FUNDS		27,320,329	22,234,525	68,427	(30,060)

The financial statements on pages 7 to 27 were approved and authorised for issue by the board and were signed on its behalf on **10 JULY 2017**


R Williams
Director

Birmingham and Solihull Local Improvement Finance Trust Limited
Registered Number – 04958890

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED

	Called-up share capital £	Revaluation reserve £	Hedging reserve £	Retained earnings £	Total reserves £
AT 1 JANUARY 2015	50,000	30,826,753	(8,212,728)	(8,138,076)	14,525,949
CHANGES IN EQUITY					
Profit for the financial year	-	-	-	6,581,593	6,581,593
Other comprehensive income for the year	-	-	1,126,983	-	1,126,983
Transfer in respect of property valuation gains	-	4,384,902	-	(4,384,902)	-
AT 31 DECEMBER 2015	50,000	35,211,655	(7,085,745)	(5,941,385)	22,234,525
CHANGES IN EQUITY					
Profit for the financial year	-	-	-	8,722,280	8,722,280
Other comprehensive loss for the year	-	-	(3,636,476)	-	(3,636,476)
Transfer in respect of property valuation gains	-	5,711,117	-	(5,711,117)	-
AT 31 DECEMBER 2016	50,000	40,922,772	(10,722,221)	(2,930,222)	27,320,329

COMPANY

	Called-up share capital £	Retained earnings £	Total reserves £
AT 1 JANUARY 2015	50,000	(46,896)	3,104
CHANGES IN EQUITY			
Loss for the financial year	-	(33,164)	(33,164)
AT 31 DECEMBER 2015	50,000	(80,060)	(30,060)
CHANGES IN EQUITY			
Profit for the financial year	-	98,487	98,487
AT 31 DECEMBER 2016	50,000	18,427	68,427

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
OPERATING ACTIVITIES			
Net cash flows from operations	19	11,281,523	11,379,504
Corporation tax paid		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		11,281,523	11,379,504
INVESTING ACTIVITIES			
Interest receivable		49,999	62,866
Development costs of properties under the course of construction		1,402,199	(8,835,439)
NET CASH FLOWS FROM INVESTING ACTIVITIES		1,452,198	(8,772,573)
FINANCING ACTIVITIES			
Interest payable		(9,358,681)	(9,114,540)
New loans drawn down		-	6,064,288
Repayment of loans		(1,723,784)	(1,367,781)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(11,082,465)	(4,418,033)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,651,256	(1,811,102)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		13,573,667	15,385,950
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		15,224,923	13,574,848
CASH AND CASH EQUIVALENTS CONSISTS OF:			
Cash at bank and in hand		15,224,923	13,573,667
Short term deposits	10	-	1,181
CASH AND CASH EQUIVALENTS		15,224,923	13,574,848

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

a. General information and basis of accounting

Birmingham and Solihull Local Improvement Finance Trust Limited ('the company') is a company limited by shares and is incorporated in England and Wales. The address of the registered office is 5 The Triangle, Wildwood Drive, Worcester, Worcestershire, WR5 2QX. The nature of the company's operations and its principal activities are that of property investment, property development and delivering services in health and education facilities.

The consolidated and separate financial statements have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention and on a going concern basis.

The financial statements comprise the audited financial statements of the group and company up to 31 December each year, and are stated in pound sterling, the group's functional and presentational currency. No Income Statement is presented for the company as permitted by section 408 of the Companies Act 2006.

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

b. Basis of consolidation

The financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control and continue to be consolidated until the date such control ceases. Control comprises the power to govern the financial statements of the investee so as to obtain benefit from its activities.

c. Related party exemption

The group has taken advantage of the exemption under Section 33 of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

d. Revenue recognition

Revenue comprises the value of services supplied during the period and rental income arising from operating leases on investment properties. Revenue is recognised to the extent that there is a right to receive consideration and is recorded at the fair value of consideration received or receivable excluding value added tax.

Rental income is accounted for on a straight line basis over the lease term. An annual inflationary adjustment to the operating lease rentals linked to the Retail Prices Index (RPI) is recognised on all operating leases from 1 April each year and is based on the published RPI index for the month of February in the year of review.

All revenue is attributable to one class of business and arose in the United Kingdom.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

e. Interest income

Interest income is recognised using the effective interest method.

f. Borrowing costs

Borrowing costs on loans which are directly attributable to the construction of tangible assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantively all the activities that are necessary to get the asset ready for use are complete.

Finance costs which include interest on loans and debt issue costs, are recognised over the life of the debt on an effective interest basis. The unamortised portion of any deferred or accelerated finance costs are netted off or added to the relevant debt balance.

All other borrowing costs are recognised as an expense in the income statement.

g. Rentals under operating leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

h. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of UK corporation tax payable in respect of the taxable profit for the year or prior years calculated using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Except for deferred tax relating to investment property, all other deferred tax is measured using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply to the reversal of the timing difference. Deferred tax relating to investment property that is measured at fair value is calculated using the tax rates and allowances that apply to the sale of the asset.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

i. Tangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses with the exception of properties under the course of construction. Depreciation is provided when the assets become available for use in the manner intended by management at rates calculated to write off the cost of each asset over its expected useful life as follows:

Fixtures and fittings	- 25% on a straight line basis
Computer & office equipment	- 25% on a straight line basis

Properties under the course of construction are stated at cost less accumulated impairment losses and are not depreciated as the assets are not usually available for use in the manner intended by management.

j. Investments

In the company's financial statements investments in subsidiaries are stated at cost less accumulated impairment losses.

An impairment review is carried out by comparing the carrying value of investments with a valuation of the individual subsidiary company. Given the nature of the group activities the valuation of subsidiaries is generally based on their underlying net asset value.

k. Investment property

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the income statement. Unrealised gains (net of any related deferred tax) are transferred from retained earnings to a separate revaluation reserve.

l. Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets and liabilities:

Basic financial assets and liabilities, including trade and other debtors/creditors, cash/bank balances and borrowings (Senior and Junior loans) are initially recognised at transaction price. Borrowings are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are amortised over the life of the loan to which it relates.

Derivatives, including interest rate and RPI swaps are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in interest received or interest payable as appropriate, unless they are included in a hedging arrangement.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

I. Financial instruments (continued)

(ii) Hedging arrangements:

The group applies hedge accounting for transactions entered into to manage the cash flow exposures of rental income receivable and borrowings.

RPI swaps are used to hedge the group's exposure to movements in inflation by fixing a portion of the rental income receivable which is inflation linked.

Interest rate swaps are used to hedge the group's exposure to movements in floating interest rates.

Changes in the fair value of derivatives designated as cash flow hedges, and which are effective, are recognised in other comprehensive income. Any ineffectiveness in the hedging relationship is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria or the hedging instrument is terminated.

m. Critical accounting judgements and estimates

In preparing the financial statements the directors are required to make a number of accounting judgements and make estimates and assumptions concerning the future. The following judgements and estimates are deemed significant in the context of these financial statements:

- i. On adoption of FRS 102, the directors have elected not to apply paragraphs 34.12 to 34.16A of the standard in respect of service concession arrangements entered into before the date of transition, and hence continue to account for the arrangements using the same accounting policies as applied historically under UK GAAP. The group's assets under the LIFT contracts are therefore recognised as investment properties rather than financial assets.
- ii. Investment properties are recognised at their fair value. The assessment of fair value requires the use of a range of assumptions, including future inflation rates and property yields. The valuations have been prepared by independent professional valuers, using appropriate industry guidelines.
- iii. The group is recognising a deferred tax asset in respect of carried forward tax losses. To support such recognition, the directors have assessed the forecast future taxable profits of the group to ensure that it is probable that these losses will be utilised.
- iv. Derivative financial instruments are recognised at fair value. The assessment of fair value includes estimates of future market interest and inflation rates.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. OPERATING PROFIT

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	610	611
Auditor's remuneration:		
- Audit of parent company	9,307	10,802
- Audit of subsidiaries	18,693	21,195
- Tax compliance services	-	1,376

3. STAFF COSTS

Staff costs, including director's emoluments, were as follows:

	2016	2015
	£	£
Wages and salaries	21,670	21,450
Social security costs	2,083	2,057
	23,753	23,507

The staff costs shown above relate solely to the remuneration of one director (2015: one). The average number of employees in the group during the year was one (2015: one).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Bank interest receivable	49,999	44,484

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Mortgage interest	7,761,781	5,691,275
Junior loan interest	1,830,024	1,329,717
Amortisation of finance costs	124,460	104,586
	9,716,265	7,125,578

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

6. TAXATION

Tax expense included in profit or loss

	2016	2015
	£	£
Current tax:		
UK Corporation tax	-	-
Total current tax	-	-
Deferred tax:		
Origination of timing differences	1,678,499	566,015
Total deferred tax	1,678,499	566,015
Tax on profit on ordinary activities	1,678,499	566,015

Tax expense included in other comprehensive income

	2016	2015
	£	£
Deferred tax:		
Origination of timing differences	(642,758)	497,774
Total tax (expense)/ income included in other comprehensive income	(642,758)	497,774

Reconciliation of tax charge

The tax assessed for the year is lower (2015 – lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	10,400,779	7,147,608
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.247%)	2,080,156	1,447,176
Effects of:		
- Revaluation of investment properties	207,024	(288,763)
- Expenses not deductible for tax purposes	25,183	22,530
- Re-measurement of deferred tax provision	(633,864)	(614,928)
Tax on profit on ordinary activities	1,678,499	566,015

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Based on the enacted changes to the main rate of corporation tax at the reporting date, current tax has been calculated at a blended rate of 20% (2015 – 20.247%). Closing balances on deferred tax assets and liabilities have been calculated using the substantively enacted tax rates above.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

7. TANGIBLE FIXED ASSETS

GROUP AND COMPANY

	Furniture, fixtures and fittings £	Computer & office equipment £	Total £
COST			
AT 1 JANUARY 2016	185	5,045	5,230
AT 31 DECEMBER 2016	185	5,045	5,230
DEPRECIATION			
AT 1 JANUARY 2016	185	4,232	4,417
Charge for the year	-	610	610
At 31 DECEMBER 2016	185	4,842	5,027
NET BOOK VALUES			
AT 31 DECEMBER 2016	-	203	203
AT 31 DECEMBER 2015	-	813	813

8. INVESTMENTS

	GROUP		COMPANY	
	2016 £	2015 £	2016 £	2015 £
Subsidiary undertakings	-	-	1,004	1,004
	-	-	1,004	1,004

Subsidiary undertakings – company

£

COST AND NET BOOK VALUE

AT 1 JANUARY 2016 AND 31 DECEMBER 2016	1,004
	1,004

The parent company has investments in the following subsidiaries:

Name	% Holding	Nature of company
Birmingham and Solihull LIFT (Fundco 1) Limited	100%	Property Investment
Birmingham and Solihull LIFT (Fundco 2) Limited	100%	Property Investment
Birmingham and Solihull LIFT (Fundco 3) Limited	100%	Property Investment
Birmingham and Solihull LIFT (Fundco 4) Limited	100%	Property Investment

The registered office all subsidiary undertakings shown above is: 5 The Triangle, Wildwood Drive, Worcester, Worcestershire, WR5 2QX.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. INVESTMENT PROPERTY

GROUP

	Properties under construction £	Investment property £	TOTAL £
FAIR VALUE			
AT 1 JANUARY 2016	47,551,114	146,496,000	194,047,114
Additions	1,008,242	-	1,008,242
Transfer to investment property	(46,433,642)	46,433,642	-
Adjustment to cost	(2,125,714)	-	(2,125,714)
Revaluation	-	6,746,092	6,746,092
AT 31 DECEMBER 2016	-	199,675,734	199,675,734

Fair value at 31 December 2016 is represented by:

Valuation – 2005	570,032
Valuation – 2006	3,355,000
Valuation – 2007	1,015,418
Valuation – 2008	1,037,686
Valuation – 2009	1,158,077
Valuation – 2010	8,184,000
Valuation – 2011	6,476,540
Valuation – 2012	11,469,730
Valuation – 2013	1,835,306
Valuation – 2014	1,598,000
Valuation – 2015	4,405,000
Valuation - 2016	6,746,092
Cost	151,824,853
AT 31 DECEMBER 2016	199,675,734

Investment properties comprise properties under the course of construction and completed investment properties. Properties under the course of construction are held at cost as the directors consider that the fair value of such properties cannot be measured reliably without undue cost and effort.

The adjustment to cost during the year represents the receipt of liquidated damages in respect of completion delays and amounts received from the tenant for cost variations. The amount of borrowing costs capitalised within the cost of investment properties under the course of construction during the year was £284,728 (2015 - £2,711,053).

Investment properties were revalued to fair value as at 31 December 2016, by independent valuers GVA Grimley Limited Chartered Surveyors with recent experience in the location and class of the investment properties being valued. The valuations were carried out on a Market Value basis as defined by the Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards January 2014, incorporating the International Valuation Standards 2013, IFRS and FT FReM guidelines.

The investment properties are leased to tenants on Lease Plus Agreements (LPA), which are standard form leases used for projects within NHS LIFT schemes. Under the terms of the LPAs, the company has facilities management obligations to repair and maintain the buildings. The LPAs give tenants the right to acquire the properties in various situations, including at the expiry of the LPA term or in the event the company wishes to dispose of its freehold interest.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. DEBTORS

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year				
Trade debtors	604,452	140,842	-	-
Mortgages held on deposit	-	1,181	-	-
Other debtors	1,634	-	-	-
Prepayments and accrued income	86,894	50,056	375	-
	692,980	192,079	375	-
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	12,509,572	12,509,447
Other debtors	-	1,780	-	1,780
Deferred tax asset (Note 14)	162,288	82,309	55,403	82,309
	162,288	84,089	12,564,975	12,593,536
	855,268	276,168	12,565,350	12,593,536

Mortgages held on deposit represent amounts drawn down under bank loans whose use is restricted solely to fund future construction costs

11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Bank loans (Note 13)	2,523,903	2,014,481	-	-
Trade creditors	341,057	1,885,296	8,473	-
Amounts owed to related parties	512,648	-	-	-
Other creditors	47,351	43,139	-	-
Other taxation and social security	646,852	363,809	6,387	5,994
Accruals and deferred income	2,362,521	2,646,456	207,490	161,837
	6,434,332	6,953,181	222,350	167,831

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

12. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Bank loans (Note 13)	147,766,419	149,869,103	-	-
Amounts owed to joint venture partners	12,491,691	12,509,140	12,491,691	12,509,140
Amounts owed to related parties	5,233,594	5,217,004	-	-
Derivative financial instruments	12,920,387	8,641,152	-	-
	178,412,091	176,236,399	12,491,691	12,509,140

Amounts owed to joint venture partners represent the junior loans with a fixed interest rate of 11.50% to 12% and are repayable in more than 5 years.

Amounts owed to related parties represent the junior loan used to finance the group's property under the course of construction. The loan attracted a fixed interest rate of 0% during the construction period of the property and 12.5% during the operating period and is repayable in more than 5 years. Interest is accrued on the loan by applying the effective interest rate over the life of the loan.

13. BANK LOANS

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Bank loans	152,056,100	153,776,135	-	-
Unamortised finance costs	(1,765,778)	(1,892,551)	-	-
	150,290,322	151,883,584	-	-

Bank loans are repayable as follows:

Within one year	2,648,996	2,141,255	-	-
Between two and five years	12,449,377	10,962,841	-	-
After more than five years	136,957,727	140,672,039	-	-
	152,056,100	153,776,135	-	-

Bank loans are secured by fixed and floating charge over the group's investment properties and other assets. Interest rate payable on the loans range from 4.48% - 6.01% per annum.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. PROVISIONS FOR LIABILITIES

Deferred Tax Liability

	GROUP	COMPANY
	£	£
AT 1 JANUARY 2016	2,473,657	-
Charge for the year recognised in income statement	1,758,477	-
Credit for the year recognised in other comprehensive income	(642,758)	-
AT 31 DECEMBER 2016	3,589,376	-

The deferred tax liability consists of the following:

	GROUP		COMPANY	
	2016	2015	2015	2015
	£	£	£	£
Accelerated capital allowances	931,882	356,652	-	-
Capitalised interest	1,131,015	1,267,295	-	-
Latent gains	3,066,567	5,180,961	-	-
Lease Premiums	(65,172)	(69,582)	-	-
Derivative financial instruments	-	(1,555,407)	-	-
Unutilised losses	(1,474,916)	(2,706,262)	-	-
	3,589,376	2,473,657	-	-

Deferred Tax Asset

	GROUP	COMPANY
	£	£
AT 1 JANUARY 2016	82,309	82,309
Credit/(Charge) for the year recognised in income statement	79,979	(26,906)
AT 31 DECEMBER 2016	162,288	55,403

The deferred tax asset consists of the following:

	GROUP		COMPANY	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	(169,989)	293	305	293
Capitalised interest	(913,559)	-	-	-
Latent gains	(3,149,371)	-	-	-
Derivative financial instruments	2,198,166	-	-	-
Unutilised losses	2,197,041	82,016	55,098	82,016
	162,288	82,309	55,403	82,309

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

15. FINANCIAL INSTRUMENTS

GROUP

The group has the following financial instruments:

	Note	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	10	604,452	140,842
Other debtors	10	1,634	-
Mortgages held on deposit	10	-	1,181
		606,086	142,023
Financial liabilities measured at fair value and designated in an effective hedging relationship:			
Derivative financial instruments	12	12,920,387	8,641,152
		12,920,387	8,641,152
Financial liabilities measured at amortised cost:			
Bank loans	11,12	150,290,322	151,883,584
Trade creditors	11	341,057	1,885,296
Amounts owed to joint venture partners	12	12,491,691	12,509,140
Amounts owed to related parties	12	5,746,242	5,217,004
Other creditors	11	47,351	43,139
		168,916,663	171,538,163

(a) Derivative financial instruments

Derivative instruments held by the group comprise interest rate and RPI swaps.

Interest rate swaps are held on all bank loans which convert the borrowings from rates linked to LIBOR to a fixed rate in the range of 3.8% to 4.2%. The fair value of the interest rate swaps is a liability of £10,998,198 (2015 – liability of £8,116,759).

RPI swaps convert a portion of the inflation linked lease revenue to a fixed inflation rate. The fair value of the RPI swaps is a liability of £1,922,189 (2015 – liability of £524,393).

These financial instruments are held for the purposes of hedging through the entire term of the relevant loan or lease and are not intended to be traded, so that the company's exposure to price risk of financial instruments is minimal.

Cash flows from interest rate swaps are settled each quarter on a net basis with the relevant loan repayments and will run until 2036 - 2037. Cash flows from the RPI swaps are settled bi-annually and will also run until 2036 - 2037. A hedging loss of £4,279,234 (2015 - gain of £1,624,757) was recognised in other comprehensive income consisting of amounts reclassified to the income statement within mortgage interest payable of £977,556 (2015 - £975,525), and changes in the fair value of the interest rate swap of £3,858,995 (2015 - £343,503), and amounts reclassified to the income statement within turnover of £17,999 (2015 - of £34,043) and changes in the fair value of RPI swaps of £1,379,797 (2015 - £958,692).

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

15. FINANCIAL INSTRUMENTS (CONTINUED)

COMPANY

The company has the following financial instruments:

	Note	2016	2015
		£	£
Financial assets that are debt instruments measured at amortised cost:			
Amounts owed by group undertakings	10	12,509,572	12,509,447
		12,509,572	12,509,447
Financial liabilities measured at amortised cost:			
Amounts owed to joint venture partners	12	12,491,691	12,509,140
		12,491,691	12,509,140

16. SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Class	Number	Nominal value	2016	2015
		£	£	£
A Ordinary shares	10,000	1	10,000	10,000
B Ordinary shares	10,000	1	10,000	10,000
C Ordinary shares	30,000	1	30,000	30,000
			50,000	50,000

17. RESERVES

GROUP

	Revaluation reserve	Hedging reserve	Retained earnings	Total reserves
	£	£	£	£
AT 1 JANUARY 2016	35,211,655	(7,085,745)	(5,941,385)	22,184,525
Profit for the financial year	-	-	8,722,280	8,722,280
Other comprehensive income for the year	-	(3,636,476)	-	(3,636,476)
Transfer in respect of property valuation gains	5,711,117	-	(5,711,117)	-
AT 31 DECEMBER 2016	40,992,772	(10,722,221)	(2,930,222)	27,270,329

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

17. RESERVES (CONTINUED)

COMPANY

	Retained earnings £	Total reserves £
AT 1 JANUARY 2016	(80,060)	(80,060)
Profit for the financial year	98,487	98,487
AT 31 DECEMBER 2016	18,427	18,427

The retained earnings reserve represents cumulative profits and losses net of transfers of investment property revaluations and other adjustments.

The hedging reserve represents the cumulative portion of gains and losses recorded on the company's interest rate and RPI swap hedging arrangements.

The revaluation reserve represents the cumulative effect of revaluations of completed investment properties which are revalued to fair value at each reporting date.

18. CAPITAL AND OTHER COMMITMENTS

GROUP

At 31 December, the group had the following capital commitments:

	2016 £	2015 £
Contracts for future capital expenditure not provided in the financial statements:		
- Assets under the course of construction	-	164,286

Operating Lease Commitments

The group holds a number of healthcare properties as investment properties as disclosed in note 9 to the financial statements, which are let to Community Health Partnerships Limited and Birmingham Community Healthcare NHS Trust (both owned by the Department of Health). These non-cancellable leases have remaining terms of between 14 to 24 years. Rental income receivable under the leases is subject to annual inflationary increases linked to the RPI index. Contingent rent recognised as income in the period amounted to £156,233 (2015: £86,363).

Arrangements in the capacity of lessor

Minimum lease payments receivable under non-cancellable operating leases fall due as follows:

	2016 £	2015 £
Within than one year	16,467,975	12,036,268
Between one and five years	65,871,899	48,145,076
After more than five years	238,298,135	169,148,423
	320,638,009	229,329,767

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

18. CAPITAL AND OTHER COMMITMENTS (CONTINUED)

COMPANY

At 31 December, the company had the following operating lease commitments:

Arrangements in the capacity of lessee

Minimum lease payments payable under non-cancellable operating leases fall due as follows:

	2016 £	2015 £
Within than one year	22,963	30,712
Between one and five years	-	17,034
After more than five years	-	-
	22,963	47,746

19. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2016 £	2015 £
Profit for the financial year	8,722,280	6,581,593
Tax on profit on ordinary activities	1,678,499	566,015
Interest payable	9,716,265	7,125,578
Interest receivable	(49,999)	(44,484)
Operating profit	20,067,045	14,228,702
Revaluation of investment properties	(6,746,092)	(4,405,000)
Depreciation of tangible fixed assets	610	611
(Increase) / decrease in debtors	(499,121)	202,483
(Decrease) / increase in creditors	(1,540,919)	1,352,708
NET CASH FLOWS FROM OPERATIONS	11,281,523	11,379,504

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Section 33 of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

The company and its subsidiaries (together "the group") are jointly controlled by BaSS LIFT Holdings Limited ("BLH") and Community Health Partnerships Limited ("CHP"). BLH is a subsidiary of the group headed by HICL Infrastructure Company Limited ("HICL Group").

The company and the group hold junior loan stock from BLH, other subsidiaries of the HICL Group and CHP. Interest rates on these loans range from 11.5% - 12.5%. Interest paid on the loans during the year is disclosed in note 5 to the financial statements. At the year end, the outstanding junior loan balances due were as follows:

	2016 £	2015 £
BLH	6,992,372	6,992,374
HICL Group (excluding BLH)	3,470,712	3,651,903
CHP	6,149,029	6,226,683

During the year the group invoiced CHP £14,400,107 (2015 - £15,296,419) for rent and disbursements and the outstanding debtor balance at the year end in respect of these sales was £14,099 (2015 - £51,344).

The sales and purchases transactions with related parties are all stated inclusive of VAT.

21. CONTROLLING PARTY

The company is jointly controlled by BaSS LIFT Holdings Limited and Community Health Partnerships Limited (a company owned by the Department of Health). There is no ultimate controlling party.