Registration Number: 04958890

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
COMPANY INFORMATION

Directors	J Taylor J Keyte E Forsyth P Sherriff M Grinonneau J Heath
Secretary	R Williams
Registered Number	04958890
Registered Office	5 The Triangle Wildwood Drive Worcester Worcestershire WR5 2QX
Independent Auditors	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED

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BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2019

Review of Business

The Group is a public private partnership formed in 2003/04 as part of the Governments Local Improvement Finance Trust Initiative (LIFT). As a property development joint venture between BaSS LIFT Holdings Limited (a subsidiary of Prime LIFT Investments Limited) and Community Health Partnerships Limited the Group delivers health, social care and educational infrastructure in the Birmingham and Solihull area.

Delivering its first two schemes at Chelmsley Wood and Woodgate Valley in 2004/05, the Group has grown, and its existing portfolio includes 15 operational LIFT buildings. The most recent development is Birmingham Dental Hospital (BDH) which became fully operational in April 2016.

Activity during 2019 has been focussed on optimising the use of the current estate to alleviate financial and capacity pressures within the system. This activity has resulted in space being reconfigured to allow a new service to operate from the premises. This will financially close in 2020.

BaS LIFT has 15 high quality, well-maintained health care properties; it is a priority for the group to ensure that the buildings remain of the highest quality. During 2019, as many of the buildings reached or were approaching half-life, a rigorous and thorough review into the future lifecycle requirements of the group was undertaken by an independent organisation. The review included an asset-by-asset inspection to calibrate life cycles in terms of both time and value. The review found that the buildings have been well-maintained with lifecycle funds available going forward considered adequate.

The Group's profit before tax reduced slightly in comparison to 2018 by £639k to £7,595k (2018 - £8,234k) largely as a result of high property revaluation movements in the previous year. Excluding the impact of revaluation gains, profit before tax increased by £55k during 2019.

The net assets of the Group have increased to £45,412k (2018 - £40,972k). The positive movement is a direct result of the profitability of the group and the positive impact on property revaluations. The gross value of the properties owned by the group at the year end was £208.3m (2018 - £205.6m). During the year, in one of the subsidiaries of the LIFT Co., bonus shares were issued from the revaluation reserve (£8,000k) which were subsequently redeemed by the entity.

Future Developments

Looking forward to 2020 and beyond, Bas LIFT continues to proactively manage the existing estate to maintain it to a high-quality with the guidance of calibrated lifecycle plans. The work on optimising the use of the current estate also remains a key focus of business development activities. BaS LIFT exists to provide a unique package of property solutions to the public sector in support of commissioning high quality public services for local communities which are demonstrably value for money. The Group operates with public sector clients and whilst the credit risk of our public sector tenants is considered low, future development opportunities remain undefined particularly in light of the future direction of public sector infrastructure investment. The publication of the Healthcare Infrastructure Plan in September 2019 and various further announcements from central government since then have reinforced the Department of Health and Social Care's (DHSC) position that use of NHS capital over private sector investment is the route for the NHS system to deliver new health infrastructure. That said, challenges (both nationally and locally) with finding the right projects, guiding these through the approvals process and ensuring high quality purpose built primary care facilities are delivered remain. As an experienced and proactive LIFT Co., BaS LIFT continues to engage with its public sector partners to offer the right mix of services to ensure these challenges are met.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2019

Key Performance Indicators
The group and subsidiary companies use 'Net Asset Value growth', 'Rental growth' and 'Pre-tax profit' 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 profit' excluding revaluation increases' to exceed 5% of turnover

Performance:
- 'Net Asset Value' increased by 11%
- Rental income increased by 2.5%
- 'Pre-tax profits excluding revaluation increases' were 27% of turnover

Principal Risks
As the construction phase on all properties is complete the operational risks are considered to be low, although the company has some exposure to the future cost of lifecycle work. This is kept under regular review by the directors.

The board are satisfied that the Group is able to continue to operate well within its available resources with adequate headroom. The directors have considered the risk of Covid-19 and as all buildings owned by the group remain operational and tenancies are predominately with organisations owned by the Department of Health and Social Care, the risk to the business is considered to be low. Financial risks are discussed below.

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.

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 the 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 25 June 2020 and signed on behalf of the board.

J Heath
Director

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2019

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2019.

Principal activities
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, and a summary of financial risk management activities, is included within the Strategic Report.

Dividends
The directors do not recommend any further dividends for the financial year. Dividends for the year ended 31 December 2019 totalling £1,962,701 (2018- £585,569) were paid as shown in note 20 to the financial statements.

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

J Taylor
E Forsyth
P Sherriff
M Grinonneau
J Heath

The following changes in directors has occurred post year end date:

R Williams - resigned 1 March 2020.
J Keyte - appointed 1 March 2020.

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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and company will continue in business.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2019

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and 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
In the case of each director in office at the date the Directors' Report is approved:

- 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
- they have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

This report was approved by the board on 25 June 2020 and signed by order of the board.

S. Heath

J Heath
Director

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2019 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2019; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities for the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; 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.

Paul Nott

Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
26 June 2020

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		£	£
REVENUE		**17,955,262**	17,519,482
Administrative expenses		**(3,578,933)**	(3,020,237)
Revaluation of investment properties	9	**2,741,355**	3,435,955
OPERATING PROFIT	2	**17,117,684**	17,935,200
Interest receivable and similar income	4	**118,557**	96,670
Interest payable and similar expenses	5	**(9,641,185)**	(9,797,492)
PROFIT BEFORE TAXATION		**7,595,056**	8,234,378
Tax on profit	6	**(1,383,793)**	(1,394,454)
PROFIT FOR THE FINANCIAL YEAR		**6,211,263**	6,839,924

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 2019

	Note	2019 £	2018 £
PROFIT FOR THE FINANCIAL YEAR		**6,211,263**	6,839,924
Other comprehensive income:			
Change in fair value of hedging instruments	15	**230,067**	693,696
Tax on components of other comprehensive income	6	**(39,111)**	(117,928)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**190,956**	575,768
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,402,219**	7,415,692

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		GROUP		COMPANY	
	Note	**2019**	2018	**2019**	2018
		£	£	**£**	£
FIXED ASSETS					
Tangible assets	7	**-**	-	**-**	-
Investments	8	**-**	-	**1,004**	1,004
Investment property	9	**208,288,734**	205,618,734	**-**	-
		208,288,734	205,618,734	**1,004**	1,004
CURRENT ASSETS					
Debtors: amounts falling due within one year	10	**106,558**	264,115	**495**	52,528
Debtors: amounts falling due after more than one year	10	**43,297**	44,905	**12,445,660**	12,484,066
Cash at bank and in hand		**18,248,771**	18,235,756	**177,252**	191,456
		18,398,626	18,544,776	**12,623,407**	12,728,050
CREDITORS - amounts falling due within one year	11	**(6,791,795)**	(6,682,346)	**(362,356)**	(456,503)
NET CURRENT ASSETS		**11,606,831**	11,862,430	**12,261,051**	12,271,547
TOTAL ASSETS LESS CURRENT LIABILITIES		**219,895,565**	217,481,164	**12,262,055**	12,272,551
CREDITORS – amounts falling due after more than one year	12	**(167,782,286)**	(171,237,120)	**(12,059,669)**	(12,066,605)
PROVISIONS FOR LIABILITIES	14	**(6,701,386)**	(5,271,669)	**-**	-
NET ASSETS		**45,411,893**	40,972,375	**202,386**	205,946
CAPITAL AND RESERVES					
Called-up share capital	16	**50,000**	50,000	**50,000**	50,000
Revaluation reserve	17	**41,295,385**	47,009,969	**-**	-
Hedging reserve	17	**(9,256,915)**	(9,447,871)	**-**	-
Retained earnings	17				
At 1 January		**3,360,277**	(33,238)	**155,946**	81,086
Profit for the financial year		**6,211,263**	6,839,924	**1,959,141**	660,429
Other retained earnings movements		**3,751,883**	(3,446,409)	**(1,962,701)**	(585,569)
		13,323,423	3,360,277	**152,386**	155,946
TOTAL SHAREHOLDERS' FUNDS		**45,411,893**	40,972,375	**202,386**	205,946

The financial statements on pages 8 to 28 were approved and authorised for issue by the board and were signed on its behalf on 25 June 2020.

J Heath
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 2019

CONSOLIDATED

	Called-up share capital £	Revaluation reserve £	Hedging reserve £	Retained earnings £	Total reserves £
AT 1 JANUARY 2018	**50,000**	**44,149,129**	**(10,023,639)**	**(33,238)**	**34,142,252**
CHANGES IN EQUITY					
Profit for the financial year	-	-	-	6,839,924	**6,839,924**
Dividends paid	-	-	-	(585,569)	**(585,569)**
Other comprehensive income for the year	-	-	575,768	-	**575,768**
Transfer in respect of property valuation gains (net of tax)	-	2,860,840	-	(2,860,840)	-
AT 31 DECEMBER 2018	**50,000**	**47,009,969**	**(9,447,871)**	**3,360,277**	**40,972,375**
CHANGES IN EQUITY					
Profit for the financial year	-	-	-	6,211,263	**6,211,263**
Dividends paid	-	-	-	(1,962,701)	**(1,962,701)**
Other comprehensive income for the year	-	-	190,956	-	**190,956**
Bonus share issue	-	(8,000,000)	-	8,000,000	-
Transfer in respect of property valuation gains (net of tax)	-	2,285,416	-	(2,285,416)	-
AT 31 DECEMBER 2019	**50,000**	**41,295,385**	**(9,256,915)**	**13,323,423**	**45,411,893**

COMPANY

	Called-up share capital £	Retained earnings £	Total reserves £
AT 1 JANUARY 2018	**50,000**	**81,086**	**131,086**
CHANGES IN EQUITY			
Profit for the financial year	-	660,429	**660,429**
Dividends paid	-	(585,569)	**(585,569)**
AT 31 DECEMBER 2018	**50,000**	**155,946**	**205,946**
CHANGES IN EQUITY			
Profit for the financial year	-	1,959,141	**1,959,141**
Dividends paid	-	(1,962,701)	**(1,962,701)**
AT 31 DECEMBER 2019	**50,000**	**152,386**	**202,386**

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		£	£
OPERATING ACTIVITIES			
Net cash flows from operations	19	**14,384,588**	14,705,337
Corporation tax paid		**-**	(3,403)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**14,384,588**	14,701,934
INVESTING ACTIVITIES			
Interest receivable		**118,557**	96,670
NET CASH FLOWS FROM INVESTING ACTIVITIES		**118,557**	96,670
FINANCING ACTIVITIES			
Interest payable		**(9,590,037)**	(9,728,478)
Repayment of loans		**(2,937,392)**	(2,510,762)
Dividends paid		**(1,962,701)**	(585,569)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(14,490,130)**	(12,824,809)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**13,015**	1,973,795
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**18,235,756**	16,261,961
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**18,248,771**	18,235,756
CASH AND CASH EQUIVALENTS CONSISTS OF:			
Cash at bank and in hand		**18,248,771**	18,235,756
CASH AND CASH EQUIVALENTS		**18,248,771**	18,235,756

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 the United Kingdom and registered in England. 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, as modified by the revaluation of land and buildings held as investment property and certain financial assets and liabilities measured at fair value, 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 pounds 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, and no cash flow statement is presented for the company as the company has adopted the disclosure exemption available under FRS 102 section 1.12 (b).

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.

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.

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:

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

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.

1. ACCOUNTING POLICIES (CONTINUED)

l. 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 judgement is 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.

The following estimates have been made in preparing the financial statements, changes to which could result in a material change to the carrying value of assets or liabilities in the next twelve months:

i. 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.

ii. 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.

iii. Derivative financial instruments are recognised at fair value. The assessment of fair value includes estimates of future market interest and inflation rates.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the group	-	-
Auditors' remuneration:		
- Audit of parent company	10,470	9,493
- Audit of subsidiaries	21,030	19,067

3. STAFF COSTS

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

	2019 £	2018 £
Wages and salaries	23,232	22,665
Social security costs	2,242	2,187
	25,474	24,852

The staff costs shown above relate solely to the remuneration of one director (2018: one). The average number of employees in the group during the year was one (2018: one).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Bank interest receivable	118,557	96,670

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Mortgage interest	7,650,731	7,793,244
Junior loan interest	1,869,670	1,881,156
Amortisation of finance costs	120,784	123,092
	9,641,185	9,797,492

6. TAX ON PROFIT

Tax (income)/ expense included in profit or loss

	2019 £	2018 £
Current tax:		
UK Corporation tax	**(8,421)**	38,861
Total current tax	**(8,421)**	38,861
Deferred tax:		
Origination of timing differences	**1,392,214**	1,355,593
Total deferred tax	**1,392,214**	1,355,593
Tax on profit	**1,383,793**	1,394,454

Tax expense included in other comprehensive income

	2019 £	2018 £
Deferred tax:		
Origination of timing differences	**(39,111)**	(117,928)
Total tax expense included in other comprehensive income	**(39,111)**	(117,928)

Reconciliation of tax charge

The tax assessed for the year is lower (2018 – lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	**7,595,056**	8,234,378
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2018 – 19%)	**1,443,061**	1,564,532
Effects of:		
-Adjustment in respect of previous periods	**-**	3,404
- Revaluation of investment properties	**(11,276)**	(10,061)
- Re-measurement of deferred tax provision	**(47,992)**	(163,421)
Tax on profit	**1,383,793**	1,394,454

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate 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 19% (2018 –19%). Closing balances on deferred tax assets and liabilities have been calculated using the substantively enacted tax rates above. It was announced in the budget on 11 March 2020 that the reduction to 17% would no longer take effect from 1 April 2020. This change was not substantively enacted at the balance sheet date and therefore no adjustment has been made to the deferred taxation balances as at 31 December 2019.

7. TANGIBLE ASSETS

GROUP AND COMPANY

	Computer & office equipment £	Total £
COST		
AT 1 JANUARY 2019	2,441	2,441
AT 31 DECEMBER 2019	**2,441**	**2,441**
DEPRECIATION		
AT 1 JANUARY 2019	2,441	2,441
At 31 DECEMBER 2019	**2,441**	**2,441**
NET BOOK VALUES		
AT 31 DECEMBER 2019	-	-
AT 31 DECEMBER 2018	-	-

8. INVESTMENTS

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	£	£	**£**	£
Subsidiary undertakings	-	-	**1,004**	1,004
	-	-	**1,004**	1,004

Subsidiary undertakings – company

	£
COST AND NET BOOK VALUE	
AT 1 JANUARY 2019 AND 31 DECEMBER 2019	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.

9. INVESTMENT PROPERTY

GROUP

	Investment property £	TOTAL £
FAIR VALUE		
AT 1 JANUARY 2019	205,618,734	205,618,734
Adjustment to cost	(71,355)	(71,355)
Revaluation	2,741,355	2,741,355
AT 31 DECEMBER 2019	**208,288,734**	**208,288,734**

Fair value at 31 December 2019 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
Valuation - 2017	2,541,000
Valuation - 2018	3,435,955
Valuation - 2019	2,741,355
Cost	151,719,543
AT 31 DECEMBER 2019	**208,288,734**

Investment properties were revalued to fair value as at 31 December 2019, by independent valuers Avison Young 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 –Global Standards 2017.

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.

10. DEBTORS

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	£	£	**£**	£
Amounts falling due within one year				
Trade debtors	**26,997**	93,707	**-**	52,042
Other debtors	**19,078**	18,232	**-**	-
Prepayments and accrued income	**60,483**	152,176	**495**	486
	106,558	264,115	**495**	52,528
Amounts falling due after more than one year				
Amounts owed by group undertakings	**-**	-	**12,402,363**	12,439,161
Deferred tax asset (Note 14)	**43,297**	44,905	**43,297**	44,905
	43,297	44,905	**12,445,660**	12,484,066
	149,855	309,020	**12,446,155**	12,536,594

11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	£	£	**£**	£
Bank loans (Note 13)	**3,582,048**	3,243,524	**-**	-
Trade creditors	**194,314**	314,063	**-**	70,799
Amounts owed to related parties	**239,208**	219,850	**-**	-
Amounts owed to joint venture partners	**452,351**	466,197	**342,099**	371,976
Other creditors	**55,301**	54,504	**-**	-
Taxation and social security	**784,570**	748,007	**3,417**	3,735
Accruals and deferred income	**1,484,003**	1,636,201	**16,840**	9,993
	6,791,795	6,682,346	**362,356**	456,503

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	£	£	**£**	£
Bank loans (Note 13)	**139,393,401**	142,562,141	**-**	-
Amounts owed to joint venture partners	**13,633,493**	13,634,224	**12,059,669**	12,066,605
Amounts owed to related parties	**3,602,481**	3,657,778	**-**	-
Derivative financial instruments	**11,152,911**	11,382,977	**-**	-
	167,782,286	171,237,120	**12,059,669**	12,066,605

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 properties. The loan attracts a fixed interest rate of 12.5% 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	
	2019	2018	**2019**	2018
	£	£	**£**	£
Bank loans	**144,372,256**	147,323,258	**-**	-
Unamortised finance costs	**(1,396,807)**	(1,517,593)	**-**	-
	142,975,449	145,805,665	**-**	-

Bank loans are repayable as follows:

Within one year	**3,700,217**	3,364,308	**-**	-
Between two and five years	**16,864,380**	15,621,717	**-**	-
After more than five years	**123,807,659**	128,337,233	**-**	-
	144,372,256	147,323,258	**-**	-

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.

14. PROVISIONS FOR LIABILITIES

Deferred Tax Liability

	GROUP	COMPANY
	£	£
AT 1 JANUARY 2019	5,271,669	-
Charge for the year recognised in income statement	1,390,606	-
Charge for the year recognised in other comprehensive income	39,111	-
AT 31 DECEMBER 2019	**6,701,386**	**-**

The deferred tax liability consists of the following:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	£	£	**£**	£
Accelerated capital allowances	**3,737,600**	2,673,913	**-**	-
Capitalised interest	**2,044,574**	2,044,574	**-**	-
Latent gains	**6,561,632**	6,105,692	**-**	-
Lease Premiums	**(63,546)**	(64,089)	**-**	-
Derivative financial instruments	**(1,895,995)**	(1,935,106)	**-**	-
Unutilised losses	**(3,682,879)**	(3,553,315)	**-**	-
	6,701,386	5,271,669	**-**	-

Deferred Tax Asset

	GROUP	COMPANY
	£	£
AT 1 JANUARY 2019	44,905	44,905
Charge for the year recognised in income statement	(1,608)	(1,608)
AT 31 DECEMBER 2019	**43,297**	**43,297**

The deferred tax asset consists of the following:

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	£	£	**£**	£
Accelerated capital allowances	**187**	228	**187**	228
Unutilised losses	**43,110**	44,677	**43,110**	44,677
	43,297	44,905	**43,297**	44,905

15. FINANCIAL INSTRUMENTS

GROUP

The group has the following financial instruments:

	Note	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	10	**26,997**	93,707
Other debtors	10	**19,078**	18,232
		46,075	111,939
Financial liabilities measured at fair value and designated in an effective hedging relationship:			
Derivative financial instruments	12	**11,152,911**	11,382,977
		11,152,911	11,382,977
Financial liabilities measured at amortised cost:			
Bank loans	11,12	**142,975,449**	145,805,665
Trade creditors	11	**194,314**	314,063
Amounts owed to joint venture partners	11,12	**14,085,844**	14,100,421
Amounts owed to related parties	11,12	**3,841,689**	3,877,628
Other creditors	11	**55,301**	54,504
		161,152,597	164,152,281

(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 £10,334,837 (2018 – liability of £9,378,542).

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 £818,074 (2018 – liability of £2,004,435).

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 gain of £230,067 (2018- £693,696) was recognised in other comprehensive income consisting of amounts reclassified to the income statement within mortgage interest payable of £890,471 (2018 - £941,613), and changes in the fair value of the interest rate swap of £1,846,765 loss (2018 - £157,738 loss), and amounts reclassified to the income statement within turnover of £11,825 (2018 - of £5,371) and changes in the fair value of RPI swaps of £1,198,187 gain (2018 –loss of £400,284).

15. FINANCIAL INSTRUMENTS (CONTINUED)

COMPANY

The company has the following financial instruments:

	Note	2019	2018
		£	£
Financial assets that are debt instruments measured at amortised cost:			
Trade Debtors	10	-	52,042
Amounts owed by group undertakings	10	**12,402,363**	12,439,161
		12,402,363	12,491,203
Financial liabilities measured at amortised cost:			
Trade Creditors	11	-	70,799
Amounts owed to joint venture partners	11,12	**12,401,768**	12,438,581
		12,401,768	12,509,380

16. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Class	Number	Nominal value	2019	2018
		£	£	£
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

All classes of share carry equal voting rights.

17. RESERVES

GROUP

	Revaluation reserve	Hedging reserve	Retained earnings	Total reserves
	£	£	£	£
AT 1 JANUARY 2019	47,009,969	(9,447,871)	3,360,277	40,922,375
Profit for the financial year	-		6,211,263	6,211,263
Other comprehensive income for the year	-	190,956	-	190,956
Transfer in respect of property valuation gains (net of tax)	2,285,416	-	(2,285,416)	-
Bonus share issue	(8,000,000)	-	8,000,000	-
Dividends paid	-	-	(1,962,701)	(1,962,701)
AT 31 DECEMBER 2019	**41,295,385**	**(9,256,915)**	**13,323,423**	**45,361,893**

The transfer between retained earnings and revaluation reserve during the year relates to the issue of 8,000,000 ordinary £1 shares from the revaluation reserve of a subsidiary company which were subsequently cancelled.

17. RESERVES (CONTINUED)

COMPANY

	Retained earnings £	Total reserves £
AT 1 JANUARY 2019	155,946	**155,946**
Profit for the financial year	1,959,141	**1,959,141**
Dividends paid	(1,962,701)	**(1,962,701)**
AT 31 DECEMBER 2019	152,386	**152,386**

The retained earnings reserve represents cumulative profits and losses net of transfers of investment property revaluations, dividends paid 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, net of deferred tax.

18. LEASING ARRANGEMENTS

Operating Leases

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 (which is owned by the Department of Health and Social Care) or Birmingham Community Healthcare NHS Trust. These non-cancellable leases have remaining terms of between 11 to 21 years. Rental income receivable under the leases is subject to annual inflationary increases linked to the RPI index.

Arrangements in the capacity of lessor

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

	2019 £	2018 £
Within than one year	**17,865,599**	17,534,604
Between one and five years	**71,462,293**	70,138,417
After more than five years	**205,489,024**	218,917,615
	294,816,916	306,590,636

19. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2019	2018
	£	£
Profit for the financial year	**6,211,263**	6,839,924
Tax on profit on ordinary activities	**1,383,793**	1,394,454
Interest payable and similar expenses	**9,641,185**	9,797,492
Interest receivable and similar income	**(118,557)**	(96,670)
Operating profit	**17,117,684**	17,935,200
Revaluation of investment properties	**(2,741,355)**	(3,435,955)
Decrease in debtors	**157,556**	363,195
Decrease in creditors	**(149,297)**	(157,103)
NET CASH FLOWS FROM OPERATIONS	**14,384,588**	14,705,337

20. DIVIDENDS ON EQUITY SHARES

	2019	2018
	£	£
Ordinary shares – Interim dividends	**1,962,701**	585,569

During the year, dividends per share were distributed as follows:

A Ordinary –	14 June 2019	£6.31
	12 December 2019	£4.94
	20 December 2019	£28
B Ordinary –	14 June 2019	£6.31
	12 December 2019	£4.94
	20 December 2019	£28
C Ordinary –	14 June 2019	£6.31
	12 December 2019	£4.94
	20 December 2019	£28

During the previous year, dividends per share were distributed as follows:

A Ordinary –	29 June 2018	£6.17
	19 December 2018	£5.54
B Ordinary –	29 June 2018	£6.17
	19 December 2018	£5.54
C Ordinary –	29 June 2018	£6.17
	19 December 2018	£5.54

21. 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:

	2019	2018
	£	£
BLH	**6,991,480**	6,994,823
HICL Group (excluding BLH)	**3,523,720**	3,328,811
CHP	**5,892,709**	6,089,848

During the year the group invoiced CHP £15,997,318 (2018 - £15,510,378) for rent and disbursements and the outstanding debtor balance at the year-end in respect of these sales was £1,841 (2018 - £40,442).

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

22. 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 and Social Care). There is no ultimate controlling party.