

OCHRE SOLUTIONS (HOLDINGS) LIMITED

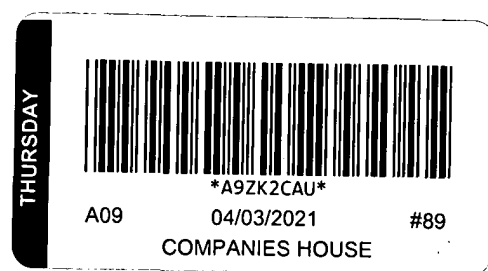
ANNUAL REPORT

AND

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

Company Registration No. 05268374



OCHRE SOLUTIONS (HOLDINGS) LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2019
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OCHRE SOLUTIONS (HOLDINGS) LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

G Quaife (resigned on 10 October 2019)
N Poupard
G Catrini
M Milanesi
C J Anderson
D Hardingham
I Gethin

COMPANY SECRETARY

Semperian Secretariat Services Ltd

REGISTERED OFFICE

Third Floor,
Broad Quay House,
Prince Street
Bristol
BS1 4DJ

BANKERS

Dexia Credit Local
13th Floor - 200 Aldersgate Street
London, EC1A 4HD.

Barclays Bank plc
Level 28,
1 Churchill Place,
Canary Wharf,
London, E14 5HP.

SOLICITORS

Addleshaw Goddard
Sovereign House,
PO Box 8, Sovereign Street,
Leeds
LS1 1HQ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
40 Clarendon Road
Watford
WD17 1JJ

OCHRE SOLUTIONS (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT

The directors present their strategic report of the group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company to Ochre Solutions Limited. Ochre Solutions Ltd continues to be engaged in a thirty year PFI contract, signed on 13 December 2005 with the Oxford University Hospitals NHS Foundation Trust ("the Trust"), for the development and operation of facilities at Churchill Hospital, collecting payment and remitting this in part to Medical Equipment Service Provider (Impregilo New Cross Ltd, "INC") and Facilities Management Provider G4S ("the subcontractor").

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the financial year are set out in detail on page 9.

The completion of the main building was achieved on 5 January 2009 and the facility is now in operation. The construction works for refurbishment of the existing facilities were completed on 2 November 2009.

The group made a loss before tax of £3,117,150 (2018: £1,021,322) and at 31 December 2019 had net liabilities of £73,788,793 (2018: £72,882,723). It is in accordance with the project plan that the group is loss making at this stage, it is expected that the group will become profitable in future as fee income increases and interest costs reduces over the years. During 2020 the group is expected to continue its activity of managing, maintaining and operating the facilities at Churchill Hospital.

The Group's sole activity is its engagement in a thirty year PFI contract with Oxford University Hospitals NHS Trust (the "Trust"). The Group signed a settlement deed on 24 July 2015 with the Trust, in conjunction with its facility management service provider, to waive the two previous Warning Notices, to address the level of service failures and to established a process to rectify highlighted facility issues up to the longstop date of March 2019. Delay in rectification could have caused liquidated damages (LAD's) payable to the Trust at maximum of £3,425 per day. Signing the settlement deed significantly reduces the risk of default for the ongoing operations. From 1 April 2019 the Trust made on-account payment against these LADs for initial 8 months (£835k) and have deducted LADs on monthly basis since then. LADs upto 31 March 2020 are accrued in these financial statements.

In addition to the above, the receipt of two Warning Notices was considered a Potential Event of Default under the Credit Agreement for the Ochre Solutions Limited's bank loan, which as at 31 December 2019 amounted to £116,276,320 (2018 £118,699,241). If an Event of Default would occur under the Credit Agreement the bank could undertake a number of actions including but not limited to declaring all outstanding amounts under the facility to be due and payable. However, the signing of the settlement deed noted above is to the satisfaction of the majority lenders thus this risk has been successfully mitigated. Exceptional costs of £3,132,139 including LADs (2018 £1,101,247) arose in relation to the settlement and the facility rectification works.

The current strategy is to endeavour to reach a financial settlement with the supply chain to forward fund the required remediation works, which the company and its supply chain will seek to implement.

On 24 July 2015 the shareholders injected additional capital in form of a additional shareholders loan of £5,000,000 (total £18,306,362) and have therefore acquired necessary resources to address the facility issues and to comply with the terms of above mentioned settlement deed. The Directors have prepared the financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The overall outlook of the contract is positive and the Group is hopeful about enhancing the positive professional relationship collectively with the Trust and with the Project Co's (Ochre Solutions Limited's) supply chain.

PRINCIPAL RISKS AND UNCERTAINTIES

The group is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company could be exposed to subcontractor failure to perform their obligations. The risk of the failure of on-going maintenance are monitored by the board and not considered to be significant as any financial consequences and related penalties are passed onto the supply chain. The financial risks and the measures taken to mitigate them are as detailed in the following section.

OCHRE SOLUTIONS (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT

FINANCIAL RISK MANAGEMENT

The group's activities expose it primarily to the financial risks of changes in interest rates and movements in the Retail Price Index ("RPI"), which are managed with the purpose of minimising any potential adverse effect on the group's performance. The group does not use derivative financial instruments for speculative purposes. The board has policies for managing each of these risks and they are summarised below:

Inflation Risk

The group manages its exposure to significant inflation risk as its revenues and subcontract costs are subject to RPI which was agreed as part of the overall PFI contracts with lenders, clients, subcontractors and shareholders. RPI swaps have been put in place as set out in the notes to the financial statements.

Interest Rate Risk

The group manages its exposure to fluctuation in interest rates through use of interest rate swaps. The senior debt interest rates have been fixed through use of interest rate swaps. The subordinated debt interest rate is fixed as set out in notes to the financial statements. Interest rate derivatives run for the length of the PFI contract. Derivatives are initially recognised at fair value on the date of derivative contract is entered into and subsequently re measured at their fair value. The fair value of the derivatives is recognised as a liability. Where the criteria for hedge accounting are met and the hedge is considered effective, movements in the fair value of the derivatives are recorded in other comprehensive income and in the hedging reserve.

Liquidity Risk

The group adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

Credit Risk

The group receives the bulk of its revenue from Oxford University Hospitals NHS Trust and therefore considers it is not exposed to significant credit risk.

KEY PERFORMANCE INDICATORS ('KPIs')

The group's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract, which stipulates key performance criteria on operational activities. Some key performance are mentioned below;

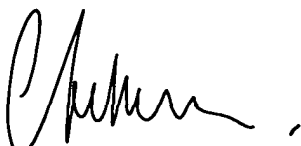
The two warning notices issued by the Trust on Estate Services during 2014 were waived by signing a settlement deed on 24 July 2015, there are no further warning notices issued for any services during the financial year;

- Contract management information, quality management and human resources
- House keeping, Catering and portering services
- Help desk, Hard FM (Estate services) and health and safety

HEALTH AND SAFETY AND ENVIRONMENTAL IMPACT

The board is fully committed to implementing health and safety rules to ensure the health and safety of employees and subcontractors. Moreover the board is fully aware of environmental effects of its operations. Efforts are made to minimise any adverse effects that the operations may have on the environment and to find alternative ways of operating to reduce environmental damage.

Signed on behalf of the Board of Directors



C J Anderson
Director



N Poupard
Director

OCHRE SOLUTIONS (HOLDINGS) LIMITED

Date: 25-02-2021

OCHRE SOLUTIONS (HOLDINGS) LIMITED

GROUP DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2019. The financial statements contain information about Ochre Solutions (Holdings) Limited and its subsidiary undertaking on a consolidated basis as well as Ochre Solutions (Holdings) Limited as an individual company. The company was incorporated in the UK.

PRINCIPAL ACTIVITIES

The principal activities of the group have been outlined within the group strategic report.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Review of business and future developments have been outlined within the Group Strategic Report.

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the expected long-term probabilities of the project and because the group can meet its liabilities as they fall due.

To substantiate this fact, Ochre Solutions (Holdings) Limited has formally written stating that their plans to continue to support Ochre Solutions Limited by providing required funding to enable it to continue its business operations as a going concern.

FINANCIAL RISK MANAGEMENT

Financial risk management policies have been outlined within the Group Strategic Report.

HEALTH AND SAFETY AND ENVIRONMENTAL IMPACT

Health and safety and environmental impact have been outlined within the Group Strategic Report.

RESULTS AND DIVIDENDS

The group's loss for the financial year was £2,587,235 (2018: Loss £847,697), which will be transferred to reserves. The directors do not recommend the payment of a dividend (2018: £Nil).

The financial assets measured at amortised cost for the year decreased to £122,852,425 and the financial liabilities measured at amortised cost decreased to £126,620,534 which was previously disclosed as £127,706,774 and £127,053,070 respectively. Refer to note 17.

DIRECTORS

Unless otherwise stated, the following directors held office during the year and up to the date of signing the financial statements:

G Quaife (resigned on 10 October 2019)
N Poupard
G Catrini
M Milanesi
C J Anderson
D Hardingham
I Gethin

THIRD PARTY INDEMNITY PROVISION

The group has qualifying third party indemnity provisions for the benefit of its directors and these were in force during the year and remain in force at the date of this report.

OCHRE SOLUTIONS (HOLDINGS) LIMITED

GROUP DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, 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 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.

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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that 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's and company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions section 418(1) to (4) of the Companies Act 2006.

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors

and signed by order of the Board



Company Secretary
Semperian Secretariat Services Ltd

Date: 25 February 2021

Independent auditors' report to the members of Ochre Solutions (Holding) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ochre Solutions (Holding) 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 loss, the company's result and the group's cash flow 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 group and company balance sheets as at 31 December 2019; the group and company statements of comprehensive income, the consolidated cash flow statement, and the group 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.

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.

Independent auditors' report to the members of Ochre Solutions (Holding) Limited (continued)

With respect to the Strategic Report and Group 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 Group Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Group 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 Group Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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.

Independent auditors' report to the members of Ochre Solutions (Holding) Limited (continued)

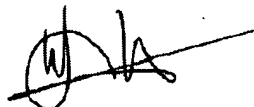
Other required reporting

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.



Lee Jarrett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
26 February 2021

OCHRE SOLUTIONS (HOLDINGS) LIMITED

GROUP AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
Revenue	3	12,393,693	12,662,261	-	-
Cost of Sales		(11,438,831)	(11,798,190)	-	-
GROSS PROFIT		954,862	864,071	-	-
Administrative expenses		(1,044,435)	(1,111,419)	-	-
Loan monitoring costs	6	(3,132,139)	(1,101,247)	-	-
Total administrative expenses		(4,176,574)	(2,212,666)	-	-
Other Operating Income	7	-	120,000	-	-
OPERATING (LOSS) / RESULT		(3,221,712)	(1,228,595)	-	-
Interest receivable and similar income	8	8,702,598	8,826,845	1,997,167	1,997,168
Interest payable and similar expenses	9	(8,598,036)	(8,619,572)	(1,997,167)	(1,997,168)
(LOSS) / RESULT BEFORE TAXATION		(3,117,150)	(1,021,322)	-	-
Tax on (loss)/result	10	529,915	173,625	-	-
(LOSS) / RESULT FOR THE FINANCIAL YEAR		(2,587,235)	(847,697)	-	-
OTHER COMPREHENSIVE INCOME					
Gain in Fair value of cash flow hedges		1,681,166	4,151,420	-	-
Total Comprehensive (expense)/income for the year		(906,069)	3,303,723	-	-

OCHRE SOLUTIONS (HOLDINGS) LIMITED

GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Group			
	Called up Share Capital	Profit and Loss Account	Hedging Reserve	Total
	£	£	£	£
At 1 January 2018	20,000	(9,367,760)	(66,838,686)	(76,186,446)
Loss for the financial year	-	(847,697)	-	(847,697)
Change in fair value of cash flow hedge	-	-	4,151,420	4,151,420
Total Comprehensive (expense)/income for the year	-	(847,697)	4,151,420	3,303,723
At 1 January 2019	20,000	(10,215,457)	(62,687,266)	(72,882,723)
Loss for the financial year	-	(2,587,235)	-	(2,587,235)
Change in the fair value of cash flow hedge	-	-	1,681,166	1,681,166
Total Comprehensive (expense)/income for the year	-	(2,587,235)	1,681,166	(906,069)
At 31 December 2019	20,000	(12,802,692)	(61,006,100)	(73,788,792)

	Company			
	Called up Share Capital	Profit and Loss Account	Hedging Reserve	Total
	£	£	£	£
At 1 January 2018	20,000	-	-	20,000
Result for the financial year	-	-	-	-
Change in fair value of cash flow hedge	-	-	-	-
At 31 December 2018	20,000	-	-	20,000
Result for the financial year	-	-	-	-
Change in the fair value of cash flow hedge	-	-	-	-
At 31 December 2019	20,000	-	-	20,000

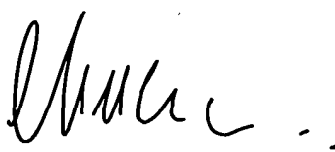
OCHRE SOLUTIONS (HOLDINGS) LIMITED
GROUP AND COMPANY BALANCE SHEETS
AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
FIXED ASSETS					
Investments	11	-	-	20,000	20,000
CURRENT ASSETS					
Debtors (including £118,937,110 due after one year (2018: £121,558,110))	12	125,478,185	129,802,620	30,207,777	28,210,610
Cash at bank and in hand		37,650,312	33,676,686	-	-
		163,128,497	163,479,306	30,207,777	28,210,610
CREDITORS : Amounts falling due within one year	13	(39,498,831)	(36,492,354)	(11,901,415)	(9,904,248)
NET CURRENT ASSETS		123,629,666	126,986,952	18,306,362	18,306,362
TOTAL ASSETS LESS CURRENT LIABILITIES		123,629,666	126,986,952	18,326,362	18,326,362
CREDITORS : Amounts falling due after more than one year	14	(197,418,458)	(199,869,675)	(18,306,362)	(18,306,362)
NET (LIABILITIES)/ASSETS		(73,788,792)	(72,882,723)	20,000	20,000
CAPITAL AND RESERVES					
Called up share capital	16	20,000	20,000	20,000	20,000
Profit and loss account		(12,802,692)	(10,215,457)	-	-
Hedging reserve		(61,006,100)	(62,687,266)	-	-
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS		(73,788,792)	(72,882,723)	20,000	20,000

The notes on pages 13 to 20 form an integral part of these financial statements.

These financial statements on pages 9 to 20 were approved by the Board of Directors on: 25 February 2021.

Signed on behalf of the Board of Directors by:


C J Anderson
Director


N Poupard
Director

OCHRE SOLUTIONS (HOLDINGS) LIMITED
Company Registration No. 05268374

OCHRE SOLUTIONS (HOLDINGS) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(327,706)	(1,935,491)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
NET CASH INFLOW FROM FINANCING ACTIVITIES	4,301,332	4,768,768
Movement of long term borrowing	(2,422,921)	(1,894,206)
Interest received	8,702,597	8,826,846
Interest paid	(4,918,017)	(4,906,463)
Collection of finance debtor	2,939,673	2,742,591
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,973,626	2,833,277
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	33,676,686	30,843,409
CASH AND CASH EQUIVALENT AT END OF YEAR	37,650,312	33,676,686

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Group	
	2019	2018
	£	£
OPERATING LOSS	(3,221,712)	(1,228,595)
DECREASE /(INCREASE) IN DEBTORS	1,914,677	(1,023,173)
INCREASE IN CREDITORS	979,329	316,277
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(327,706)	(1,935,491)

OCHRE SOLUTIONS (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 ACCOUNTING POLICIES

General information

Ochre Solutions (Holdings) Limited ("the company") and its subsidiary Ochre Solutions Limited (together "the group") are engaged in a thirty year PFI contract for the development and operation of facilities at Churchill Hospital. The group operates in the UK and is registered in England.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Third Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ.

Basis of Accounting

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. The company has adopted FRS 102 in these financial statements.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by derivatives measured at fair value through other comprehensive income.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Statement of compliance

The financial statements of Ochre Solutions (Holdings) Limited have been prepared in compliance with United Kingdom Accounting standards, including Financial Reporting Standards 102 "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and Companies Act 2006.

Going Concern

The Directors have prepared the financial statements on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

The overall outlook of the contract is positive and the Group is hopeful about enhancing the positive professional relationship collectively with the Trust and with the Groups supply chain.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary, made up to 31 December 2019. The intercompany transactions are eliminated on consolidation in line with the acquisition accounting method. Uniform accounting policies have been applied within the group. Any subsidiary acquired or disposed of during the year would be consolidated from the effective date of acquisition or up to the effective date of disposal as appropriate. All subsidiaries are included within the consolidation.

The financial assets for the year decreased to £122,852,425 and the financial liabilities decreased to £126,620,534 which was previously disclosed as £127,706,774 and £127,053,070 respectively.

Foreign currency

The consolidated financial statements are presented in pound sterling.

Foreign currency transactions are translated into functional currency using the spot exchange rate at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Debtors

Short term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Short term deposit

Short term deposit represent amount held in deposit account which can not be accessed immediately.

Revenue

Revenue represents the value of work done and services rendered, excluding sales related taxes, and is recognised when work is completed. All revenue originates in the United Kingdom.

Financial asset

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of the each reporting period financial assets measured cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at present value of the future receipts discounted at a market rate of interest.

Debt instrument are subsequently carried at amortised cost, using the effective interest rate method.

Debt issue costs that are incurred directly in connection with the issue of a specific debt instrument are offset against the carrying value of the debt and amortised over the term.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate and RPI swaps, are not basic financial instruments.

The company enters into swap arrangements in order to mitigate the risk of fluctuations in interest rates relating to interest payables on bank loans, and the retail price index relating to movements in revenue. The derivatives run for the length of the company's PFI contract. Cash flows are expected to occur throughout the life of the arrangements. Derivatives are initially recognised at fair value on the date of derivative contract is entered into and subsequently re measured at their fair value. The fair value of the derivatives is recognised as a liability. Where the criteria for hedge accounting are met and the hedge is considered effective, movements in the fair value of the derivatives are recorded in other comprehensive income and in the hedging reserve.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, 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 or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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1 ACCOUNTING POLICIES (continued)

Deferred tax

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.

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

Derivative financial instruments

The company enters into swap arrangements in order to mitigate the risk of fluctuations in interest rates relating to interest payables on bank loans, and the retail price index relating to movements in revenue. The fair value of the interest rate swap at 31 December 2019 was £42,781,814 (2018: £39,511,810). The fair value of the RPI swap at 31 December 2019 was £18,224,286 (2018: £23,175,456). The derivatives run for the length of the company's PFI contract and are due to expire in 2037. Cash flows are expected to occur throughout the life of the arrangements. The hedges in place are considered effective hedges and so movements in the fair value of the derivatives are recognised in other comprehensive income and the hedging reserve.

Debt issue costs

Those costs that are incurred directly in connection with the issue of a specific debt instrument are offset against the carrying value of the debt and amortised over the term.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

Exceptional Items

Items of expenditure are considered exceptional when they are one-off in nature and are not expected to recur.

2 ESTIMATES AND JUDGMENTS

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related accrual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below

Estimates and Judgements- Future cost relating to the dispute/remedial works

The Group's strategy is to endeavour to reach a financial settlement with the supply chain to forward fund the required remediation works, which the ProjectCo and its supply chain will seek to implement. Hence, the Group is not providing for future cost relating to the dispute/remedial works.

Estimates and Judgements-Fair value of derivative

The fair value of derivatives recorded in the financial statements is an estimate based on conditions at the balance sheet date. This estimates is liable to change over time as conditions change.

Estimates and Judgements-Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits.

3 REVENUE

The whole of the revenue is attributable to the principal activity of the group. All revenue arose within the United Kingdom.

4 AUDITORS' REMUNERATION

The fees payable for the audit were £32,850 (2018: £32,850). Fees payable for services relating to taxation were £5,300 (2018: £5,300). Fees payable for other services were £ nil (2018: £ nil)

5 DIRECTORS AND EMPLOYEES

None of the directors received any remuneration for their services to the company or group during the current and prior financial years. The directors were the only employees of the company and group during the current and prior financial years.

6 LOAN MONITORING COSTS

Since issuance of two Warning Notices in September 2014 the loan providers increased their monitoring under the terms of the finance agreement. The exceptional expenses related to the loan providers additional monitoring and the investigation and rectification of the facility issues are £3,132,139 (2018: £1,101,247).

OCHRE SOLUTIONS (HOLDINGS) LIMITED
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7 OTHER OPERATING INCOME

The group has received contribution from its customer to install chiller for radiopharmacy (the Trust) of £Nil (2018: £120,000) which was passed down to its sub-contractor.

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank interest received	210,513	137,680	-	-
Interest receivable on subsidiary company loans	-	-	1,997,167	1,997,168
Interest receivable on finance debtor	8,492,085	8,689,165	-	-
	8,702,598	8,826,845	1,997,167	1,997,168

9 INTEREST PAYABLE AND SIMILAR EXPENSES

Note	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Interest and charges payable on bank loans	6,528,303	6,549,838	-	-
Amortisation of debt issue costs	72,566	72,566	-	-
Interest payable to related parties	18 1,997,167	1,997,168	1,997,167	1,997,168
	8,598,036	8,619,572	1,997,167	1,997,168

10 TAX ON (LOSS)/RESULT

Note	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current Taxation				
United Kingdom corporation tax:				
Current tax on loss for the year	-	-	-	-
Total Current Tax	-	-	-	-
Deferred Taxation				
Origination and reversal of timing differences	(529,915)	(173,625)	-	-
Total Deferred Taxation	15 (529,915)	(173,625)	-	-
Total Tax on (loss)/result	(529,915)	(173,625)	-	-

The effective tax rate applied for the year is higher (2018: higher) than the standard rate of corporation tax in the UK.

The difference between the tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 19% (2018: 19%) to the (loss)/result before taxation is as follows:

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10 TAX ON (LOSS)/RESULT (continued)

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
(Loss)/result before tax	(3,117,150)	(1,021,322)	-	-
Tax on (loss)/result before tax at the future rate of corporation tax in the UK of 19% (2018 : 19%)	(592,259)	(194,051)	-	-
Factors affecting credit for the year				
Difference between corporation tax and deferred tax rate	62,344	20,426	-	-
Total tax credit for the year	(529,915)	(173,625)	-	-

Factors that may affect future tax charges:

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax rate for the year starting 1 April 2020, setting the rate at 17%. Deferred tax has been calculated at 17% which is the rate substantively exacted at the balance sheet date.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

11 INVESTMENTS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cost and net book value: At 1 January and 31 December	-	-	20,000	20,000

It is the opinion of the directors that the value of investments in subsidiaries is not less than their carrying amounts. Details of the company's investments are as follows:

Name of company	Country of Incorporation	Holding	Proportion of Voting Rights and Shares Held
Ochre Solutions Limited	United Kingdom	Ordinary Shares	100%

Ochre Solutions Limited is a vehicle for a PFI contract.

The company's registered address is Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.

12 DEBTORS

	Note	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
Finance debtor (due after one year)		116,311,351	119,462,266	-	-
Finance debtor (due less than one year)		3,150,914	2,939,672	-	-
Amounts owed by group undertakings		-	-	30,207,777	28,210,610
Deferred tax asset	15	2,625,759	2,095,844	-	-
Other debtors		3,390,161	5,304,838	-	-
		125,478,185	129,802,620	30,207,777	28,210,610

Finance debtors consist of capital costs of the facility and are recoverable over the 30 year term of the PFI contract.

Amounts owed by group undertakings are back to back with the amount payable to related parties in note 14 and subject to the same terms.

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13 CREDITORS: Amounts falling due within one year	Note	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
Bank loans and overdrafts		3,755,673	2,422,921	-	-
Trade creditors		3,564,909	4,487,580	-	-
Amounts owed to group undertakings	18	11,901,415	9,904,248	11,901,415	9,904,248
Other creditors		171,786	403,356	-	-
Accruals and deferred income		20,177,614	19,346,815	-	-
		39,571,397	36,564,920	11,901,415	9,904,248
Less: Unamortised debt issue costs		(72,566)	(72,566)	-	-
		39,498,831	36,492,354	11,901,415	9,904,248

Amounts owed to group undertakings consist of accrued interest on the related party loan due after more than one year. These are unsecured and interest free and repayable on demand.

14 CREDITORS : Amount falling due after more than one year	Note	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
Bank loans and overdrafts		112,520,647	116,276,320	-	-
Amounts owed to group undertakings	18	18,306,362	18,306,362	18,306,362	18,306,362
Derivative financial instruments		61,006,100	62,687,266	-	-
Accruals and deferred income		6,779,305	3,866,249	-	-
		198,612,414	201,136,197	18,306,362	18,306,362
Less: Unamortised debt issue costs		(1,193,956)	(1,266,522)	-	-
		197,418,458	199,869,675	18,306,362	18,306,362
Bank loans are repayable as follows					
Within one year		3,755,673	2,422,921	-	-
Between one and two years		4,625,686	3,755,673	-	-
Between two and five years		12,114,906	13,667,814	-	-
After more than five years		95,780,055	98,852,833	-	-
		112,520,647	116,276,320	-	-
		116,276,320	118,699,241	-	-

The bank loans are secured against the assets of the group and supplemental legal charge on debentures. Interest is charged at LIBOR plus margin of 1% on Tranche A and 1.1% on Tranche B and additional cost rate (ACR) of 0.0075%. The loan is split into Tranche A and Tranche B, which are repayable by instalments up to 13 June 2035 and 13 June 2037 respectively.

The Group has entered into interest rate swap agreements whereby it pays a fixed rate of 4.515% per annum and receive LIBOR in respect of amounts drawn under the facility. The swaps expire on 29 May 2037. The fair value of the swaps at 31 December 2019 was a liability of £61,006,100 (2018: liability of £62,687,266).

Amounts owed to group undertakings are unsecured Sub-Debt loan obtained in 2005 £13.3m repayable after the repayment of the senior debt and 2015 and Shareholder loan £5m repayable after completion of facilities remedial works. Interest is charged on the outstanding principal of loan from the group before any unpaid interest at rate of 10.50% and 12% respectively.

15 DEFERRED TAX ASSET	Note	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
Deferred taxation					
Balance at 1 January		2,095,844	1,922,219	-	-
Credit to the statement of comprehensive income	10	529,915	173,625	-	-
Balance at 31 December		2,625,759	2,095,844	-	-
The amounts of deferred taxation provided in the financial statements are as follows:					
Accelerated capital allowances		(671,660)	(760,705)	-	-
Short term timing difference		135,839	143,009	-	-
Losses		3,161,580	2,713,540	-	-
		2,625,759	2,095,844	-	-

Deferred tax asset is likely to be recovered over remaining term of the contract.

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16 CALLED UP SHARE CAPITAL

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Authorised, called up, allotted and fully paid				
20,000 (2018: 20,000) ordinary shares of £1 each	20,000	20,000	20,000	20,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The profit and loss reserve represents cumulative profits or losses

The hedging reserve represents cumulative adjustments in respect of the fair value of effective hedges.

17 FINANCIAL INSTRUMENTS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Financial assets measured at amortised cost	122,852,425	127,706,774	18,306,362	18,306,362
Financial liabilities measured at amortised cost	(126,620,534)	(127,053,070)	(18,306,362)	(18,306,362)
Financial liabilities measured at fair value	(61,006,100)	(62,687,266)	-	-

The company's source of income is contractually linked to movements in the Retail Price Index.

The group enters into swap arrangements in order to mitigate the risk of fluctuations in interest rates relating to interest payables on bank loans, and the retail price index relating to movements in revenue. The fair value of the interest rate swap at 31 December 2019 was £42,781,814 (2018: £39,511,810). The fair value of the RPI swap at 31 December 2019 was £18,224,286 (2018: £23,175,456). The derivatives run for the length of the ProjectCo's PFI contract and are due to expire in 2037. Cash flows are expected to occur throughout the life of the arrangements. The hedges in place are considered effective hedges and so movements in the fair value of the derivatives are recognised in other comprehensive income and the hedging reserve.

Details of the interest rate swaps held are given in note 14.

The financial assets for the year decreased to £122,852,425 and the financial liabilities decreased to £126,620,534 which was previously disclosed as £127,706,774 and £127,053,070 respectively.

18 RELATED PARTY TRANSACTIONS

Impregilo International Infrastructure N.V, Infrastructure investments (Portal) General Limited (Previously named Barclays European Infrastructure Fund Limited Partnership) and Semperian Joint Ventures Limited are related parties being the ordinary shareholders of the company as they exercise influence over the company. Details of the ordinary shareholders are provided in Note 20. Infrastructure Investments General Partner Limited is related by common influence.

The Group has paid a Management and Directors Fee of £Nil (2018: £Nil) to the shareholders of its parent company in the following proportions: Impregilo International Infrastructures NV £Nil (2018: £Nil); Infrastructure Investment (Portal) General Partner Limited (previously named Barclays European Infrastructure Limited) £Nil (2018: £Nil); Semperian Joint Ventures Limited £Nil (2018: £Nil). Unpaid amount as at 31 December 2019 were £1,329,885 (2018: £1,221,519) in the following proportions: Impregilo International Infrastructures NV £531,954 (2018: £488,608); Infrastructure Investment (Portal) General Partner Limited (previously named Barclays European Infrastructure Limited) £531,954 (2018: £488,608); Semperian Joint Ventures Limited £265,977 (2018: £244,304). Other transactions and balances with related parties are disclosed below.

	Note	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
INTEREST PAYABLE AND SIMILAR CHARGES					
	9				
Impregilo International Infrastructures NV		798,867	798,867	798,867	798,867
Infrastructure Investments (Portal) General Partner Ltd		798,867	798,867	798,867	798,867
Semperian Joint Ventures Limited		399,433	399,434	399,433	399,434
		<u>1,997,167</u>	<u>1,997,168</u>	<u>1,997,167</u>	<u>1,997,168</u>
CREDITORS - Amount falling due within one year	13				
Impregilo International Infrastructures NV		4,760,566	3,961,699	4,760,566	3,961,699
Infrastructure Investments (Portal) General Partner Ltd		4,760,566	3,961,699	4,760,566	3,961,699
Semperian Joint Ventures Limited		2,380,283	1,980,850	2,380,283	1,980,850
		<u>11,901,415</u>	<u>9,904,248</u>	<u>11,901,415</u>	<u>9,904,248</u>

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CREDITORS : Amount falling due after more than one year

	Note	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
	14				
Impregilo International Infrastructures NV		7,322,545	7,322,545	7,322,545	7,322,545
Infrastructure Investments (Portal) General Partner Ltd		7,322,545	7,322,545	7,322,545	7,322,545
Semperian Joint Ventures Limited		3,661,272	3,661,272	3,661,272	3,661,272
		18,306,362	18,306,362	18,306,362	18,306,362

19 ULTIMATE PARENT UNDERTAKING

Control of the company and group is split between the ordinary shareholders, so there is no immediate parent or ultimate controlling party. No other party consolidates these financial statements.

The ordinary shareholders are as follows: Impregilo International Infrastructures NV (40%), a company registered in Holland; Infrastructure Investments (Portal) General Partner Limited (previously named Barclays European Infrastructure Limited) (40%), registered in England; Semperian Joint Ventures Limited (20%), a company registered in England.

Copies of the financial statement of the ordinary shareholders are available from Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.