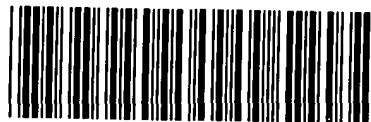


**NPH HEALTHCARE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

MONDAY



\*AAIS99GI\*

A08

06/12/2021

#165

COMPANIES HOUSE

<b>NPH HEALTHCARE LIMITED</b>
-------------------------------

---

**COMPANY INFORMATION**

---

<b>Directors</b>	P A Bannister D Rose R D Knight J K Fegan (appointed 10 July 2020, resigned 30 April 2021) K M Rae (resigned 10 July 2020) P Winqvist (appointed 30 April 2021)
<b>Company secretary</b>	Oliver Peach
<b>Registered number</b>	09310041
<b>Registered office</b>	3rd Floor, South Building 200 Aldersgate Street London England EC1A 4HD
<b>Independent auditor</b>	BDO LLP Statutory Auditor 3 Hardman Street Manchester M3 3AT

---

**NPH HEALTHCARE LIMITED**

---

---

**CONTENTS**

---

	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Directors' responsibilities statement</b>	5
<b>Independent Auditor's Report to the members of NPH Healthcare Limited</b>	6 - 9
<b>Profit and Loss Account and Other Comprehensive Income</b>	10
<b>Statement of financial position</b>	11
<b>Statement of changes in equity</b>	12 - 13
<b>Notes to the financial statements</b>	14 - 27

---

<b>NPH HEALTHCARE LIMITED</b>
-------------------------------

---

---

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The directors present their Strategic Report, Directors' Report and audited financial statements of the Company for the year ended 31 December 2020.

***Business review***

This is the Company's fourth period of trading with a loss for the financial year of £674,240 (2019 - loss £339,227). No dividend was paid during the year (2019 - £Nil). The loss in the year is due to concession accounting and the phasing of the profit recognition function in the financial close model. The majority of project costs and revenues are dictated by index linked long term contracts, meaning profit and loss and balance sheet movements can be predicted with a high degree of accuracy within the financial model.

Following the resolution of the various service level failures experienced in the prior period and the end of the moratorium period, Settlement Deeds were signed on the 8th of April 2020 between the Trust, service providers and the Company, which expunged all of the historic Service Failure Points. These Settlement Deeds resulted in payments made of £750,000 in the year, which contributed to the increase in the loss for the period.

Net liabilities for the period has increased primarily as a result of the movement in the fair value of derivative financial instruments.

The Company began the construction and design of the new 310 bedroom Papworth Cardiothoracic Hospital and research unit in 2015. Financial close was reached on 12 March 2015. The fit out by the client, commissioning and construction completion was complete on 14 January 2019.

***Principal risks and uncertainties***

The Company has a single client; although loss of this client would be financially significant, the Company mitigates this risk via project contracts and by only dealing with creditworthy government authorities.

The Company's board of Directors has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Company manages interest rate risk via an interest rate swap agreement. All RPI risk is managed via an index linked payment mechanism.

The Directors have considered the stability of financial counterparties and have concluded that all financial counterparties have the ability to meet all contractual obligations.

---

**NPH HEALTHCARE LIMITED**

---

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

***Financial key performance indicators***

The Company is governed by a detailed set of key performance indicators across the business as a whole. These performance measures relate to:

- Health & Safety;
- Programme delivery (design and construction management);
- Service delivery;
- Asset management;
- Environmental management; and
- Customer satisfaction.

Progress and performance against each of these measures is assessed and reported to the Board on a monthly basis with the company performing well against each of these measures in the year.

***Future developments***

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease.

***Going concern***

The Company currently has net liabilities of £9,040,330 (2019 - £5,368,749) as a result of accounting for the fair value of interest rate swap agreements, the majority of which do not crystallise as liabilities for a number of years. As such, the Company's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants. The financial model in place allows the Directors to review forecasts, including cash flows, and allows for stress testing against the loan covenants. Due to the contractual nature of the SPV, cash flows are guaranteed with the only risk around going concern being the levels of service which are monitored closely through review of KPIs. The Directors have reviewed these tests and are satisfied with the results and consider the Company to be a going concern.

On the 23 March 2020, the Government in the UK announced a national lockdown in response to the COVID-19 pandemic. In the annual review of the Company's going concern, the Directors have considered the continued long term impact of the COVID-19 pandemic. The Company has entered into long-term contracts with both client and suppliers, and after a careful review of these contracts the Directors are confident that the Company can continue to operate as a going concern for the next twelve months. The Directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation.

This report was approved by the board and signed on its behalf.



**R D Knight**  
Director

Date: 2 December 2021

---

**NPH HEALTHCARE LIMITED**

---

---

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The directors present their report and the financial statements for the year ended 31 December 2020.

**Principal activities**

The design and construction of the new 310 bedroom Papworth Cardiothoracic Hospital and research unit and provision of FM Services and Lifecycle throughout a 30 year concession.

The Company's risk exposure is set out in the Strategic Report.

**Results and dividends**

The loss for the year, after taxation, amounted to £674,240 (2019 - loss £339,227).

The directors do not recommend the payment of a dividend (2019 - £Nil).

**Directors**

The directors who served during the year were:

P A Bannister  
D Rose  
R D Knight  
J K Fegan (appointed 10 July 2020, resigned 30 April 2021)  
K M Rae (resigned 10 July 2020)  
P Winqvist (appointed 30 April 2020)

**Qualifying third party indemnity provisions**

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

**Matters covered in the strategic report**

The Directors have considered it to be more appropriate to disclose the business review, risk management, future developments and business performance in the Strategic Report as they are of strategic importance.

**Disclosure of information to auditor**

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

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

---

<b>NPH HEALTHCARE LIMITED</b>
-------------------------------

---

---

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2 December 2021 and signed on its behalf.



**R D Knight**  
Director

---

<b>NPH HEALTHCARE LIMITED</b>
-------------------------------

---

---

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

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 elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



---

<b>NPH HEALTHCARE LIMITED</b>
-------------------------------

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPH HEALTHCARE LIMITED**

---

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of NPH Healthcare Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

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

**Independence**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

---

<b>NPH HEALTHCARE LIMITED</b>
-------------------------------

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPH HEALTHCARE LIMITED (CONTINUED)**

---

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

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

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

---

<b>NPH HEALTHCARE LIMITED</b>
-------------------------------

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPH HEALTHCARE LIMITED (CONTINUED)**

---

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

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

**Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operated we considered the risks of acts by the Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as Company accounting policies, UK GAAP, the Companies Act 2006, relevant tax legislation and Health and Safety.

We determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and revenue cut off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgments made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords;
- Testing a sample of revenue transactions within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

---

**NPH HEALTHCARE LIMITED**

---


---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPH HEALTHCARE LIMITED (CONTINUED)**

---

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
B2CAD66FFEEE486...

**Sakib Isa** (Senior statutory auditor)  
for and on behalf of  
BDO LLP  
Statutory Auditor  
3 Hardman Street  
Manchester  
M3 3AT

2 December 2021

**NPH HEALTHCARE LIMITED**

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	3	10,124,099	10,210,862
Cost of sales		(10,064,558)	(9,952,458)
<b>Gross profit</b>		<b>59,541</b>	<b>258,404</b>
Interest receivable and similar income	5	3,548,915	3,831,278
Interest payable and similar expenses	6	(4,440,851)	(4,505,431)
<b>Loss before tax</b>		<b>(832,395)</b>	<b>(415,749)</b>
Tax credit on loss	7	158,155	76,522
<b>Loss for the financial year</b>		<b>(674,240)</b>	<b>(339,227)</b>
<b>Other comprehensive loss for the year</b>			
Effective portion of changes in fair value of cash flow hedge		(3,700,419)	(1,907,429)
Taxation in respect of items of other comprehensive income		703,078	476,134
<b>Other comprehensive loss for the year</b>		<b>(2,997,341)</b>	<b>(1,431,295)</b>
<b>Total comprehensive loss for the year</b>		<b>(3,671,581)</b>	<b>(1,770,522)</b>

The notes on pages 14 to 27 form part of these financial statements.

All amounts relate to continuing operations.

**NPH HEALTHCARE LIMITED**  
**REGISTERED NUMBER: 09310041**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Current assets</b>			
Debtors due within 1 year	8	3,445,502	3,486,871
Debtors due after more than 1 year	8	91,926,344	93,270,676
Cash at bank and in hand	9	9,468,300	8,464,078
		<u>104,840,146</u>	<u>105,221,625</u>
Creditors: amounts falling due within one year	10	(9,578,707)	(7,332,428)
<b>Net current assets</b>		<u>95,261,439</u>	<u>97,889,197</u>
<b>Total assets less current liabilities</b>		<u>95,261,439</u>	<u>97,889,197</u>
Creditors: amounts falling due after more than one year	11	(104,301,769)	(103,257,946)
<b>Net liabilities</b>		<u>(9,040,330)</u>	<u>(5,368,749)</u>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Cash flow hedge reserve		(9,148,142)	(6,150,801)
Profit and loss account		107,712	781,952
		<u>(9,040,330)</u>	<u>(5,368,749)</u>

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



**R D Knight**  
Director

Date: 2 December 2021

The notes on pages 14 to 27 form part of these financial statements.

**NPH HEALTHCARE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	100	(6,150,801)	781,952	(5,368,749)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(674,240)	(674,240)
Taxation in respect of items of other comprehensive income	-	703,078	-	703,078
Hedge effective portion of change in fair value of designated hedging	-	(3,700,419)	-	(3,700,419)
<b>Total comprehensive loss for the year</b>	-	(2,997,341)	(674,240)	(3,671,581)
<b>At 31 December 2020</b>	<b>100</b>	<b>(9,148,142)</b>	<b>107,712</b>	<b>(9,040,330)</b>

The notes on pages 14 to 27 form part of these financial statements.

**NPH HEALTHCARE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	100	(4,719,506)	1,121,179	(3,598,227)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(339,227)	(339,227)
Taxation in respect of items of other comprehensive income	-	476,134	-	476,134
Hedge effective portion of change in fair value of designated hedging	-	(1,907,429)	-	(1,907,429)
<b>Total comprehensive loss for the year</b>	-	(1,431,295)	(339,227)	(1,770,522)
<b>At 31 December 2019</b>	<b>100</b>	<b>(6,150,801)</b>	<b>781,952</b>	<b>(5,368,749)</b>

The notes on pages 14 to 27 form part of these financial statements.



---

---

**NPH HEALTHCARE LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

NPH Healthcare Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland', (FRS 102) and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Company's ultimate parent undertaking, NPH Healthcare Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of NPH Healthcare Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosures:

- reconciliation of the number of shares outstanding from the beginning to end of the period;
- key management personnel compensation

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of NPH Healthcare Holdings Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

---

---

**NPH HEALTHCARE LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. Accounting policies (continued)**

**1.3 Going concern**

The financial statements are prepared on the going concern basis for reasons stated in the Directors' Report.

The Company currently has net liabilities of £9,040,330 (2019 - £5,368,749) as a result of accounting for the fair value of interest rate swap agreements, the majority of which do not crystallise as liabilities for a number of years. As such, the Company's forecasts and projections, taking account of the impact of swaps and reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities and continue to meet forecast loan covenants. The financial models in place allow the Directors to review cash flows for all periods up to the end of concession, and allow for stress testing of scenarios such as Facilities Management subcontractor insolvency. Due to the contractual nature of the SPV, cash flows are guaranteed with the only risk around going concern being the levels of service which are monitored closely through review of KPIs. The Directors have reviewed the results of these tests and are satisfied that the mechanisms imbedded into the contracts, and reserves held, allow for sufficient headroom on all covenants in the event of adverse circumstances.

The Directors have considered the long term impact of the COVID-19 pandemic. The Company has entered into long-term contracts with its customer and suppliers, and after careful review of these contracts the Directors are confident that the Company can operate as normal for the next twelve months. The Directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation.

The Directors have considered the above in conjunction with the modelled performance of the Company and they consider that the Company will remain in operational existence for the foreseeable future and will be able to service the principal and interest repayments required under the finance documents.

For these reasons, the Directors consider that it is appropriate to prepare the Company accounts on a going concern basis.

**1.4 Revenue**

The assets of the Company fall under Service Concession Arrangements by virtue of the fact that the public sector customer ("Grantor") passes both elements of the asset control test:

- i) The Grantor controls the use of the asset via the project agreement and all service level requirements contained therein;
- ii) The Grantor controls the entitlement to residual asset proceeds via an entitlement to purchase the asset prior to an offer to the open market which can be exercised at the Grantor's discretion.

Under section 34 of FRS102, such assets should be capitalised into a financial asset attributed to the provision of services.

Pursuant to section 23 of FRS102, revenue associated with the financial asset comprises service income related to facilities management, lifecycle maintenance and other administrative running costs of the Company.

Pass through income represents the direct pass through of recoverable costs, as specified in the Project Agreement.

---

**NPH HEALTHCARE LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. Accounting policies (continued)**

**1.5 Debtors**

Short term debtors are measured at 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.

**1.6 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash outflows in respect of construction of the asset are included within increase in debtors, and therefore within cash flows from operating activities, as these will be recovered through the repayment of the financial asset over the course of the operating phase of the project.

---

---

**NPH HEALTHCARE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. Accounting policies (continued)**

**1.7 Financial instruments**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

---

---

**NPH HEALTHCARE LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. Accounting policies (continued)**

**1.7 Financial instruments (continued)**

Derivatives, including interest rate 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 profit or loss in finance costs or income as appropriate, except for hedging instruments in a designated hedging relationship that qualify for hedge accounting, where the resulting gain or loss is recognised as described in section 1.9 below.

**1.8 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.

**1.9 Hedge accounting**

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

The valuation method involves the use of suitable forward or discount curves into the market standard methodology to obtain the fair value of the instruments.

**1.10 Finance costs**

Finance costs are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

**1.11 Lifecycle costs**

Provisions are made in respect of life cycle maintenance to the extent that the Company is obliged to undertake maintenance in future periods. The result is to spread the total anticipated contractual cost over the course of the concession.

**1.12 Dividends**

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting.

**1.13 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**1.14 Borrowing costs**

All borrowing costs are recognised in the Profit and Loss Account in accordance with the treatment in section 1.10. No borrowing costs are capitalised.

---

---

**NPH HEALTHCARE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. Accounting policies (continued)**

**1.15 Current and deferred taxation**

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

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

**Key sources of estimation uncertainty**

**Financial Asset Interest Rate** - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a quarterly basis. The interest rate used is 3.70% (2019: 3.84%) per annum.

**Construction Margin** – revenue on construction is recognised at cost plus 0.5% (2019: same) as profitability is considered to be low with no interim services provided during construction.

**FM Operating Margin** – revenue on facilities management and other operating costs is recognised at cost plus 3% (2019: same) as considered comparable across the market and in line with the reliability at which operating costs can be estimated across the concession.

**Lifecycle Margin** – revenue on lifecycle costs is recognised at cost plus 8.32% (2019: 8.32%). Lifecycle is considered the most volatile element as the risk is fully retained by the Company.

**Fair value of interest rate swaps** - the fair value of interest rate swaps is determined by reference to mark-to-market valuations provided periodically by the senior lender.

There are no other key sources of estimation uncertainty.

**NPH HEALTHCARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. Revenue**

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

	2020 £	2019 £
Construction revenue	-	1,846,030
Operation revenue	8,654,964	7,733,622
Pass through revenue	1,469,135	631,210
	<u>10,124,099</u>	<u>10,210,862</u>

All turnover arose within the United Kingdom.

**4. Operating profit**

No Directors are employed directly by the Company (2019 - None). A recharge is made for Directors' services amounting to £52,646 (2019 - £51,109) during the year. The Company had no employees during the year.

Auditor's remuneration was £13,850 (2019 - £13,200) in respect of audit services. Costs incurred in respect of non-audit services in the year were £6,000 (2019 - £4,600).

**5. Interest receivable**

	2020 £	2019 £
Interest receivable from group companies	3,546,746	3,827,546
Other interest receivable	2,169	3,732
	<u>3,548,915</u>	<u>3,831,278</u>

**6. Interest payable and similar expenses**

	2020 £	2019 £
Bank interest payable	3,096,408	3,182,572
Loans from group undertakings	1,344,443	1,322,859
	<u>4,440,851</u>	<u>4,505,431</u>

**NPH HEALTHCARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. Taxation**

A deferred tax credit of £703,078 (2019 - credit of £476,134) has been recognised in other comprehensive income.

The total tax charged to profit and loss is as follows;

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on loss for the year	(158,155)	(76,522)
<b>Taxation on loss on ordinary activities</b>	<u>(158,155)</u>	<u>(76,522)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(832,395)</u>	<u>(415,749)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(158,155)	(78,992)
<b>Effects of:</b>		
Losses carried back	130,870	17,840
Adjustments to tax charge in respect of previous periods	(130,870)	(21,807)
Deferred tax credited directly to SOCIE	703,078	476,134
Timing differences not recognised in the computation	(703,078)	(362,412)
Adjust opening deferred tax to average rate	-	(107,285)
<b>Total tax charge for the year</b>	<u>(158,155)</u>	<u>(76,522)</u>

**Factors that may affect future tax charges**

The UK corporation tax rate reduction from 19% to 17%, effective 1 April 2020, was enacted in September 2016, however as a result of the March 2020 Budget, was delayed indefinitely. Following the March 2021 Budget, plans were announced to increase the UK corporation tax rate to 25% effective 1 April 2023. The deferred tax asset at 31 December 2020 has been calculated using a rate of 19%.



**NPH HEALTHCARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**8. Debtors**

	2020 £	2019 £
<b>Due after more than one year</b>		
Amounts recoverable on financial asset	89,697,166	91,771,861
Deferred tax asset (note 14)	2,229,178	1,498,815
	<u>91,926,344</u>	<u>93,270,676</u>
	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors	159,538	100,155
Tax recoverable	148,710	17,840
Prepayments and accrued income	145,725	38,826
Amounts recoverable on financial asset	2,991,529	3,330,050
	<u>3,445,502</u>	<u>3,486,871</u>

**9. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	9,468,300	8,464,078
	<u>9,468,300</u>	<u>8,464,078</u>

As at 31 December 2020 £750,000 (2019: Nil) was held in Escrow and restricted as per the associated account agreement.

**10. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Bank Loans (note 12)	2,706,366	2,519,760
Trade creditors	1,047,606	822,374
Amounts owed to group undertakings	3,533,209	2,194,746
Other taxation and social security	346,534	338,140
Accruals and deferred income	1,944,992	1,457,408
	<u>9,578,707</u>	<u>7,332,428</u>

**NPH HEALTHCARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. Creditors: Amounts falling due after more than one year**

	2020 £	2019 £
Bank loans (note 12)	82,149,999	84,811,876
Amounts owed to group undertakings (note 12)	10,857,770	10,852,490
Financial instruments	11,294,000	7,593,580
	<u>104,301,769</u>	<u>103,257,946</u>

**12. Loans**

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
Bank loans	2,791,078	2,613,689
Arrangement fees	(89,993)	(98,512)
	<u>2,701,085</u>	<u>2,515,177</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	2,880,917	2,791,078
Arrangement fees	(87,166)	(95,365)
	<u>2,793,751</u>	<u>2,695,713</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	9,115,696	9,028,184
Amounts owed to group undertakings	737,483	494,142
Arrangement fees	(243,580)	(267,657)
	<u>9,609,599</u>	<u>9,254,669</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	71,158,756	74,127,238
Amounts owed to group undertakings	10,264,189	10,507,530
Arrangement fees	(818,527)	(920,786)
	<u>80,604,418</u>	<u>83,713,982</u>
	<u>95,708,853</u>	<u>98,179,541</u>

**NPH HEALTHCARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. Loans (continued)**

The loan amounts shown above are recognised at the Effective Interest Rate.

The Company has two loan facilities, being a Term Loan with KfW, and a Term Loan with EIB.

The KfW Term Loan totals to £46,659,074 of which £43,229,691 (2019 - £44,489,872) remains outstanding at the year end. The loan is secured on the assets of the Company. Interest is charged at the rate of LIBOR plus a margin of 1.2%. The base facility matures on 5th November 2046.

The EIB Term Loan totals to £46,275,044 of which £42,716,756 (2019 - £44,070,317) remains outstanding at the year end. The loan is secured on the assets of the Group. Interest is charged at the rate of 3.092%. The base facility matures on 5th February 2046.

The parent company shareholders subscribed £11,001,672 on 22nd January 2018 for Loan Notes issued by the parent company, which subsequently loaned this amount to the SPV. The loan from the parent company bears interest at 9.5% per annum and is repayable in semi-annual installments from 30th June 2023. The parent company Loan Notes are subordinated debt and will be settled once all senior loans have been repaid.

The Company has entered into an interest rate swap agreement in order to convert the variable interest rates payable on the debts to a fixed rate. The swap has the effect of fixing the interest rate at 2.39% for the life of the KfW Term loan.

**13. Financial instruments**

	2020 £	2019 £
<b>Financial liabilities</b>		
Derivative financial instruments designated as hedges of variable interest rate risk	<b>(11,294,000)</b>	<b>(7,593,580)</b>

Derivative financial instruments designated as hedges of variable interest rate risk comprise an interest rate swap. The fair value of the interest rate swap has been determined by reference to prices available from the markets on which the instruments involved are traded.

The following tables indicate the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models:

**NPH HEALTHCARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. Financial instruments (continued)**

**2020**

	Carrying amount £	Total Expected Cash Flows £	1 year or less £	1 to 2 years £	2 to 5 years £	5 years and over £
<b>Interest rate swaps</b>						
Liabilities	11,294,000	12,209,076	982,264	973,380	2,471,948	7,781,484

**2019**

	Carrying amount £	Total expected Cash Flows £	1 year or less £	1 to 2 years £	2 to 5 years £	5 years and over £
<b>Interest rate swaps</b>						
Liabilities	7,593,580	5,870,462	592,610	525,717	1,073,652	3,678,482

**14. Deferred taxation**

	2020 £
At beginning of year	1,498,815
Charged to the profit or loss	27,285
Charged to other comprehensive income	703,078
<b>At end of year</b>	<b>2,229,178</b>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Tax losses carried forward	83,318	56,035
Deferred tax on derivative financial instruments	2,145,860	1,442,780
	<b>2,229,178</b>	<b>1,498,815</b>

**NPH HEALTHCARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. Share capital**

	2020 £	2019 £
<b>Called up share capital</b>		
100 (2019 - 100) Ordinary shares of £1.0 each	<b>100</b>	<b>100</b>

**16. Related party transactions**

Disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

	2020 Expense £	2019 Expense £
Skanska Infrastructure Development UK Ltd	<b>26,323</b>	25,420
Skanska Construction UK Ltd	-	59,120
Skanska Facilities Services Ltd	-	182,387
Equitix Fund III LP	-	-
Equitix Capital Eurobond 3 Ltd	<b>39,325</b>	12,687
	<b>65,648</b>	279,614

Transactions with Skanska Infrastructure Development UK Ltd, a related party by virtue of its 50% shareholding in NPH Healthcare (Holdings) Limited, relate to directors' fees and financing fees.

Transactions with Skanska Construction UK Ltd, a related party by virtue of having the same ultimate parent company, Skanska AB, as Skanska Infrastructure Development UK Ltd, relate to construction costs.

Transaction with Skanska Facilities Services Ltd, a related party by virtue of having the same ultimate parent company, Skanska Construction UK Ltd, as Skanska Infrastructure Development UK Ltd, relate to facilities services costs.

Transactions with Equitix Capital Eurobond 3 Ltd, the immediate parent company of Equitix Infrastructure 3 Limited, which owns 50% of shares in NPH Healthcare (Holdings) Limited, relate to directors' fees.

Transactions with Equitix Fund III LP, a related party by virtue of being the ultimate parent company of Equitix Infrastructure 3 Limited, relate to financing fees.

---

<b>NPH HEALTHCARE LIMITED</b>
-------------------------------

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**17. Controlling party**

The Company's immediate parent company is NPH Healthcare (Intermediate) Limited, which is 100% owned by NPH Healthcare (Holdings) Limited. The Company's results are consolidated within NPH Healthcare (Holdings) Limited, a company registered in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3U2.

In the Directors' opinion there is no ultimate controlling party.