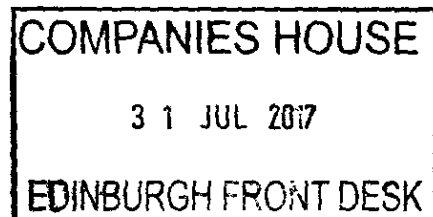


Summit Holdings (Wishaw) Limited
Annual Report and Consolidated Financial
Statements
31 March 2017



Summit Holdings (Wishaw) Limited

Annual Report and Consolidated Financial Statements

Year ended 31 March 2017

Contents	Page
Officers and Professional Advisers	1
Strategic Report	2
Directors' Report	4
Directors' Responsibilities Statement	5
Independent Auditors' Report to the Shareholders	6
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Company Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Consolidated Financial Statements	16

Summit Holdings (Wishaw) Limited

Officers and Professional Advisers

The board of directors

Andrew L Tennant
David F Gilmour
John I Cavill
Christopher T Solley

Company secretary

Infrastructure Managers Limited

Registered office

2nd Floor
11 Thistle Street
Edinburgh
EH2 1DF

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers

Lloyds Bank Plc
32 Oxford Street
London
W1R 2BS

Summit Holdings (Wishaw) Limited

Strategic Report

Year ended 31 March 2017

The directors present their strategic report on the Company and Group for the year ended 31 March 2017.

Principal Objectives and Strategies

The principal activity of the Group is that of financing and operating a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals NHS Trust under the Government's Private Finance Initiative ("PFI"). The project is currently in year 16 of its 30 year term.

Performance Review

The profit for the year, after taxation, amounted to £3,466,254 (2016: £4,811,527).

The profit for the year will be transferred to reserves.

The directors are satisfied with the overall performance of the Group and do not foresee any significant change in the Groups activities in the coming financial year.

Review of the Business

As the Group is in the full operational phase it faces operational risks and actively monitors financial performance against loan covenants. During the year the Group was fully compliant with the contractual terms and incurred no penalty points. From a financial perspective the Group has been performing well and has been compliant with the covenants laid out in the group loan agreement. The Group is also forecasting compliance with the covenants laid out in the group loan agreement for the next 12 months.

The directors expect the future performance of the Group to be profitable and in line with the forecasting model.

Future Developments

The directors intend for the Group to continue to operate in line with the financial forecast model, contractual terms and do not expect any strategic changes.

Key Performance Indicators

The performance of the Group from a cash perspective is assessed six monthly on a group basis by the testing of the covenants of the senior debt provider, the key indicator being the debt service cover ratio. The Group has been performing well and has been compliant with the covenants laid out in the group loan agreement. The directors believe that the analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance or position of the Company.

Summit Holdings (Wishaw) Limited

Strategic Report *(continued)*

Year ended 31 March 2017

Principal Risk and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The principal risk and uncertainties facing the Group are: price risk, credit and cash flow risk, as detailed below:

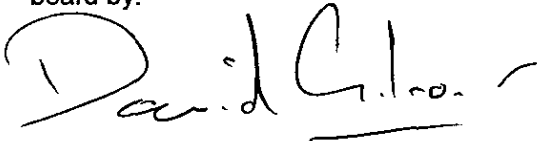
Price Risk

The Group's price risk is managed through a project agreement with the NHS providing for payments that are fixed subject to performance and inflation indexation and through sub-contracts with suppliers that largely mirror the provisions of the project agreement with the NHS.

Credit and cash flow Risk

Cash flows are generated on the availability of the hospital and from the operational management and maintenance of the facility. The project concession cash-flows are secured under contract from the NHS, a government body.

This report was approved by the board of directors on 31 July 2017 and signed on behalf of the board by:



David F Gilmour
Director

Summit Holdings (Wishaw) Limited

Directors' Report

Year ended 31 March 2017

The directors present their report and the consolidated financial statements of the group for the year ended 31 March 2017.

Directors

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

Andrew L Tennant
David F Gilmour
John I Cavill
Christopher T Solley

Dividends

Particulars of dividends paid are detailed in note 11 to the financial statements.

Disclosure of Information to Auditors

In so far as the directors are aware:

- there is no relevant audit information of which the group and the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the Company's auditors are aware of that information.

The auditor is deemed to have been reappointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 31 July 2017..... and signed by order of the board by:



Infrastructure Managers Limited
Company Secretary

Summit Holdings (Wishaw) Limited

Directors' Responsibilities Statement

Year ended 31 March 2017

The directors are responsible for preparing the Strategic Report, Directors' Report and the group and parent financial statements (the "financial statements") in accordance with applicable law and regulations.

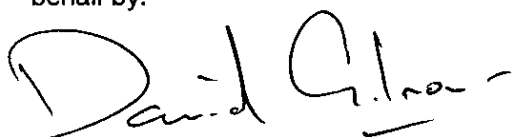
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Company and of the profit or loss of the group 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 United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' Responsibilities were approved by the board on 31 July 2017 and signed on its behalf by:



David F Gilmour

Director

Summit Holdings (Wishaw) Limited

Independent Auditors' Report to the Shareholders of Summit Holdings (Wishaw) Limited

Year ended 31 March 2017

Report on the Financial Statements

Our Opinion

In our opinion, Summit Holdings (Wishaw) Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the Consolidated Statement of Financial Position as at 31 March 2017;
- the Company Statement of Financial Position as at 31 March 2017;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Summit Holdings (Wishaw) Limited

Independent Auditors' Report to the Shareholders of Summit Holdings (Wishaw) Limited *(continued)*

Year ended 31 March 2017

Opinion on Other Matters Prescribed by the Companies Act 2006

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

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

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

Other Matters on Which We are Required to Report by Exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Summit Holdings (Wishaw) Limited

Independent Auditors' Report to the Shareholders of Summit Holdings (Wishaw) Limited *(continued)*

Year ended 31 March 2017

Directors' remuneration

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

Responsibilities for the Financial Statements and the Audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an Audit of Financial Statements Involves

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

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

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

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

Summit Holdings (Wishaw) Limited

Independent Auditors' Report to the Shareholders of Summit Holdings (Wishaw) Limited *(continued)*

Year ended 31 March 2017

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



Martin Cowie (Senior Statutory Auditor)

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants
Edinburgh

31 July 2017

Summit Holdings (Wishaw) Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	16,453,153	16,414,569
Cost of sales		<u>(14,079,138)</u>	<u>(13,254,121)</u>
Gross Profit		2,374,015	3,160,448
Administrative expenses		<u>(425,655)</u>	<u>(489,366)</u>
Operating Profit		1,948,360	2,671,082
Other interest receivable and similar income	7	10,046,517	10,307,682
Interest payable and similar expenses	8	<u>(8,222,634)</u>	<u>(8,525,840)</u>
Profit Before Taxation		3,772,243	4,452,924
Tax on profit	9	<u>(305,989)</u>	<u>358,603</u>
Profit for the Financial Year and Total Comprehensive Income		<u>3,466,254</u>	<u>4,811,527</u>

All the activities of the group are from continuing operations.

The notes on pages 16 to 26 form part of these consolidated financial statements.

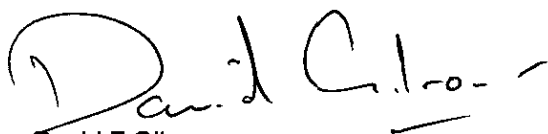
Summit Holdings (Wishaw) Limited

Consolidated Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Current Assets			
Debtors: due within one year	13	4,360,021	5,271,813
Debtors: due after more than one year	13	105,155,527	108,307,000
Cash at bank and in hand		14,165,162	13,964,063
		<u>123,680,710</u>	<u>127,542,876</u>
Creditors: amounts falling due within one year	14	<u>(13,617,504)</u>	<u>(13,613,060)</u>
Net Current Assets		<u>110,063,206</u>	<u>113,929,816</u>
Total Assets Less Current Liabilities		<u>110,063,206</u>	<u>113,929,816</u>
Creditors: amounts falling due after more than one year	15	<u>(87,633,959)</u>	<u>(92,655,539)</u>
Provisions			
Taxation including deferred tax	17	<u>(11,304,498)</u>	<u>(12,326,827)</u>
Net Assets		<u>11,124,749</u>	<u>8,947,450</u>
Capital and Reserves			
Called up share capital	19	100,000	100,000
Profit and loss account	20	11,024,749	8,847,450
Shareholders' Funds		<u>11,124,749</u>	<u>8,947,450</u>

These consolidated financial statements were approved by the board of directors and authorised for issue on 31 March 2017, and are signed on behalf of the board by:



David F Gilmour
Director

Company registration number: SC173083

The notes on pages 16 to 26 form part of these consolidated financial statements.

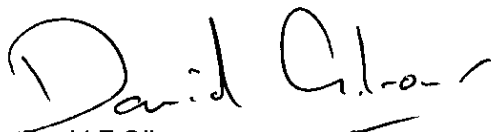
Summit Holdings (Wishaw) Limited

Company Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Fixed Assets			
Investments	12	11,859,000	11,859,000
Current Assets			
Debtors: due within one year	13	1,055,411	1,055,620
Creditors: amounts falling due within one year	14	<u>(1,055,411)</u>	<u>(1,055,620)</u>
Total Assets Less Current Liabilities		11,859,000	11,859,000
Creditors: amounts falling due after more than one year	15	<u>(11,759,000)</u>	<u>(11,759,000)</u>
Net Assets		<u>100,000</u>	<u>100,000</u>
Capital and Reserves			
Called up share capital	19	100,000	100,000
Profit and loss account	20		
At 1 April		—	—
Profit for the year		1,288,955	2,064,000
Other changes in retained earnings		(1,288,955)	(2,064,000)
At 31 March		<u>—</u>	<u>—</u>
Shareholders' Funds		<u>100,000</u>	<u>100,000</u>

These consolidated financial statements were approved by the board of directors and authorised for issue on 31 July 2017, and are signed on behalf of the board by:



David F Gilmour
Director

Company registration number: SC173083

The notes on pages 16 to 26 form part of these consolidated financial statements.

Summit Holdings (Wishaw) Limited
Consolidated Statement of Changes in Equity
Year ended 31 March 2017

		Called up share capital £	Profit and loss account £	Total
At 1 April 2015		100,000	6,099,923	6,199,923
Profit for the year		—	4,811,527	4,811,527
Total Comprehensive Income for the Year		—	4,811,527	4,811,527
Dividends paid and payable	11	—	(2,064,000)	(2,064,000)
Total Investments by and Distributions to Owners		—	(2,064,000)	(2,064,000)
At 31 March 2016		100,000	8,847,450	8,947,450
Profit for the year		—	3,466,254	3,466,254
Total Comprehensive Income for the Year		—	3,466,254	3,466,254
Dividends paid and payable	11	—	(1,288,955)	(1,288,955)
Total Investments by and Distributions to Owners		—	(1,288,955)	(1,288,955)
At 31 March 2017		<u>100,000</u>	<u>11,024,749</u>	<u>11,124,749</u>

The notes on pages 16 to 26 form part of these consolidated financial statements.

Summit Holdings (Wishaw) Limited

Company Statement of Changes in Equity

Year ended 31 March 2017

		Called up share capital £	Profit and loss account £	Total £
At 1 April 2015		100,000	–	100,000
Profit for the year			2,064,000	2,064,000
Total Comprehensive Income for the Year		–	2,064,000	2,064,000
Dividends paid and payable	11	–	(2,064,000)	(2,064,000)
Total Investments by and Distributions to Owners		–	(2,064,000)	(2,064,000)
At 31 March 2016		100,000	–	100,000
Profit for the year			1,288,955	1,288,955
Total Comprehensive Income for the Year		–	1,288,955	1,288,955
Dividends paid and payable	11	–	(1,288,955)	(1,288,955)
Total Investments by and Distributions to Owners		–	(1,288,955)	(1,288,955)
At 31 March 2017		<u>100,000</u>	<u>–</u>	<u>100,000</u>

The notes on pages 16 to 26 form part of these consolidated financial statements.

Summit Holdings (Wishaw) Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	Note	2017 £	2016 £
Cash generated from operations	21	5,231,068	4,590,051
Interest paid		(7,802,129)	(8,116,891)
Interest received		10,046,517	10,307,682
Tax paid		(892,000)	—
Net cash from operating activities		<u>6,583,456</u>	<u>6,780,842</u>
Cash Flows from Financing Activities			
Repayments of borrowings		(5,093,402)	(4,778,368)
Dividends paid		(1,288,955)	(2,064,000)
Net cash used in financing activities		<u>(6,382,357)</u>	<u>(6,842,368)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		201,099	(61,526)
Cash and Cash Equivalents at Beginning of Year		13,964,063	14,025,589
Cash and Cash Equivalents at End of Year		<u>14,165,162</u>	<u>13,964,063</u>

The notes on pages 16 to 26 form part of these consolidated financial statements.

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

1. Statement of compliance

The individual and consolidated financial statements of Summit Holdings (Wishaw) Limited have been prepared in compliance with 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 the Companies Act 2006.

2. General information

Summit Holdings (Wishaw) Limited ('the Company') is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF.

The principal activity of the group is that of financing and operating a new district general hospital at Wishaw, Lanarkshire for what is now the Lanarkshire Acute Hospitals NHS Trust under the Government's Private Finance Initiative. The hospital opened in May 2001.

The Company and Group's functional and presentation currency is the pound sterling.

3. Accounting policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

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 Groups 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 further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

(b) Disclosure exemptions

The Company has taken advantage of from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

(c) Consolidation

The consolidated financial statements include the Company and all its subsidiary undertakings. Where subsidiary undertakings are acquired during the period their results are included in the consolidated financial statements from the date of acquisition up to the date of the financial period end.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income, the profit of the Company was £1,288,955 (2016: £2,064,000).

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

(d) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) Income taxation

Current taxation

The taxation charge or credit arising on profit before taxation and in respect of gains or losses recognised through other comprehensive income reflect the tax rates in effect or substantially enacted at the balance sheet date as appropriate. The determination of appropriate provisions for taxation requires the Directors to take into account anticipated decisions of HM Revenue and Customs which inevitably requires the Directors to use judgements as to the appropriate estimate of taxation provisions.

Deferred taxation

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Judgements are required to be made as to the calculation and identification of timing differences and in the case of the recognition of deferred taxation assets, the Directors have to form an opinion as to whether it is probable that the deferred taxation asset recognised is recoverable against future taxable profits arising. This exercise of judgement requires the Directors to consider forecast information over a long time horizon having regard to the risks that the forecasts may not be achieved and then form a reasonable opinion as to the recoverability of the deferred taxation asset.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Groups Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

ii) Accounting for service concession arrangements

Accounting for the service concession contract and finance debtors requires estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecast results of the contract.

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

(e) Revenue recognition

Turnover represents the services' share of the management services income received by the Group for the provision of a PFI asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

(f) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, 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.

i) 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. The directors periodically evaluate 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.

ii) 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 also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

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 deferred tax asset or liability.

(g) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

(h) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

(i) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Guaranteed secured bonds

The bond creditor was initially recognised at the value of the net proceeds raised on issue. The finance cost is calculated as the difference between the net carrying amount and the total payments the Group is required to make in respect of the bond. Finance costs are allocated to periods over the term of the bond at a constant rate on the carrying amount and charged in the profit and loss account. The bond interest is recognised as accruing on a day to day basis.

Issue costs associated with the bond have been capitalised in accordance with FRS102 and are being amortised over the life of the bonds.

(l) Finance debtor

The Group has taken the transition exemption in FRS 102 Section 35.10(i) that allows the Group to continue the service concession arrangement accounting policies from previous UK GAAP.

The Group is accounting for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Group on the design and construction of the assets have been treated as a finance debtor within these financial statements.

4. Turnover

Turnover arises from:

	2017 £	2016 £
Rendering of services	<u>16,453,153</u>	<u>16,415,000</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the consolidated financial statements	<u>13,500</u>	<u>18,000</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	<u>6,650</u>	<u>6,000</u>

Included in the fee above is £1,951 (2016: £2,074) for the audit of the Company Summit Holdings (Wishaw) Limited.

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

6. Particulars of employees and directors

The average number of persons employed by the Company during the financial year, including the directors, amounted to nil (2016: nil). The directors did not receive any remuneration from the Company during the year (2016: £nil).

7. Other interest receivable and similar income

	2017 £	2016 £
Interest on cash and cash equivalents	75,328	82,226
Finance receivable interest	9,971,189	10,225,456
	<u>10,046,517</u>	<u>10,307,682</u>

8. Interest payable and similar expenses

	2017 £	2016 £
Interest on bank loans and overdrafts	5,685,509	6,409,220
Interest due to Group undertakings	2,116,620	1,707,671
Other interest payable and similar charges	420,505	408,949
	<u>8,222,634</u>	<u>8,525,840</u>

9. Tax on profit

Major components of tax expense/(income)

	2017 £	2016 £
Current tax:		
UK current tax expense	1,315,945	696,024
Adjustments in respect of prior periods	12,373	—
Total current tax	<u>1,328,318</u>	<u>696,024</u>
Deferred tax:		
Origination and reversal of timing differences	(373,668)	315,020
Impact of change in tax rate	(637,578)	(1,369,647)
Adjustments in respect of prior periods	(11,083)	—
Total deferred tax	<u>(1,022,329)</u>	<u>(1,054,627)</u>
Tax on profit	<u>305,989</u>	<u>(358,603)</u>

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

9. Tax on profit *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the profit for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit before taxation	3,772,243	4,452,924
Profit by rate of tax	754,448	890,445
Adjustment to tax charge in respect of prior periods	12,373	—
Effect of expenses not deductible for tax purposes	176,746	120,607
Effects of changes in tax rates	(637,578)	(1,369,647)
Tax on profit	305,989	(358,595)

Factors that may affect future tax expense

During the year, as a result of the change to the future UK main corporation tax rate from 18% to 17% that was substantively enacted on 6 September 2016 and that will be effective from 1 April 2020, the relevant deferred tax balances have been re-measured. This change has reduced the deferred tax liability in the Statement of Financial Position by £637,578.

10. Profit for the year of the parent company

The profit for the financial year of the parent company was £1,288,955 (2016: £2,064,000).

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £	2016 £
Dividend £12.89 per share (2016: £20.64)	1,288,955	2,064,000

12. Investments

The group has no investments.

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 Apr 2016 and 31 Mar 2017	100,000	11,759,000	11,859,000
Impairment			
At 1 Apr 2016 and 31 Mar 2017	—	—	—
Carrying amount			
At 1 Apr 2016 and 31 Mar 2017	100,000	11,759,000	11,859,000

Subsidiaries, associates and other investments

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

12. Investments *(continued)*

The Company owns 100% of the issued share capital of Summit Healthcare (Wishaw) Limited who owns 100% of the issued share capital of Summit Finance (Wishaw) plc. Both companies have a registered office of 11 Thistle Street, Edinburgh, EH2 1DF.

	2017 £	2016 £
Aggregate capital and reserves		
Summit Healthcare (Wishaw) Limited	11,148,989	8,947,000
Summit Finance (Wishaw) plc	50,000	50,000
Profit/(Loss) for the year		
Summit Healthcare (Wishaw) Limited	3,490,494	4,811,000
Summit Finance (Wishaw) plc	—	—

The carrying value of the investment is supported by the net assets of the subsidiaries.

13. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	277,680	1,607,342	—	—
Amounts owed by Group undertakings	—	—	1,055,411	1,055,620
Prepayments and accrued income	1,156,986	1,155,763	—	—
Finance receivable	2,859,231	2,508,708	—	—
Other debtors	66,124	—	—	—
	<u>4,360,021</u>	<u>5,271,813</u>	<u>1,055,411</u>	<u>1,055,620</u>

Debtors falling due after one year are as follows:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Finance receivable	<u>105,155,527</u>	<u>108,307,000</u>	<u>—</u>	<u>—</u>

The movement in the finance debtor is analysed as follows:

	2017 £000	2016 £000
At beginning of year	110,815,708	112,747,808
Repayments	(2,800,950)	(1,932,100)
At end of year	<u>108,014,758</u>	<u>110,815,708</u>

The amounts due from Group undertakings are trading balances, they are unsecured, non interest bearing and are repayable on demand.

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

14. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Secured Bonds	5,038,870	4,690,187	—	—
Trade creditors	874,077	865,553	—	—
Accruals and deferred income	5,086,851	4,999,723	—	—
Corporation tax	1,132,342	696,024	—	—
Social security and other taxes	429,953	672,556	—	—
Coupon bearing investment sums (CBIS) interest	1,055,411	1,055,620	1,055,411	1,055,620
Other creditors	—	633,397	—	—
	<u>13,617,504</u>	<u>13,613,060</u>	<u>1,055,411</u>	<u>1,055,620</u>

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Coupon bearing investment sums (CBIS)	11,759,000	11,759,000	11,759,000	11,759,000
Secured Bonds	75,874,959	80,896,539	—	—
	<u>87,633,959</u>	<u>92,655,539</u>	<u>11,759,000</u>	<u>11,759,000</u>

Group

On 25 June 1998 the group issued at par value £136,556,000 6.484% Guaranteed Secured Bonds which are repayable in 6 monthly instalments to 31 March 2028.

The bond has been secured by:-

(i) a first ranking floating charge over the whole property, assets and undertakings of the group;

and

(ii) an assignation in security of all rights of the company under the intercompany loan agreement with its parent company, all bank accounts, if any, of the company and the proceeds thereof and all rights to which the company may be entitled from time to time in relation to the proceeds of any insurance policies.

Company

The Coupon Bearing Investment Sums (CBIS) are amounts owed to immediate parent undertakings, Elbon Holdings (2) Limited and Aberdeen Infrastructure (No.3) Limited. The CBIS bear a coupon of 18% per annum, and have a remaining term ending 17 June 2028.

The coupon on the principal amount outstanding accrues from day to day and is payable in cash on 30 September and 31 March annually subject to meeting certain financial criteria (targets). If the coupon is unable to be paid due to failure to meet these criteria then there shall be issued Preferred Investment Sums with a principal equal to the coupon due. The term date for each series of Preferred Investment Sums shall be the first coupon payment date after the allotment.

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in provisions (note 17)	<u>11,304,498</u>	<u>12,326,827</u>	<u>—</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	<u>11,304,498</u>	<u>12,326,827</u>	<u>—</u>	<u>—</u>

The deferred tax liability expected to reverse in 2018 is £210,794, this primarily relates to the reversal of timing differences on capital allowances.

17. Provisions

	Deferred tax (note 16) £
At 1 April 2016	12,326,827
Charge against provision	<u>(1,022,329)</u>
At 31 March 2017	<u>11,304,498</u>

The Company does not have any provisions.

18. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>107,971,675</u>	<u>110,816,000</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(92,672,829)</u>	<u>(97,346,000)</u>

The bond loan and CBIS loan are considered to be basic financial instruments as both satisfy the criteria set out in FRS 102 Section 11.9 in that they are for a fixed amount of debt and both have a fixed rate of interest. The finance debtor is also considered a basic financial instrument due to it being a long term receivable. As all are classed as basic financial instruments they are held at amortised cost.

Summit Holdings (Wishaw) Limited

Notes to the Consolidated Financial Statements *(continued)*

Year ended 31 March 2017

19. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No	£	No	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

21. Cash generated from operations

	2017 £	2016 £
Profit for the financial year	3,466,254	4,811,527
<i>Adjustments for:</i>		
Other interest receivable and similar income	(10,046,517)	(10,307,682)
Interest payable and similar expenses	8,222,634	8,525,840
Tax on profit	305,989	(358,603)
<i>Changes in:</i>		
Trade and other debtors	3,429,868	1,163,529
Trade and other creditors	(147,160)	755,440
	<u>5,231,068</u>	<u>4,590,051</u>

22. Related party transactions

Company

The following disclosures are with entities in the Group that are not wholly owned:

Aberdeen Infrastructure (No.3) Limited is a 40% shareholder in the Company. Aberdeen Infrastructure (No.3) Limited is the holder of £2,939,750 (2016: £2,939,750) in subordinated loan notes due from the company. Interest paid in the year was £529,155 (2016: £529,155). Fees paid for the provision of directors, staff and technical support services were £40,000 (2016: £40,000). As at 31 March 2017, trade creditors and accruals included £40,000 (2016: £nil) due to Aberdeen Infrastructure (No.3) Limited.

Elbon Holdings (2) Limited a 60% shareholder in the Company also is the holder of £8,819,250 (2016: £8,819,250) in subordinated loan notes due from the company. Interest paid in the year was £1,587,465 (2016: £1,587,465). BIIF Bidco Limited, an intermediate parent company, provided the company with its directors, staff and technical support services, the value of the work undertaken in the year was £233,080 (2016: £230,465). As at 31 March 2017, trade creditors and accruals included £40,000 (2016: £nil) due to BIIF Bidco Limited.

23. Controlling party

The Company has no ultimate controlling party. The Directors consider the Company's ultimate joint controlling parties to be Aberdeen Infrastructure (No.3) Limited (who own 40% of the share capital of the company) and BIIF L.P. (who own 60% of the share capital of the company).