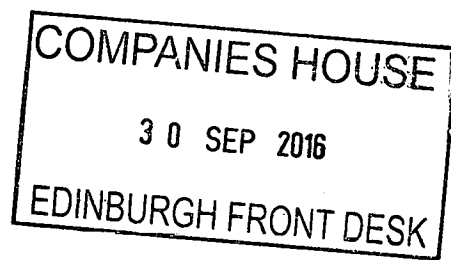


Summit Healthcare (Wishaw) Limited
Annual Report and Financial Statements
31 March 2016



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Summit Healthcare (Wishaw) Limited

Annual Report and Financial Statements

Year Ended 31 March 2016

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Summit Healthcare (Wishaw) Limited

Officers and Professional Advisers

The board of directors

Andrew Leslie Tennant
John Ivor Cavill
David F. Gilmour
Christopher Thomas Solley

Company secretary

Infrastructure Managers Limited

Registered office

2nd Floor
11 Thistle Street
Edinburgh
EH2 1DF

Auditor

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

Bankers

Lloyds TSB Bank plc
71 Lombard Street
London
EC3P 3BS

Summit Healthcare (Wishaw) Limited

Strategic Report

Year Ended 31 March 2016

The directors present their strategic report on the Company for the year ended 31 March 2016.

Principal Objectives and Strategies

The principal activity of the Company 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.

Performance Review

The profit for the year, after taxation, amounted to £4,811,000 (2015: £1,985,000).

The profit for the year will be transferred to reserves.

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

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. The accounts for both years are presented under FRS 102, the adjustments to the prior year reported financial position and financial performance are given in note 22.

Review of the Business

As the Company is in the full operational phase it faces operational risks and actively monitors financial performance against loan covenants. During the year the Company was fully compliant with the contractual terms and incurred no penalty points. From a financial perspective the Company has been performing well and has been compliant with the covenants laid out in the group loan agreement. The Company 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 Company to be profitable and in line with the forecasting model.

Future Developments

The directors intend for the Company 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 Company 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 Company 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 Healthcare (Wishaw) Limited

Strategic Report *(continued)*

Year Ended 31 March 2016

Principal Risk and Uncertainties

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

Price Risk

The Company'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 30 September 2016 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'David Gilmour', with a horizontal line underneath.

David Gilmour
Director

Summit Healthcare (Wishaw) Limited

Directors' Report

Year Ended 31 March 2016

The directors present their report and the financial statements of the Company for the year ended 31 March 2016.

Directors

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

Andrew Leslie Tennant
John Ivor Cavill
David F. Gilmour
Christopher Thomas Solley

Dividends

Particulars of dividends paid are detailed in note 10 to the financial statements.

This report was approved by the board of directors on 30 September 2016 and signed on behalf of the board by:



Infrastructure Managers Limited
Company Secretary

Summit Healthcare (Wishaw) Limited

Directors' Responsibilities Statement

Year Ended 31 March 2016

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.


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

In so far as the directors are aware:

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

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

The Directors' Responsibilities were approved by the board on 30 September 2016 and signed on its behalf by:



David Gilmour

Director

Summit Healthcare (Wishaw) Limited

Independent Auditors' Report to the Members of Summit Healthcare (Wishaw) Limited

Year Ended 31 March 2016

Our Opinion

In our opinion, Summit Healthcare (Wishaw) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the Statement of Financial Position as at 31 March 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion, 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.

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, 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.

We have no exceptions to report arising from this responsibility.

Summit Healthcare (Wishaw) Limited

Independent Auditors' Report to the Members of Summit Healthcare (Wishaw) Limited *(continued)*

Year Ended 31 March 2016

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.

Respective Responsibilities of Directors and Auditor

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 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.

Scope of the Audit of the Financial Statements

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 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 Healthcare (Wishaw) Limited

Independent Auditors' Report to the Members of Summit Healthcare (Wishaw) Limited *(continued)*

Year Ended 31 March 2016

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.

A handwritten signature in black ink, appearing to read 'Mark Hoskyns-Abraham', with a long horizontal line extending to the right.

Mark Hoskyns-Abraham (Senior Statutory Auditor)

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

30 September 2016

Summit Healthcare (Wishaw) Limited

Statement of Comprehensive Income

Year Ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	4	16,415	15,142
Cost of sales		(13,254)	(13,621)
Gross profit		3,161	1,521
Administrative expenses		(490)	(469)
Operating profit		2,671	1,052
Other interest receivable and similar income	7	10,307	10,493
Interest payable and similar charges	8	(8,526)	(8,812)
Profit on ordinary activities before taxation		4,452	2,733
Tax on profit on ordinary activities	9	359	(748)
Profit for the financial year and total comprehensive income		4,811	1,985

All the activities of the Company are from continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

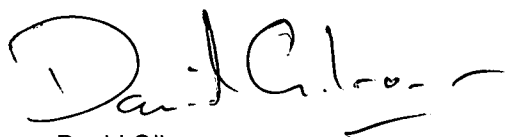
Summit Healthcare (Wishaw) Limited

Statement of Financial Position

As at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	11	50	50
Current assets			
Debtors: due within one year	12	5,272	3,293
Debtors: due after more than one year	12	108,307	110,816
Cash at bank and in hand		13,964	14,025
		<u>127,543</u>	<u>128,134</u>
Creditors: amounts falling due within one year	13	<u>(13,663)</u>	<u>(11,256)</u>
Net current assets		<u>113,880</u>	<u>116,878</u>
Total assets less current liabilities		<u>113,930</u>	<u>116,928</u>
Creditors: amounts falling due after more than one year	14	<u>(92,656)</u>	<u>(97,346)</u>
Provisions			
Taxation including deferred tax	16	<u>(12,327)</u>	<u>(13,382)</u>
Net assets		<u>8,947</u>	<u>6,200</u>
Capital and reserves			
Called up share capital	18	100	100
Retained earnings	19	8,847	6,100
Shareholders' funds		<u>8,947</u>	<u>6,200</u>

These financial statements were approved by the board of directors and authorised for issue on 30 September 2016, and are signed on behalf of the board by:



David Gilmour
Director

Company registration number: SC182649

The notes on pages 12 to 21 form part of these financial statements.

Summit Healthcare (Wishaw) Limited

Statement of Changes in Equity

Year Ended 31 March 2016

		Called up share capital £000	Retained earnings £000	Total £000
At 1 April 2014		100	4,265	4,365
Profit for the year		—	1,985	1,985
Total comprehensive income for the year		—	1,985	1,985
Dividends paid and payable	10	—	(150)	(150)
Total investments by and distributions to owners		—	(150)	(150)
At 31 March 2015		100	6,100	6,200
Profit for the year		—	4,811	4,811
Total comprehensive income for the year		—	4,811	4,811
Dividends paid and payable	10	—	(2,064)	(2,064)
Total investments by and distributions to owners		—	(2,064)	(2,064)
At 31 March 2016		<u>100</u>	<u>8,847</u>	<u>8,947</u>

The notes on pages 12 to 21 form part of these financial statements.

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1. Statement of compliance

The individual financial statements of Summit Healthcare (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 Healthcare (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 Company 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 Company'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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

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

(b) Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 22.

(c) Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Summit Holdings (Wishaw) Limited which can be obtained from Companies House, Fourth Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the company.

(b) Disclosures in respect of financial instruments have not been presented.

(d) Consolidation

The Company is a wholly-owned subsidiary of Summit Holdings (Wishaw) Limited, a company incorporated in the EEA. In accordance with Section 400 of the Companies Act 2006, the Company is not required to produce, and has not published, consolidated accounts.

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

3. Accounting policies *(continued)*

(e) 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.

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 Company's balance sheet, 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 balance sheet. 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.

(f) Revenue recognition

Turnover represents the services' share of the management services income received by the Company 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.

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

3. Accounting policies *(continued)*

(g) 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.

(h) Investments

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

(i) 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. 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.

(j) 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.

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

3. Accounting policies *(continued)*

Financial instruments *(continued)*

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.

(k) 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.

(l) Finance debtor

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

The Company 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 Company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

4. Turnover

Turnover arises from:

	2016	2015
	£000	£000
Rendering of services	<u>16,415</u>	<u>15,142</u>

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

5. Auditors' remuneration

	2016	2015
	£000	£000
Fees payable for the audit of the financial statements	<u>18</u>	<u>16</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	<u>6</u>	<u>6</u>

Included in the fee above is £2,074 (2015: £1,839) for the audit of the immediate parent entity Summit Holdings (Wishaw) Limited and £2,074 (2015: £1,839) for the audit of the Company's subsidiary Summit Finance (Wishaw) plc.

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 (2015: nil). The directors did not receive any remuneration from the Company during the year (2015: £nil).

7. Other interest receivable and similar income

	2016	2015
	£000	£000
Interest on cash and cash equivalents	82	95
Finance debtor interest	<u>10,225</u>	<u>10,398</u>
	<u>10,307</u>	<u>10,493</u>

8. Interest payable and similar charges

	2016	2015
	£000	£000
Interest due to Group undertakings	8,117	8,412
Other interest payable and similar charges	<u>409</u>	<u>400</u>
	<u>8,526</u>	<u>8,812</u>

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

9. Tax on profit on ordinary activities

Major components of tax (income)/expense

	2016 £000	2015 £000
Current tax:		
UK current tax expense	696	—
Deferred tax:		
Origination and reversal of timing differences	315	787
Impact of change in tax rate	(1,370)	(39)
Total deferred tax	(1,055)	748
Tax on profit on ordinary activities	(359)	748

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

	2016 £000	2015 £000
Profit on ordinary activities before taxation	4,452	2,733
Profit on ordinary activities by rate of tax	890	574
Effect of expenses not deductible for tax purposes	121	213
Effect of changes in tax rates	(1,370)	(39)
Tax on profit on ordinary activities	(359)	748

Factors that may affect future tax income

On 26 October 2015, a reduction in the UK corporation tax rate from 20% to 18% was substantively enacted. The reduction is to take effect in two stages from 1 April 2017 (19%) and then from 1 April 2020 (18%). As a result, relevant deferred tax balances have been re-measured at the rate at which the majority of the deferred tax balance is expected to unwind.

This change has reduced the deferred tax liability at the balance sheet date by £1,369,647.

In his Budget speech on 16 March 2016 the Chancellor of the Exchequer proposed that the above UK corporation tax rate of 18% effective from 1 April 2020 be further reduced to 17%. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. If enacted, the change would reduce the deferred tax liability at the balance sheet by £684,824.

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

10. Dividends

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

	2016	2015
	£000	£000
Dividend £20.64 per share (2015: £1.50)	<u>2,064</u>	<u>150</u>

11. Investments

	Shares in group undertakings £000
Cost	
At 1 Apr 2015 and 31 Mar 2016	<u>50</u>
Impairment	
At 1 Apr 2015 and 31 Mar 2016	<u>—</u>
Carrying amount	
At 31 March 2016	<u>50</u>

Subsidiaries, associates and other investments

The Company owns 100% of the issued share capital of Summit Finance (Wishaw) plc.

	2016	2015
	£	£
Aggregate capital and reserves	50	50
Result for the year	—	—

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

12. Debtors

Debtors falling due within one year are as follows:

	2016	2015
	£000	£000
Trade debtors	1,607	135
Prepayments and accrued income	1,156	1,152
Finance debtor	2,509	1,932
Other debtors	—	74
	<u>5,272</u>	<u>3,293</u>

Debtors falling due after one year are as follows:

	2016	2015
	£000	£000
Finance debtor	<u>108,307</u>	<u>110,816</u>

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

12. Debtors *(continued)*

The movement in the finance debtor is analysed as follows:

	2016 £000	2015 £000
At beginning of year	112,748	115,943
Repayments	(1,932)	(3,195)
At end of year	<u>110,816</u>	<u>112,748</u>

13. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	865	368
Amounts owed to Group undertakings	1,106	50
Accruals and deferred income	5,000	5,966
Corporation tax	696	—
Social security and other taxes	673	502
Amounts owed to subsidiary undertaking	4,690	4,370
Other creditors	633	—
	<u>13,663</u>	<u>11,256</u>

The amounts owed to subsidiary undertakings bear interest at 6.484%, and the repayment terms are outlined below.

The Amounts owed to Group undertakings include £50,000 (2015: £50,000) of unpaid share capital, and £1,056,000 (2015: £nil) relating to accrued CBIS interest. Both balances are not interest bearing and are repayable on demand.

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

	2016 £000	2015 £000
Amounts owed to immediate parent	11,759	11,759
Amounts owed to subsidiary undertaking	80,897	85,587
	<u>92,656</u>	<u>97,346</u>

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

14. Creditors: amounts falling due after more than one year *(continued)*

The amounts owed to subsidiary undertaking bear interest at 6.484% and are repayable in six monthly instalments. The final instalment is due on 31 March 2028.

The guarantee securing the loans of Summit Finance (Wishaw) plc, a fellow group undertaking, is supported by a floating charge over the assets of the Company.

The amounts owed to immediate parent are Coupon Bearing Investment Sums (CBIS) which have been issued to the parent, Summit Holdings (Wishaw) Limited. The CBIS bear a coupon of 18 per cent 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.

15. Deferred tax

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

	2016 £000	2015 £000
Included in provisions (note 16)	<u>12,327</u>	<u>13,382</u>

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

	2016 £000	2015 £000
Accelerated capital allowances	12,327	13,820
Unused tax losses	–	(438)
	<u>12,327</u>	<u>13,382</u>

The deferred tax liability expected to reverse in 2017 is £233,111, this primarily relates to the reversal of timing differences on capital allowances.

16. Provisions

	Deferred tax (note 15) £000
At 1 April 2015	13,382
Deferred tax	<u>(1,055)</u>
At 31 March 2016	<u>12,327</u>

17. Financial instruments

The intercompany borrowing and finance debtor are both held at amortised cost.

Summit Healthcare (Wishaw) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2016

18. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No	£000	No	£000
Ordinary shares of £1 each	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

19. Reserves

Retained earnings - This reserve records retained earnings and accumulated losses.

20. Related party transactions

The Company is wholly owned by Summit Holdings (Wishaw) Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

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

The Company paid £230,510 (2015: £40,000) to BIIF Bidco Limited and its subsidiaries for the provision of 2 directors and the provision of management services.

The Company paid £40,000 (2015: £40,000) to Aberdeen Infrastructure (No.3) Limited for the provision of 2 directors.

21. Controlling party

The immediate parent undertaking is Summit Holdings (Wishaw) Limited.

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).

Copies of the consolidated accounts of Summit Holdings (Wishaw) Limited can be obtained from the Registrar of Companies, Companies House, Fourth Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

22. Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. The changes in accounting policies between UK GAAP as previously reported and FRS 102 have resulted in no adjustment to profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015.