

Glasgow Healthcare Facilities (Holdings) Limited
Annual Report and Financial Statements
31 December 2016



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Glasgow Healthcare Facilities (Holdings) Limited

Annual Report and Financial Statements

Year Ended 31 December 2016

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Glasgow Healthcare Facilities (Holdings) Limited

Officers and Professional Advisers

The Board of Directors	D F Gilmour S A Brooks K A Miller J I Cavill J Whittington M Jackson
Company Secretary	Infrastructure Managers Limited
Registered Office	2nd Floor 11 Thistle Street Edinburgh EH2 1DF
Auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Royal Bank of Scotland Plc 36 St Andrew's Square Edinburgh EH2 2YB
Solicitors	Maclay Murray & Spens LLP 1 George Square Glasgow G2 1AL

Glasgow Healthcare Facilities (Holdings) Limited

Directors' Report

Year Ended 31 December 2016

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

Principal Activities

The Company acts as a holding company to a single subsidiary, Glasgow Healthcare Facilities Limited, whose principal activity is the design, build, finance and operation of two hospitals for the Greater Glasgow and Clyde Health Board.

Performance Review

The profit for the year, after taxation, amounted to £509,000 (2015: £613,000).

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.

Key performance indicators

The performance of the subsidiary undertaking from a cash perspective is assessed on a six monthly basis by the testing of the covenants of the senior debt provider, the key indicator being the debt service cover ratio. The subsidiary has been performing well and has been compliant with the covenants laid out in its' borrowing arrangements.

Directors

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

D F Gilmour	
S A Brooks	
K A Miller	
M Jackson	
J I Cavill	(Appointed 5 May 2016)
J Whittington	(Appointed 16 January 2017)
S N Jones	(Died 9 August 2016)
BILF Corporate Services Limited	(Resigned 5 May 2016)

Dividends

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

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 19 June 2017 and signed by order of the board by:


Infrastructure Managers Limited
Company Secretary

Glasgow Healthcare Facilities (Holdings) Limited

Directors' Responsibilities Statement

Year Ended 31 December 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 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 United Kingdom Accounting Standards, comprising 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.

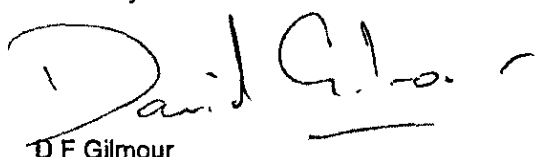
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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 as a director to make themselves aware of any relevant audit information and to establish that 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.

The Directors' Responsibilities were approved by the board on 9 JUNE 2017 and signed on its behalf by:



D F Gilmour

Director

Glasgow Healthcare Facilities (Holdings) Limited

Independent Auditors' Report to the Members of Glasgow Healthcare Facilities (Holdings) Limited

Year Ended 31 December 2016

Our Opinion

In our opinion, Glasgow Healthcare Facilities (Holdings) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 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 December 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", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

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

Glasgow Healthcare Facilities (Holdings) Limited

Independent Auditors' Report to the Members of Glasgow Healthcare Facilities (Holdings) Limited *(continued)*

Year Ended 31 December 2016

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.

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. 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 3, 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.

Glasgow Healthcare Facilities (Holdings) Limited

Independent Auditors' Report to the Members of Glasgow Healthcare Facilities (Holdings) Limited *(continued)*

Year Ended 31 December 2016

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 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.

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 Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Mark Hoskyns-Abraham (Senior Statutory Auditor)

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

19 June 2017

Glasgow Healthcare Facilities (Holdings) Limited

Statement of Comprehensive Income

Year Ended 31 December 2016

	Note	2016 £	2015 £
Income from shares in Group undertakings	6	509,000	613,000
Other interest receivable and similar income	7	2,867,360	2,867,361
Interest payable and similar charges	8	(2,867,360)	(2,867,361)
Profit on ordinary activities before taxation		509,000	613,000
Tax on profit on ordinary activities	9	—	—
Profit for the financial year and total comprehensive income		509,000	613,000

All the activities of the Company are from continuing operations.

The notes on pages 10 to 15 form part of these financial statements.

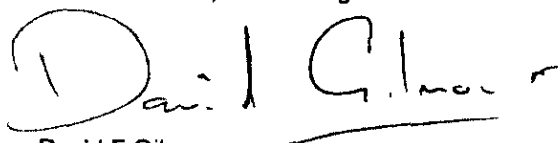
Glasgow Healthcare Facilities (Holdings) Limited

Statement of Financial Position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	11	19,815,417	19,815,417
Current assets			
Debtors: due within one year	12	4,163,553	3,963,553
Creditors: amounts falling due within one year	13	(4,163,553)	(3,963,553)
Total assets less current liabilities		19,815,417	19,815,417
Creditors: amounts falling due after more than one year	14	(19,398,988)	(19,398,988)
Net assets		<u>416,429</u>	<u>416,429</u>
Capital and reserves			
Called up share capital	15	416,429	416,429
Retained earnings	16	—	—
Shareholders' funds		<u>416,429</u>	<u>416,429</u>

These financial statements were approved by the board of directors and authorised for issue on 9 June 2017, and are signed on behalf of the board by:



David F Gilmour
Director

Company registration number: SC290718

The notes on pages 10 to 15 form part of these financial statements.

Glasgow Healthcare Facilities (Holdings) Limited

Statement of Changes in Equity

Year Ended 31 December 2016

		Called up share capital £	Retained earnings £	Total £
At 1 January 2015		416,429	–	416,429
Profit for the year		–	613,000	613,000
Total comprehensive income for the year		–	613,000	613,000
Dividends paid and payable	10	–	(613,000)	(613,000)
Total investments by and distributions to owners		–	(613,000)	(613,000)
At 31 December 2015		416,429	–	416,429
Profit for the year		–	509,000	509,000
Total comprehensive income for the year		–	509,000	509,000
Dividends paid and payable	10	–	(509,000)	(509,000)
Total investments by and distributions to owners		–	(509,000)	(509,000)
At 31 December 2016		416,429	–	416,429

The notes on pages 10 to 15 form part of these financial statements.

Glasgow Healthcare Facilities (Holdings) Limited

Notes to the Financial Statements

Year Ended 31 December 2016

1. Statement of Compliance

The individual financial statements of Glasgow Healthcare Facilities (Holdings) 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

Glasgow Healthcare Facilities (Holdings) 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 Company acts as a holding company to a single subsidiary, Glasgow Healthcare Facilities Limited, whose principal activity is the design, build, finance and operation of two hospitals for the Greater Glasgow and Clyde Health Board.

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) 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 BILF Holdco Limited which can be obtained from the Company Secretary at Cannon Place, 78 Cannon Street, London, EC4N 6AF. 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.

(c) Consolidation

The Company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the Company and its subsidiary undertakings comprise a small group.

Glasgow Healthcare Facilities (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

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.

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 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.

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

(f) Investments

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

4. Auditors Remuneration

The audit fee of £1,951 (2015: £2,074) was borne by the subsidiary company Glasgow Healthcare Facilities Limited.

Glasgow Healthcare Facilities (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

5. 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).

6. Income from Shares in Group Undertakings

	2016 £	2015 £
Income from Group undertakings	<u>509,000</u>	<u>613,000</u>

7. Other Interest Receivable and Similar Income

	2016 £	2015 £
Interest from Group undertakings	<u>2,867,360</u>	<u>2,867,361</u>

8. Interest Payable and Similar Charges

	2016 £	2015 £
Interest due to Group undertakings	<u>2,867,360</u>	<u>2,867,361</u>

9. Tax on Profit on Ordinary Activities

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>509,000</u>	<u>613,000</u>
Profit on ordinary activities by rate of tax	<u>101,800</u>	<u>124,133</u>
Income not subject to income tax	<u>(101,800)</u>	<u>(124,133)</u>
Tax on profit on ordinary activities	<u>—</u>	<u>—</u>

10. Dividends

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

	2016 £	2015 £
Dividend of £1.22 (2014: £1.47) per share	<u>509,000</u>	<u>613,000</u>

Glasgow Healthcare Facilities (Holdings) Limited

Notes to the Financial Statements (continued)

Year Ended 31 December 2016

11. Investments

	Shares in participating interests £	Loans to participating interests £	Total £
Cost			
At 1 Jan 2016 and 31 Dec 2016	416,429	19,398,988	19,815,417
Impairment			
At 1 Jan 2016 and 31 Dec 2016	—	—	—
Carrying amount			
At 31 December 2016	416,429	19,398,988	19,815,417

The Company owns 100% of the issued share capital of Glasgow Healthcare Facilities Limited which is registered at 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF.

Subsidiaries, associates and other investments

	2016 £	2015 £
Aggregate capital and reserves	58,130,369	44,830,054
Profit/(Loss) for the year	1,701,608	1,928,120

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 £
Amounts owed by Group undertakings	4,163,553	3,963,553

The amounts owed by Group undertakings include three intercompany loans totalling £2,500,000 (2015: £2,500,000), which are repayable upon demand. Interest is payable on the loans at 8% per annum. A loan of £1,250,000 (2015: £1,250,000) was advanced to NVSH Holdco Limited and accrued interest due from NVSH Holdco Limited as at 2016 totalled £495,616 (2015: £395,616). A loan of £625,000 (2015: £625,000) was advanced to UME PFI Investments Limited and accrued interest due from UME PFI Investments Limited as at 2016 totalled £247,808 (2015: £197,808). A loan of £625,000 (2015: £625,000) was advanced to Infrastructure Investment Holdings Limited and accrued interest due from Infrastructure Investment Holdings Limited as at 2016 totalled £247,808 (2015: £197,808). The remaining balance relates to interest due on subordinated loan notes issued by Glasgow Healthcare Facilities Limited and amount to £672,321 (2015: £672,321).

13. Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to Group undertakings	4,163,553	3,963,553

Glasgow Healthcare Facilities (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

13. Creditors: amounts falling due within one year *(continued)*

The amounts owed by Group undertakings includes an intercompany loan advanced by Glasgow Healthcare Facilities Limited of £2,500,000 (2015: £2,500,000). This loan is repayable upon demand. Interest is payable on this loan at 8% per annum and accrued interest due as at 2016 totalled £991,232 (2015: £791,232). The remaining balance relates to interest due on subordinated loan notes issued by the Company and amounts to £672,321 (2015: £672,321).

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

	2016 £	2015 £
Amounts owed to undertakings in which the Company has a participating interest	<u>19,398,988</u>	<u>19,398,988</u>

Amounts owed to Group undertakings relates to subordinated loan stock issued, which carries interest at 13.75% per annum. The principal is repayable in full by 31 December 2039 and interest is payable semi annually in March and September. The investment sum was advanced under a subordinated loan agreement and is therefore unsecured, and would rank alongside ordinary creditors in the case of a winding up.

15. Called Up Share Capital

Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	<u>416,429</u>	<u>416,429</u>	<u>416,429</u>	<u>416,429</u>

16. Reserves

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

Glasgow Healthcare Facilities (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

17. Related Party Transactions

UME PFI Investments Limited, a company of which K Miller is a director, holds 25% of the share capital and 25% of the loan stock in Glasgow Healthcare Facilities (Holdings) Limited. During the year £20,868 (2015: £20,844) was paid to UME PFI Investments Limited in relation to directors fees.

NVSH Holdco Limited holds 50% of the share capital and loan stock in Glasgow Healthcare Facilities (Holdings) Limited and within the year received loan stock interest of £1,333,680 (2015: £1,333,680) and a dividend of £254,500 (2015: £306,500). Accrued interest due in respect of the loan notes, as at 31 December 2016 amounted to £336,161 (2015: £336,161). As at 31 December 2016 NVSH Holdco Limited owed loan interest of £495,616 (2015: £395,616) to Glasgow Healthcare Facilities (Holdings) Limited in respect of an intercompany loan. UME PFI Investments Limited holds 25% of the share capital and loan stock in Glasgow Healthcare Facilities (Holdings) Limited and within the year received loan stock interest of £666,840 (2015: £666,840) and a dividend of £127,250 (2015: £153,250). Accrued interest due in respect of the loan notes, as at 31 December 2016 amounted to £168,080 (2015: £168,080). As at 31 December 2016 UME PFI Investments Limited owed loan interest of £247,808 (2015: £187,808) to Glasgow Healthcare Facilities (Holdings) Limited in respect of an intercompany loan. Infrastructure Investment Holdings Limited holds 25% of the share capital and loan stock in Glasgow Healthcare Facilities (Holdings) Limited and within the year received loan stock interest of £666,840 (2015: £666,840) and a dividend of £127,250 (2015: £153,250). Accrued interest due in respect of the loan notes, as at 31 December 2016 amounted to £168,080 (2015: £168,080). As at 31 December 2016 Infrastructure Investment Holdings Limited owed loan interest of £247,808 (2016: £197,808) to Glasgow Healthcare Facilities (Holdings) Limited in respect of an intercompany loan.

18. Controlling Party

In the opinion of the directors, there is no ultimate controlling party of Glasgow Healthcare Facilities (Holdings) Limited.