Registered number
SC345972

CONSORT HEALTHCARE (FIFE) HOLDINGS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Consort Healthcare (Fife) Holdings Limited
Report and Financial Statements
Contents

Consort Healthcare (Fife) Holdings Limited
Directors' Report
For the year ended 31 December 2012

The Directors have pleasure in presenting their annual report together with the audited financial statements and auditor's report for the year ended 31 December 2012.

Principal Activities
The Company is a holding company whose sole business is the holding of an investment in its wholly-owned subsidiary Consort Healthcare (Fife) Limited, together 'the Group'.

On 30 April 2009 the Company's subsidiary Consort Healthcare (Fife) Limited entered into a 32 year Private Finance Initiative (PFI) concession contract with Fife Health Board to design, build, finance, maintain and manage a new hospital on the site of the Victoria Hospital, Kirkcaldy for the Fife Health Board. The contract end date is October 2041.

Design and construction of the hospital commenced in April 2009. Construction of the hospital was completed on the 28 October 2011. Consort Healthcare (Fife) Limited will continue to maintain and service the facilities.

Results and Dividends
The audited financial statements for the year ended 31 December 2012 are set out on pages 6 to 18. The profit for the year after tax amounted to £1,071,000 (2011: £268,000). The Directors do not propose payment of any dividend in respect of the year ended 31 December 2012 (2011: £Nil). The Directors expect the Group to continue its operations for the foreseeable future.

Key Performance Indicators
The Group has set specific business objectives, which are monitored using a number of key performance indicators ("KPIs"). The relevant KPIs for this report, which reflect the position that the new hospital is in the operational phase, are detailed below.

	2012	2011
	£'000	£'000
Profit after taxation	**1,071**	268
Net Assets	**1,339**	268

There are no relevant non-financial KPIs to disclose.

Going Concern
The Directors do not expect any significant change to the Group's activities to occur in the following financial year.

The Directors believe that future economic benefits will cover the obligations that arose from the financing of the construction of the project for Fife Health Board.

The Directors have also considered the ability of Fife Health Board to continue to pay the unitary fees, due under the concession contract, to the Company 's subsidiary and do not consider this to be a material risk. The Group's forecasts and projections, taking into account reasonably possible counterparty performance, show that the Group expects to be able to continue to operate for the full term of the concession.

After making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the statement of accounting policies in the financial statements.

Financial Risk Management
The Group recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the PFI contract and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil the Group's contractual obligations.

Credit risk
The Group's credit risk is primarily attributable to its trade receivables, each of which arise from its primary client, Fife Health Board. The credit and cash flow risks are not considered significant as the client is a local government organisation.

Interest rate risk
The financial risk management objective of the Group is to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. Financial instruments are not used for speculative purposes. Interest rate swaps are in place between 2009 and 2038 for notional principal amounts equating to the full value of the expected bank debt that is at a variable rate of interest to give an effective fixed interest rate payable on this debt.

Liquidity risk
The Group's liquidity risk is principally managed through financing the Group by means of long-term borrowings with an amortisation profile that matches the expected availability of funds from the Group's operating activities. In addition the Group maintains reserve bank accounts to provide short-term liquidity against future debt service and other expenditure requirements.

Contractual relationships
The Group operates within a contractual relationship with its primary customer, Fife Health Board. Impairment of this relationship could have an impact upon the Group and lead to a breach of contract. Consequently to manage this risk the Group has regular meetings with the Fife Health Board including discussions on performance, project progress, future plans and customer requirements carrying out all the routine and major life cycle maintenance for the life of the concession. In accordance with the Concession Agreement the Group is responsible for constructing and providing services within the hospital which if not provided could have a detrimental impact upon the Group.

Directors
The following persons served as Directors during the year:

	Appointed	Resigned
J.S. Gordon		
N. Lelew		27/06/2012
L.J. Thompson	27/06/2012	
G.A. Quaife		
R. Newton	31/10/2012	

Directors' Indemnities
The Group has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Directors' Share Interests
No Director had any interest in the issued share capital of the Group or other Group Company at 31 December 2012.

Consort Healthcare (Fife) Holdings Limited
Directors' Report
For the year ended 31 December 2012

Political and Charitable Donations
During the year the Group made £Nil (2011: £Nil) charitable or political contributions.

Supplier Payment Policy
The Group's policy is to pay suppliers 30 days from the date of receipt of the supplier's agreed invoice unless otherwise contractually agreed. This policy is made known to all suppliers on request. Trade creditors of the Group at the end of the financial year were equivalent to 40 days purchases (2011: 1 days).

Registered Office
The Company's registered office is Edinburgh Quay 133 Fountainbridge Edinburgh Scotland EH3 9AG.

Provision of Information to Auditors
Each of the persons who is a Director at the date of approval of this report confirms that:

(i) so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and

(ii) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the board on 26 June 2013 and signed on its behalf.

J.S. Gordon
Director

26 June 2013
Registered Office: Edinburgh Quay 133 Fountainbridge Edinburgh Scotland EH3 9AG.

Consort Healthcare (Fife) Holdings Limited
Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Consort Healthcare (Fife) Holdings Limited
Independent Auditor's report
to the members of Consort Healthcare (Fife) Holdings Limited

We have audited the Group and parent Company financial statements of Consort Healthcare (Fife) Holdings Limited for the year ended 31 December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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. In addition, we read all of the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2012 and of the Group's 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- 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's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Beddy

Mark Beddy FCA
(Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

21 **June 2013**

Consort Healthcare (Fife) Holdings Limited
Consolidated Profit and Loss Account
For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	6,421	202,494
Cost of sales		(4,870)	(201,975)
Gross profit		1,551	519
Administrative expenses		(1,337)	(386)
Operating profit	3	214	133
Finance income (net)	4	1,205	232
Profit on ordinary activities before taxation		1,419	365
Taxation on profit on ordinary activities	5	(348)	(97)
Profit on ordinary activities after taxation		**1,071**	**268**

Continuing operations
None of the Group's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses
There were no recognised gains or losses for the current year and preceding year other than those stated in the profit and loss account, consequently no statement of total recognised gains and losses is presented.

Consort Healthcare (Fife) Holdings Limited SC345972
Balance Sheet
as at 31 December 2012

	Notes	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Fixed assets					
Tangible assets	9	1	2	-	-
		1	2	-	-
Current assets					
Debtors: due within one year	10	370	628	-	-
Work in progress	11	-	-	-	-
Debtors - finance debtor due within one year	12	-	-	-	-
Cash at bank and in hand	13	11,000	11,105	-	-
		11,370	11,733	-	-
Debtors - finance debtor due after more than one year	12	174,516	168,483	-	-
Creditors: amounts falling due within one year	14	(8,441)	(11,851)	-	-
Net current assets		177,445	168,365	-	-
Total assets less current liabilities		177,446	168,367	-	-
Creditors: amounts falling due after more than one year					
Borrowings	15	(158,408)	(150,356)	-	-
Loan stock	16	(17,699)	(17,743)	-	-
		(176,107)	(168,099)	-	-
Net assets		**1,339**	**268**	-	-
Capital and reserves					
Called up share capital	17	-	-	-	-
Profit and loss account	18	1,339	268	-	-
Shareholders' funds	19	**1,339**	**268**	-	-

The Financial Statements of Consort Healthcare (Fife) Holdings Limited were approved by the Board of Directors and authorised for issue on 26 June 2013. They were signed on its behalf by:-

J.S. Gordon
Director

Consort Healthcare (Fife) Holdings Limited
Group Cash Flow Statement
For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow/(outflow) from operating activites	21	7,343	(54,865)
Interest received		38	-
Finance income received on financial asset		-	2,260
Income transferred to work in progress		-	10,399
Interest and fees paid		(11,876)	(7,018)
Net interest (paid)/received from operating activities		(11,838)	5,641
Taxation		(280)	-
Capital expenditure			
Disposal/(purchase) of tangible fixed assets		1	(1)
Cash outflow before financing		(4,774)	(49,225)
Decrease in current asset investments		-	-
Financing			
(Decrease)/increase in loan stock		(3,275)	6,704
Increase in secured senior loans		7,944	52,224
(Decrease)/increase in cash		(105)	9,703

Reconciliation of net cash flow to movement in net debt

	Notes	2012 £'000	2011 £'000
(Decrease)/increase in cash in the period		(105)	9,703
Outflow/(inflow) from loan stock		3,275	(6,704)
Inflow from secured senior loans		(7,944)	(52,224)
Change in net debt resulting from cash flows		(4,774)	(49,225)
Other non-cash changes		(221)	33,793
Change in net debt		(4,995)	(15,432)
Net debt at 1 January	22	(157,316)	(141,884)
Net debt at 31 December		(162,311)	(157,316)

1 Accounting policies

A summary of the principal accounting policies for the Group, all of which have been applied consistently throughout the year and the preceding year, is set out below:

a) Basis of preparation

The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards and under the historical cost convention. They include the results of the activities described in the Directors' Report, all of which are continuing.

b) Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 1 to 2. The current economic conditions create some general uncertainty. The Directors have reviewed the Group's supply chain and do not believe that any specific risk has been identified that would adversely affect the Group's ability to meet its obligations. The Directors have also considered the ability of local government authorities to continue to pay unitary fees due to the Group and consider it is not unreasonable to assume that the UK Government will continue to meet its obligations in this respect. The Group's forecasts and projections, taking account of reasonably possible counterparty performance, show the Group expects to be able to continue to operate for the full term of the concession. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2012. All inter-Company balances, transactions and profits are eliminated on consolidation. No Profit and Loss Account is presented for the Company, as permitted by the Companies Act 2006 section 408(3).

d) Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced for services provided in the year.

e) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

f) Investments

Investment in the subsidiary undertakings is stated at cost. The carrying value of investments is reviewed annually by the Directors to determine whether there has been any impairment to its values. Current asset investments are stated at amortised cost.

g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Cost represents original purchase cost and includes the direct cost of financing the construction until the assets come into use. Depreciation is provided at rates calculated to write off the cost less any residual value of these assets on a straight-line basis (IT equipment 33% per annum; plant and equipment 10% per annum) over their estimated useful lives commencing when the assets are brought into use.

1 Accounting policies (continued)

h) Construction work in progress
All construction costs including the capitalised interest on finance up to the date of commission and incidental costs are recorded as work in progress.

i) Financial asset and revenue recognition
The Group has adopted the provisions of FRS 5 Application Note F "Private Finance Initiative and Similar Contracts". Under this policy assets constructed are classified as fixed assets or as long-term financial assets depending on the allocation of risks between the Group and the public sector authority. Where the Group takes the greater share of the risks associated with the asset the asset is capitalised and depreciated over the life of the concession. Revenue is recognised as turnover as it is earned. Where the public sector authority takes the greater share of the risks associated with the asset the asset is classified as a long-term financial asset. During the construction phase of the project, all attributable expenditure is included in work in progress. Upon becoming operational the costs are transferred to the FRS5 finance debtor. Revenues received from the Fife Health Board are apportioned between capital repayments, relating to the provision of the asset and operating revenue. The finance income element of the capital repayment is recognised as interest receivable using a rate of return specific to the asset. The operating revenue relating to the provisions of services is recognised as turnover as it is earned.

j) Liquid resources
Liquid resources comprises current asset investments held as readily disposable investments. They are readily convertible into known amounts of cash at, or close to, their carrying value. The investments are carried at cost or net realisable value. Net realisable value is based on mid-market price.

k) Finance costs
Finance costs are capitalised during the construction phase of the contract and will be amortised over the period of the concession. The finance costs on the debt are recognised at a constant rate in accordance with the value of the debt. Finance costs are expensed during the operational phase.

l) Derivative financial instruments
The Group uses derivative financial instruments to reduce exposure to interest rate movements. For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. The fair value of the interest rate swaps at 31 December 2012 was a liability of £45,040,000 (2011: £42,245,000). Market value has been used to determine the fair value.

m) Capital instruments
Finance costs in relation to bank loans are recognised at a constant rate in accordance with the carrying value of those loans. Bank loans are initially stated at the amount of the net proceeds after deduction of arrangement fees. The carrying amount is increased by the finance cost in respect of the accounting year and reduced by payments made in that year.

2 Turnover

	Group	
	2012	**2011**
	£'000	**£'000**
Turnover by origin and destination:		
United Kingdom	6,421	202,494
	6,421	**202,494**

3 Operating profit

	Group 2012 £'000	Group 2011 £'000
This is stated after charging:		
Auditors remuneration for audit services of the Company	1	1
Auditors remuneration for audit services of the Company's subsidiary	14	14

The auditors remuneration for the Group was borne by Consort Healthcare (Fife) Limited.

The Directors received no salary in the performance of their duties during the current or preceding year. Director's fees of £35,000 are paid by the Company's subsidiary to the shareholders (2011: £32,000). The Group had no employees in the current or preceding year. All costs of the Directors and other staff are borne by the shareholders who second their employees to the Company's subsidiary.

In order to hedge against RPI variations the group has entered into a RPI swap agreement with a bank whereby at intervals of one month between April 2009 and September 2011 and of six months thereafter until September 2038 sums are exchanged reflecting the difference between actual and predetermined RPI rates, calculated on a predetermined notional principal amount. The fair value of the swap as at 31 December 2012 was a liability of £31,589,000 (2011: £41,333,000 liability). A discounted cashflow was used to determine the fair value.

4 Finance income (net)

	Group 2012 £'000	Group 2011 £'000
Bank interest receivable	38	-
Interest receivable on the finance debtor	16,185	13,152
Interest receivable and similar income	16,223	13,152
Commitment fees payable	(102)	(524)
Interest payable on secured senior loan	(6,366)	(4,721)
Interest rate swap	(5,354)	(5,292)
Interest payable on secured subordinated loan stock	(2,975)	(2,176)
Amortisation of loan arrangement costs	(221)	(207)
Interest payable and similar charges	(15,018)	(12,920)
Finance income (net)	**1,205**	**232**

5 Taxation

The tax charge is based on the profit for the period at an effective tax rate of 24.5% (2011: 26.5%).

	Group	
	2012	**2011**
	£'000	**£'000**
Analysis of charge in period		
Current tax:		
UK corporation tax charge on profit for the year	348	97
	348	97
Tax on profit on ordinary activities	**348**	**97**

Factors affecting tax charge for period
The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	Group	
	2012	**2011**
	£'000	**£'000**
Profit on ordinary activities before tax	1,419	365
Standard rate of corporation tax in the UK	24.5%	26.5%
	£'000	**£'000**
Profit on ordinary activities multiplied by the standard rate of corporation tax	**348**	**97**

Factors that may affect future tax charges
A reduction in the main UK tax rate of 26% to 24%, effective from 1 April 2012, was substantively enacted in the Finance Act 2012, as such a blended rate of 24.5% has been used for the calculation of current tax in 2012. A further reduction in the main UK tax rate to 23% from 1 April 2013 was also enacted in the Finance Act in July 2012.

Additional changes were announced in the 2012 Autumn Statement to reduce the main rate to 21% from 1 April 2014 and in the March 2013 Budget Statement to further reduce the main rate to 20% from 1 April 2015. This change had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

6 Retained Profit

The profit for the financial year dealt with in the financial statements of the parent company, Consort Healthcare (Fife) Holdings Limited, was £Nil (2011: £Nil). As permitted by section s408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

7 Investments

The parent company has 100% holding in its subsidiary Consort Healthcare (Fife) Limited. The share capital investment is £100 at £1 per ordinary share.

8 Fixed asset investments

	Group	
	2012	**2011**
	£'000	**£'000**
Shares in subsidiary undertaking	-	-
Secured subordinated loan stock in subsidiary undertaking	-	-
Unsecured loan to subsidiary undertaking	-	-
	-	-

Principal subsidiary undertakings
The parent company has a wholly owned investment in the following subsidiary undertaking.

Name: Consort Healthcare (Fife) Limited
Activity: Day to day running of the business
Country of incorporation: Scotland
Shareholding: 100%

9 Tangible fixed assets

	Total
	£'000
Cost	
At 1 January 2012	2
Additions	-
Disposals	(1)
At 31 December 2012	**1**
Depreciation	
At 1 January 2012	-
Charge for the year	(1)
On disposals	1
At 31 December 2012	-
Net book value	
At 31 December 2012	**1**
At 31 December 2011	**2**

10 Debtors - due within one year

	Group	
	2012	**2011**
	£'000	**£'000**
VAT debtor	-	269
Trade debtors	118	53
Prepayments and accrued income	252	306
	370	628

11 Construction work in progress

	Group 2012 £'000	Group 2011 £'000
At 1 January	-	147,227
Interest payable and other financing costs	-	10,399
Construction and related costs	4,382	44,445
Transferred to the finance debtor	(4,382)	(202,071)
At 31 December	-	-

12 Finance debtor

	Group 2012 £'000	Group 2011 £'000
At 1 January	168,483	-
Transferred from work in progress	4,382	201,962
Advance unitary payment	-	(34,000)
Interest income	16,101	2,781
Income received in the year	(14,450)	(2,260)
At 31 December	**174,516**	**168,483**

Included in the financial asset is an amount of £174,516,000 due after more than one year (2011: £168,483,000).

13 Investments held as current assets

Investments held as current assets represent amounts held on deposit with a financial institution which are not available for withdrawal without penalty in under 24 hours. These include £7,020,000 (2011: £6,655,000) of restricted cash held in Debt Service and Major Maintenance reserve accounts under the terms of the senior loan facility and is not available in the day to day running of the Company.

14 Creditors: amounts falling due within one year

	Group 2012 £'000	Group 2011 £'000
Construction creditor	-	4,519
VAT creditor	886	-
Secured senior loan	375	274
Loan stock	56	50
Accruals and deferred income	3,160	3,056
Subordinated loan stock interest	2,944	3,195
Trade creditors	533	289
Corporation tax payable	165	97
Other creditors	322	371
	8,441	**11,851**

15 Creditors: amounts falling due after one year

	Group 2012 £'000	Group 2011 £'000
Secured senior loan	162,563	154,719
Less: Arrangement fee	(4,155)	(4,363)
	158,408	**150,356**
Borrowings are repayable in the following periods:		
Between one and two years	538	358
Between two and five years	2,982	2,088
After five years	159,043	152,273
Less: Arrangement fee	(4,155)	(4,363)
	158,408	**150,356**

The secured senior loans represent amounts borrowed by the Company's subsidiary under a facility agreement with a consortium of banks. The bank loan bears interest at a margin over LIBOR and is repayable in instalments between 2012 and 2038. The loan is secured by fixed and floating charges over the undertaking, property, assets and rights of the Company's subsidiary, and has certain covenants attached.

In order to hedge against interest rate variations on its senior loan, the Company's subsidiary has entered into an interest rate swap agreement with a bank whereby at intervals of one month between April 2009 and September 2011 and of six months thereafter until September 2038 sums are exchanged reflecting the difference between floating and fixed interest rates, calculated on a predetermined notional principal amount. The fair value of the interest rate swap as at 2012 was a liability of £45,040,000 (2011: £42,245,000). Market value has been used to determine the fair value.

A funding shortfall occurred shortly before financial close was reached and therefore an advance unitary payment was received. The advance unitary payment was transferred to the financial asset upon construction completion (note 12). In the operational life of the project the unitary payment has been reduced to take the advance into account.

16 Other creditors: amounts falling due after more than one year

	Group 2012 £'000	Group 2011 £'000
Loan stock	18,031	18,088
Less: Arrangement fee	(332)	(345)
	17,699	**17,743**
Loan stock is repayable in the following periods:		
Between one and two years	63	57
	244	217
After five years	17,724	17,814
Less: Arrangement fee	(332)	(345)
	17,699	**17,743**

The secured subordinated loan stock has been subscribed by the associate, Consort Healthcare (Fife) Intermediate Limited. The loan stock bears interest at a margin over LIBOR and is repayable in instalments between 2012 and 2038. It is secured by second fixed and floating charges over the undertaking, property, assets and rights of the Company.

17 Share capital

	Nominal value	2012 Number	Group 2012 £	Group 2011 £
Authorised, issued and fully paid:				
Ordinary shares	£1 each	100	100	100
			100	**100**

The shareholders' percentage holdings in the Company at 31 December 2012 were as follows:

Consort Healthcare Infrastructure Investments Ltd	50 ordinary "A" shares of £1 each
InfraRed Infrastructure Yield Holdings Ltd	50 ordinary "B" shares of £1 each

The different classes of equity rank 'pari passu' in respect of voting, dividends and other rights.

18 Profit and loss account

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
At 1 January	268	-	-	-
Retained profit for the year	1,071	268	-	-
Dividends	-	-	-	-
At 31 December	**1,339**	**268**	-	-

19 Reconciliation of movement in shareholders' funds

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
At 1 January	268	-	-	-
Retained profit for the year	1,071	268	-	-
Dividends	-	-	-	-
At 31 December	**1,339**	**268**	-	-

20 Capital commitments

	2012 £'000	2011 £'000
Amounts contracted for but not provided in the financial statements	-	4,268

21 Reconciliation of operating profit to net cash inflow / (outflow) from operating activities

	Group	
	2012	2011
	£'000	£'000
Operating profit	214	133
Decrease / (Increase) in financial asset	10,151	(167,990)
Decrease in work in progress	-	147,227
Decrease in debtors	360	1,688
Decrease in creditors	(3,382)	(842)
Decrease in borrowings	-	(35,081)
Net cash inflow / (outflow) from operating activities	7,343	(54,865)

22 Reconciliation of net cash flow to movement in net debt

	At 1 January 2012 £'000	Cash flow £'000	Other non cash changes £'000	At 31 December 2012 £'000
Cash at bank	11,105	(105)	-	11,000
Current asset Investments	-	-	-	-
Secured senior loans	(150,628)	(7,944)	(208)	(158,780)
Unsecured subordinated loan stock	(17,793)	-	(13)	(17,806)
	(157,316)	(8,049)	(221)	(165,586)
				#NAME?

23 Controlling parties

On 30 November 2012 InfraRed (Infrastructure) Capital Partners Limited (in its capacity as General Partner of each of the several limited partnerships constituting HSBC Infrastructure Fund II) transferred its 50% share of the issued share capital and subordinated loan stock in Consort Healthcare (Fife) Holdings Limited to InfraRed Infrastructure Yield Holdings Limited. The Directors consider the ultimate controlling parties to be Balfour Beatty Plc and InfraRed Infrastructure Yield Holdings Limited. The Company is jointly controlled by Balfour Beatty Plc and InfraRed Infrastructure Yield Holdings Limited.

24 Related party transactions

At 31 December 2012, subordinated loan stock totalled £18,031,000 split equally between Balfour Beatty Infrastructure Investments Limited and InfraRed Infrastructure Yield Holdings Limited. The accrued interest on subordinated loan stock totalled £2,944,248 (2011: £3,195,492), divided between Balfour Beatty Infrastructure Investments Limited for £1,472,124 and InfraRed Infrastructure Yield Holdings Limited for £1,472,124.

During the year, the value of work certified as complete under contracts between Consort Healthcare (Fife) Holdings Limited and subsidiaries of Balfour Beatty Plc for the construction of the hospital, provision of services within the hospital, and other costs incurred by subsidiaries and associates of Balfour Beatty Plc was £9,364,417 (2011: £41,110,052). Amounts accrued as at 31 December 2012 totalled £Nil (2011: £63,351).

Staff are seconded to the Company's subsidiary from subsidiaries of Balfour Beatty Plc. Amounts paid for their services and associated costs during the period totalled £792,895 (2011: £830,436). Amounts accrued as at 31 December 2012 totalled £69,710 (2011: £87,305).

24 Related party transactions (continued)

Amounts payable by the Company's subsidiary to InfraRed Infrastructure Yield Holdings Limited for the services of the Directors of Group companies during the period totalled £8,542 (2011: £53,728).The Company also had £61,171 (2011: £34,746) payable for the services of Directors provided by a subsidiary of Balfour Beatty Plc. There was £17,718 included within accruals at 31 December 2012 (2011: £51,541).

25 Post balance sheet event

There have been no material post-balance sheet events.