

Registered in England No: 5028621

INVESTORS IN HEALTH (C&T1) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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Investors in Health (C&T1) Limited

Contents

	Page
Directors' report	3-5
Statement of directors' responsibilities in respect of the directors' report and the financial statements	6
Independent auditor's report to the members of Investors in Health (C&T1) Limited	7
Profit and loss account	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11-19

Investors in Health (C&T1) Limited

Directors' report for the year ended 30 June 2015

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2015.

Principal activity and business review

The principal activity of the Company is the development, construction and facilities management operation of two health facilities under the LIFT ("Local Improvement Finance Trust) programme which is promoted by the Department of Health and delivered through Community Health Partnerships.

The scope of the scheme is the delivery of a primary care centre in Colchester and a community hospital in Harwich for the North East Essex Primary Care NHS Trust.

The construction works were completed on the Dovercourt and Harwich Hospital Development and the Colchester Primary Care Centre in November 2005 and February 2006 respectively and services commenced thereafter.

The directors have reviewed the activities of the business for the year and the position as at 30 June 2015 and consider them to be satisfactory.

Results and dividends

The trading results for the year to 30 June 2015 and the Company's financial position at 30 June 2015 are shown in the attached financial statements. The Company has made a profit during the year of £203,756 (2014: £218,407) and the shareholder's funds at 30 June 2015 show a deficit of £45,761 (2014: surplus of £43,483).

A dividend of £293,000 was paid within the year ended 30 June 2015 (2014: £700,000).

Investors in Health (C&T1) Limited

Directors' report for the year ended 30 June 2015 (*continued*)

Directors

The directors of the Company who held office during the year and to the date of this report are listed below:

	Appointment date	Resignation date
T B Symes		
J Hames		
M Grinonneau		7 July 2014
I Greggor (A Director)	7 July 2014	18 June 2015
K Denwood (B Director)		
J Andrews	18 June 2015	
P A Cartwright		
V L Everett		

Key performance indicators

The Company's management produces comparisons of actual cash flows against forecast cash flows from the finance model and analyse any fluctuations.

The directors believe that there are no other key performance indicators that require disclosure for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The Company's revenue is based on a fixed price, subject to adjustments for retail price index increases. Therefore, profit margins are susceptible to inflation rate fluctuations. In order to manage this risk, the Company has ensured that costs are fixed wherever possible. In addition, under the terms of the contracts with sub-contractor, certain costs will be periodically reviewed, usually by means of benchmarking, with possibilities of price reductions being agreed in the future. In addition, in most cases, contractual costs will be subject to retail price index increases.

The design, installation, and facility management operations of health facilities are subcontracted out. Significant risks are passed down to the key subcontractors within limits set out as liability caps.

However, contractual default by these subcontractors or losses/deductions reaching the liability caps would transfer the risks back to the Company.

Under the lease plus agreement with North East Essex Primary Care NHS Trust, any general change in law risk is transferred to the Company. However, some risks are passed on to subcontractors, e.g. during the services phase this risk is transferred to the facility providers subcontractors under the facilities management contract.

Investors in Health (C&T1) Limited

Directors' report for the year ended 30 June 2015 (*continued*)

Strategic report

The Company has taken advantage of the exemption, under section 414B of the Companies Act 2006, from preparing a strategic report for the financial year.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2014: £nil).

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Registered office:
Victoria House
101 Victoria Road
Chelmsford
Essex
CM1 1JR
United Kingdom

Registered number: 5028621
Company Secretary: MAMG Company Secretarial Services Limited

On behalf of the Board



T.B. Symes
Director

Approved by the directors on 15 December 2015.

Investors in Health (C&T1) Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Independent auditor's report to the members of Investors in Health (C&T1) Limited

We have audited the financial statements on pages 8 to 19. 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 more fully explained in the Directors' Responsibilities Statement set out on page 6, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 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.

Opinion on other matter 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

RSM UK Audit LLP

ANDREW ALLCHIN (Senior Statutory Auditor)

**For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP),
Statutory Auditor**

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

December 2015

Investors in Health (C&T1) Limited

Profit and loss account for the year ended 30 June 2015

	Notes	2015 £	2014 £
Turnover	2	4,908,890	4,801,031
Cost of sales		(1,192,115)	(1,128,667)
Gross profit		3,716,775	3,672,364
Administrative expenses		(816,751)	(675,202)
Other operating income		25,457	25,457
Operating profit	3	2,925,481	3,022,619
Interest receivable	6	23,528	21,064
Interest payable and similar charges	7	(2,578,860)	(2,629,456)
Profit on ordinary activities before taxation		370,149	414,227
Tax on profit on ordinary activities	8	(166,393)	(195,820)
Profit for the financial year	16	203,756	218,407

All results are in respect of continuing activities.

The Company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 11 to 19 form part of these financial statements.

Investors in Health (C&T1) Limited

Balance sheet as at 30 June 2015

		2015	2014
	Notes	£	£
Fixed assets			
Tangible fixed assets	10	33,304,171	33,953,209
		<u>33,304,171</u>	<u>33,953,209</u>
Current assets			
Debtors: amounts falling due within one year	11	76,050	267,071
Cash at bank		4,325,039	3,966,311
		<u>4,401,089</u>	<u>4,233,382</u>
Current liabilities			
Creditors: amounts falling due within one year	12	(1,192,653)	(1,212,473)
Net current assets		<u>3,208,436</u>	<u>3,020,909</u>
Total assets less current liabilities		36,512,607	36,974,118
Creditors: amounts falling due after one year	13	(35,132,218)	(35,823,207)
Provisions	14	(1,426,150)	(1,107,428)
Net (liabilities)/assets		<u><u>(45,761)</u></u>	<u><u>43,483</u></u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account	16	(45,762)	43,482
Equity shareholder's (deficit)/funds	17	<u><u>(45,761)</u></u>	<u><u>43,483</u></u>

The notes on pages 11 to 19 form part of these financial statements.

These financial statements, for Company Registration number 5028621, were approved by the board of directors and authorised for issue on 16 December 2015 and signed on its behalf by:



T B Symes
Director

Investors in Health (C&T1) Limited

Cash flow statement for the year ended 30 June 2015

	Notes	2015 £	2014 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		2,925,481	3,022,619
Depreciation charge		649,038	649,038
Decrease in debtors		191,021	34,938
Increase in creditors		209,658	303,701
Net cash inflow from operating activities		3,975,198	4,010,296
 Cash inflow from operating activities			
		3,975,198	4,010,296
 Returns on investments and servicing of finance			
Interest received		23,528	21,064
Interest paid		(2,553,179)	(2,603,513)
Dividend paid		(293,000)	(700,000)
		(2,822,651)	(3,282,449)
Cash inflow before financing		1,152,547	727,847
Repayment of bank loans		(760,775)	(675,095)
Decrease in loan stock		(33,044)	(25,268)
Net cash outflow from financing		(793,819)	(700,363)
Increase in cash in the year		358,728	27,484
 Reconciliation of net cash flow to movement in net debt			
Net debt at beginning of year		(32,582,968)	(33,284,022)
Increase in cash	18	358,728	27,484
Decrease in debt	18	793,819	700,363
Change in net debt resulting from cash flows		(31,430,421)	(32,556,175)
Non-cash flows	18	(26,793)	(26,793)
Net debt at end of year	18	(31,457,214)	(32,582,968)

The notes on pages 11 to 19 form part of these financial statements.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK Accounting Standards, the Companies Act 2006 and the accounting policies set out below.

Going concern

The Company has considerable financial resources together with long term business service providing development, construction and facilities management operations of health facilities for the Community Health Partnerships. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Fixed assets and depreciation

In the case of assets constructed by the Company, related works and administrative overheads, commissioning costs and borrowing costs as per FRS 15 are included in cost. Assets in the course of construction are included in tangible fixed assets on the basis of expenditure incurred at the balance sheet date. Depreciation on such assets commences when the assets are commissioned.

Tangible fixed assets are stated at original costs less accumulated depreciation. Cost includes directly attributable finance costs. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight line basis over the following useful economic life of that asset:

- Buildings – over remaining concession period (25 years)
- Plant and machinery – over remaining concession period (25 years)

Cash

Cash, for the purpose of the cash flow statement, comprises working capital, restricted cash balances and deposits repayable on demand.

Turnover

All turnover and profit on ordinary activities before taxation originates in the UK. Turnover is recognised in accordance with note 2.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

1. Accounting policies (*continued*)

Interest

Interest costs directly related to fixed assets in the course of construction are capitalised to those assets up to the point the asset is completed and available for use, after which interest costs are expensed to profit and loss account when incurred. Interest costs capitalised are based on the rate specific to borrowings which are funding the construction.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2. Analysis of turnover

Turnover comprises lease income derived from the lease of Colchester Primary Care Centre and Dovercourt and Harwich Hospital Development to North East Essex Primary Care Trust. All turnover originates in the United Kingdom.

In addition to the amounts disclosed as turnover, the Company acts as the invoicing conduit for a number of transactions where the Company bears no risk or reward and the transactions are "pass through costs" where the Company generates neither profit nor loss. These items have been excluded from the turnover stated above as the directors consider this reflects the substance of the transactions. The total value of these pass through costs in the year were £64,750 (2014: £18,843).

3. Operating profit

Operating profit is stated after charging:

	2015	2014
	£	£
Auditor's remuneration		
- for the statutory audit of the company	10,625	11,000
- taxation services	4,256	5,600
Depreciation on tangible fixed assets	649,038	649,038

Auditor's remuneration is payable to RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP).

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

4. Directors' remuneration payable to third parties

The directors received £39,375 (2014: £39,375) in respect of their services to the Company during the year.

5. Particulars of employees

The Company had no employees during the year (2014: no employees).

6. Interest receivable

	2015 £	2014 £
Bank interest receivable	23,528	21,064

7. Interest payable and similar charges

	2015 £	2014 £
Bank loan interest	2,290,232	2,336,748
Loan stock interest - payable to group entities	261,835	265,915
Amortisation of issue costs	26,793	26,793
	2,578,860	2,629,456

8. Tax on profit on ordinary activities

	2015 £	2014 £
(a) Tax on profit on ordinary activities		
Current tax		
United Kingdom corporation tax	-	-
Deferred tax		
Deferred taxation (refer to note 9)	166,393	195,820
	166,393	195,820

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

8. Tax on profit on ordinary activities (*continued*)

Current tax reconciliation	2015 £	2014 £
Profit on ordinary activities before tax	370,149	414,227
Current tax at 20.75% (2014: 22.50%)	76,806	93,207
Effects of:		
Expenses not deductible for tax purposes	95,830	103,915
Capital allowances in excess of depreciation	(22,935)	(37,979)
Utilisation of tax losses and other deductions	(149,701)	(159,143)
Total current tax charge	-	-

(c) Factors that may affect future tax charges

Reduction in the UK corporation tax rate to 21% (effective from 1 April 2014) was substantively enacted on 2 July 2012. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 17 July 2013. This will reduce the Company's future tax charge accordingly.

The deferred tax liability at 30 June 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

The Company has trade losses available to carry forward of £5,770,638 (2014: £6,492,077).

9. Deferred taxation

	2015 £	2014 £
(Liability)/asset at beginning of year	(37,798)	158,022
Charged in the year	(166,393)	(195,820)
Liability at end of year	(204,191)	(37,798)
Movement in provision		
Origination and reversal of timing differences	(166,393)	(175,209)
Effect of tax rate change on opening balance	-	(20,611)
	(166,393)	(195,820)

The deferred tax asset has been included in creditors due after more than one year (refer to note 13). There is no unprovided deferred tax.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

10. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 July 2014	31,957,254	7,386,228	39,343,482
At 30 June 2015	31,957,254	7,386,228	39,343,482
Depreciation			
At 1 July 2014	2,880,884	2,509,389	5,390,273
Charge for the year	348,925	300,113	649,038
At 30 June 2015	3,229,809	2,809,502	6,039,311
Net book value			
At 30 June 2015	28,727,445	4,576,726	33,304,171
At 30 June 2014	29,076,370	4,876,839	33,953,209

Net book value includes capitalised interest of £2,665,645 (2014: £2,840,442). Now that construction is complete, no further interest has been or will be capitalised.

The Company has a freehold interest in the land and buildings.

11. Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	4,896	151,981
Other debtors	6,666	87,529
Prepayments and accrued income	64,488	27,561
	76,050	267,071

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

12. Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank loan	842,803	760,775
Loan stock - due to group entities	38,216	29,888
Trade creditors	35,796	34,203
Other creditors	193,528	208,193
Accruals and deferred income	109,103	194,256
Amounts owing to parent undertakings	-	11,950
Corporation tax	-	1
	1,219,446	1,239,266
Issue costs	(26,793)	(26,793)
	1,192,653	1,212,473

13. Creditors: amounts falling due after one year

	2015	2014
	£	£
Bank loan	33,425,393	34,268,196
Loan stock - due to group entities	1,882,203	1,923,575
Deferred tax	204,191	37,798
	35,511,787	36,229,569
Issue costs	(379,569)	(406,362)
	35,132,218	35,823,207

The bank loan has a fixed interest rate of 6.59% per annum and is secured in favour of AVIVA Public Private Finance Limited, with fixed and floating charges over the Company and its property and assets.

On 7 July 2004, the Company issued £3,000,000 of unsecured subordinated loan stock due in 2031 paid at the amount of £1,750,000. The loan stock is subscribed for by North East Essex Primary Care Trust (20% share), Community Health Partnerships (20% share) and IIC II Nominees Limited (60%). The loan stock bears a coupon rate of 13.5%.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

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

	2015	2014
	£	£
Debt can be analysed as falling due as follows:		
In one year or less	881,019	790,663
Between one and two years	971,161	881,677
Between two and five years	3,361,922	3,103,746
In five years or more	30,974,513	32,206,348
	<u>36,188,615</u>	<u>36,982,434</u>
Issue costs	(406,362)	(433,155)
	<u>35,782,253</u>	<u>36,549,279</u>

14. Provisions

	2015	2014
	£	£
Provision for lifecycle expenditure	<u>1,426,150</u>	<u>1,107,428</u>

Accrued lifecycle expenditure is classified as a provision on the basis that the timing of the expenditure is uncertain.

15. Share capital

Allotted, called up and fully paid:	2015	2014
	Number	Number
	£	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

16. Profit and loss account

	2015	2014
	£	£
Retained profit brought forward	43,482	525,075
Profit for the financial year	203,756	218,407
Dividend paid	(293,000)	(700,000)
Retained (loss)/profit carried forward	<u>(45,762)</u>	<u>43,482</u>

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

17. Reconciliation of movement in shareholder's (deficit)/funds

	2015	2014
	£	£
Opening shareholder's funds	43,483	525,076
Profit for the financial year	203,756	218,407
Dividend paid	(293,000)	(700,000)
Closing shareholder's (deficit)/funds	(45,761)	43,483

18. Analysis of net debt

	2014	Cash flows	Non-cash flows	2015
	£	£	£	£
Cash in hand and at bank	3,966,311	358,728	-	4,325,039
Debt falling due within one year	(790,663)	793,819	(884,175)	(881,019)
Debt falling due after one year	(36,191,771)	-	884,175	(35,307,596)
Loan issue costs	433,155	-	(26,793)	406,362
	(32,582,968)	1,152,547	(26,793)	(31,457,214)

The non-cash flows relate to the amortisation and re-aging of loan issue costs.

19. Commitments and contingent liabilities

At the balance sheet date the Company had no capital commitments or commitments under operating leases (2014: £nil).

The Company is a member of a VAT group. All group members are jointly and severally liable for the total group VAT liability. At the period end, the liabilities of the other group members totalled £8,746 (2014: £6,541). In the usual course of business members meet their own individual liability. There are no other contingent liabilities (2014: £nil).

20. Related party transactions

At the balance sheet date, JLIF Investments Limited held a 60% interest in the Company and subscribed 60% of the loanstock. At the balance sheet date the Company owed JLIF Investments Limited £1,191,033 (2014: £1,211,527) in unpaid loan stock and loan stock interest payable. During the year the Company paid £157,768 (2014: £175,220) in loan stock interest.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2015 (*continued*)

20. Related party transactions (*continued*)

The Directors consider that Community Health Partnerships is a related party of the Company by virtue of its 40% shareholding in Realise Health Ltd, the parent Company. Community Health Partnerships subscribed 40% of the loan stock in the Company. At the balance sheet date the Company owed Community Health Partnerships £794,022 (2014: £807,685) in unpaid loan stock and loan stock interest payable. During the year the Company paid £105,179 (2014: £58,407) in loan stock interest payable.

During the year the Company paid £263,855 (2014: £256,840) to Realise Health Limited for asset management services. Realise Health Limited is a related party by virtue of sharing a common directorship; T B Symes, J Hames, K Denwood, J Andrews, P A Cartwright, V L Everett.

There were no other related party transactions entered into by the Company during the year.

21. Ultimate parent company

At the balance sheet date the Directors regard John Laing Infrastructure Fund Limited, a close ended investment company, registered in Guernsey and listed on the London Stock Exchange, as the ultimate controlling parent entity.

The head of the largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is IIC (C&T) Limited. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, Victoria House, 101 Victoria Road, Chelmsford, Essex, CM1 1JR, United Kingdom.

22. Ultimate controlling party

John Laing Infrastructure Fund Limited is owned by a number of investors, with no investor having individual control. Therefore, the directors consider that there is no one ultimate controlling party.