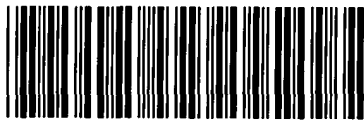


Registered in England No: 05028621

INVESTORS IN HEALTH (C&T1) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016



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Investors in Health (C&T1) Limited

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Investors in Health (C&T1) Limited

Directors' report for the year ended 30 June 2016

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2016.

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 2016 and consider them to be satisfactory.

The entity transitioned from previous UK GAAP to FRS 102 as at 1 July 2014, resulting in an increase of total shareholder's equity of £963,465. Further details of how FRS 102 has affected the reported financial position and financial performance are given in note 22.

Results and dividends

The trading results for the year to 30 June 2016 and the Company's financial position as at 30 June 2016 are shown in the attached financial statements. The Company has made a profit during the year of £713,904 (2015: £465,127) and the shareholder's funds at 30 June 2016 show a surplus of £1,801,979 (2015: £1,179,075).

Dividends of £91,000 were paid during the year (2015: £293,000).

Investors in Health (C&T1) Limited

Directors' report

for the year ended 30 June 2016 (*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 C C Hames		
K Denwood		
J Andrews		13 June 2016
P A Cartwright		
V L Everett		
B Ravi Kumar	13 June 2016	

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 Community Health Partnerships Limited, 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 2016 (*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.

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 have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in absence of an Annual General Meeting.

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

Registered number: 05028621
Company Secretary: MAMG Company Secretarial Services Limited

On behalf of the Board


T B Symes
Director

Approved by the directors on 22 March 2017

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Opinion on financial statements

We have audited the financial statements on pages 9 to 26. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

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

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 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 from the requirement to prepare a strategic report.

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.

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.

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

RSM UK Audit LLP

ANDREW ALLCHIN (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2 Whitehall Quay
Leeds
LS1 4HG

29 March 2017

Investors in Health (C&T1) Limited

Profit and loss and statement of other comprehensive income for the year ended 30 June 2016

	Note	2016 £	2015 £
Turnover	2	2,046,473	1,951,347
Cost of sales		(1,192,263)	(1,192,115)
Gross profit		854,210	759,232
Administrative expenses		(73,110)	(167,713)
Other operating income		25,624	25,457
Operating profit		806,724	616,976
Interest receivable and similar income	6	2,516,158	2,543,292
Interest payable and similar charges	7	(2,527,932)	(2,578,860)
Profit on ordinary activities before taxation	3	794,950	581,408
Tax on profit on ordinary activities	8	(81,046)	(116,281)
Profit on ordinary activities after taxation		713,904	465,127

All results are in respect of continuing activities.

The notes on pages 12 to 26 form part of these financial statements.

Investors in Health (C&T1) Limited

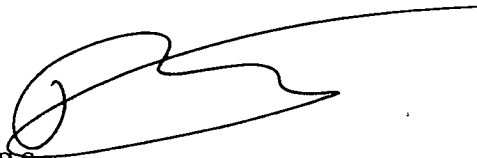
Balance sheet

As at 30 June 2016

	Note	2016 £	2015 £
Current assets			
Debtors: amounts falling due within one year	11	558,837	500,670
Debtors: amounts falling due after one year	11	34,101,699	34,520,650
Cash at bank and in hand		4,874,466	4,325,039
		<u>39,535,002</u>	<u>39,346,359</u>
Creditors: amounts falling due within one year	12	(1,328,944)	(1,192,653)
Net current assets		<u>38,206,058</u>	<u>38,153,706</u>
Creditors: amounts falling due after one year	13	(34,674,845)	(35,548,481)
Provisions for liabilities and charges	14	(1,729,234)	(1,426,150)
Net assets		<u><u>1,801,979</u></u>	<u><u>1,179,075</u></u>
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account	18	<u>1,801,978</u>	<u>1,179,074</u>
Total shareholder's equity		<u><u>1,801,979</u></u>	<u><u>1,179,075</u></u>

The notes on pages 12 to 26 form part of these financial statements.

These financial statements, for company registration number 05028621, were approved by the board of directors and authorised for issue on 22 March 2017 and signed on its behalf by:


T B Symes
Director

Investors in Health (C&T1) Limited

Statement of changes in equity for the year ended 30 June 2016

	Called up share capital £	Profit and loss account £	Total shareholder's equity £
Balance as at 1 July 2014	1	1,006,947	1,006,948
Profit for the year	-	465,127	465,127
Equity dividends	-	(293,000)	(293,000)
Balance as at 30 June 2015	1	1,179,074	1,179,075
Profit for the year	-	713,904	713,904
Equity dividends	-	(91,000)	(91,000)
Balance as at 30 June 2016	1	1,801,978	1,801,979

The notes on pages 12 to 26 form part of these financial statements.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016

1. Accounting policies

Investors in Health (C&T1) Limited (the "Company") is a company limited by shares and incorporated and domiciled in England and Wales. The Company's registered office is Victoria House, 101 Victoria Road, Chelmsford, Essex, CM1 1JR.

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.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention. The presentation currency of these financial statements is sterling and amounts have been rounded to the nearest whole £, unless otherwise stated.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement and presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102, permitted by Chapter 35 of FRS 102, "Transition to this FRS". Adjustments are recognised directly in the profit and loss account at the transition date.

The Company's parent undertaking, IIC (C&T) Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of IIC (C&T) Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the Company Secretary, Victoria House, 101 Victoria Road, Chelmsford, Essex, CM1 1JR. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flows and related notes and disclosures;

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

1. Accounting policies (*continued*)

First time adoption of FRS 102 (*continued*)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed within this note on page 16.

Classification of financial instruments issued by the Company

In accordance with Section 22 of FRS 102, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Basic financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all of its financial instruments.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Loan issue costs

Loan issue costs are netted off against the bank loan and amortised across the period of the loan on a straight line basis.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

1. Accounting policies (*continued*)

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

Turnover

All turnover and profit on ordinary activities before taxation originates in the UK. Turnover is recognised in accordance with the finance debtor accounting policy.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Interest

Interest costs have been capitalised during the construction phase of the contract and will be amortised over the period of the concession.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

1. Accounting policies (*continued*)

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy below.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Finance debtor and revenue recognition

The company has opted not to take the transition exemption in FRS 102 Section 35.10 (i) that allows the company to continue the service concession arrangement accounting policies from old UK GAAP.

The Company is an operator of a Private Finance Initiative (PFI) contract, which was entered into prior to transition to FRS 102. Under UK GAAP, the company recognised the concession asset as a tangible fixed asset on the basis that the company owned the asset until the end of the concession period. However, under FRS 102 it is deemed that the Authority controls the concession asset as there is a contractual obligation to transfer the asset from the company to the Authority at the end of the concession period. With this arrangement the costs incurred by the company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

During the construction phase of the project, all attributable expenditure is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to the finance debtor. During the operational phase unitary charge receipts are included within turnover and the finance debtor in accordance with the long term contract accounting policy.

The Company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services. Major maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Dividends

Dividends to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

1. Accounting policies (*continued*)

Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Accounting for the service contracts and finance receivables requires estimation of service margins and finance receivable interest rates which is based on forecasted results of the LIFT Lease Plus Agreements.

The directors have reviewed the interest rates applied to the subordinated loan stock and consider these to be at market rate.

The directors have considered the carrying values of the term loan and subordinated loan which were in place prior to the transition to FRS 102 and believe that no material adjustment is required for transition to the effective interest rate method required under FRS 102. The directors have reviewed the interest rates applied to the subordinated loan stock and consider these to be at market rate.

2. Analysis of turnover

	2016	2015
	£	£
Services income	2,046,473	1,951,347

All turnover originates in the United Kingdom.

In addition to the amounts disclosed as turnover above, 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 £107,312 (2015: £64,750).

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

3. Profit on ordinary activities before taxation

	2016	2015
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
- for the statutory audit of the company	13,754	10,625
- taxation services	4,451	4,256
	<u>18,205</u>	<u>14,881</u>

Auditor's remuneration is payable to RSM UK Audit LLP.

4. Directors remuneration

The directors, who are key management personnel, received no emoluments in respect of their services to the Company during the year (2015: £nil).

5. Particulars of employees

The Company had no employees during the year (2015: no employees).

6. Interest receivable and similar income

	2016	2015
	£	£
Finance debtor interest	2,489,456	2,519,764
Bank interest	26,702	23,528
	<u>2,516,158</u>	<u>2,543,292</u>

7. Interest payable and similar charges

	2016	2015
	£	£
Bank loan interest	2,244,535	2,290,232
Loan stock interest	256,604	261,835
Amortisation of issue costs	26,793	26,793
	<u>2,527,932</u>	<u>2,578,860</u>

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

8. Taxation

(a) Tax on profit on ordinary activities

	2016 £	2015 £
Current tax	-	-
<i>Deferred tax (see note 9)</i>		
Effect of tax rate change on opening balance	(62,045)	-
Origination and reversal of timing differences	143,091	116,281
Total deferred tax	81,046	116,281
Total tax	81,046	116,281

No amounts relating to tax have been recognised in other comprehensive income or directly in equity.

(b) Reconciliation of tax charge

The constituent elements of the tax charge for the year are set out below.

Profit on ordinary activities before taxation	794,950	581,408
Taxation using the UK corporation tax rate of 20% (2015: 20.75%)	158,990	120,642
Impact of change in tax rate	(77,944)	(4,361)
	81,046	116,281

(c) Factors that may affect future tax charges

Legislation already enacted at the balance sheet date means that the corporate tax rate is expected to reduce to 19% from 1 April 2017 and then 18% from 1 April 2020. The deferred tax asset at 30 June 2016 has been calculated based on the tax rate expected to be in place when the timing/temporary differences are expected to be reversed.

On the 16 March 2016, the Chancellor announced additional planned reductions to 17% from 1 April 2020; and was substantively enacted on 6 September 2016. The deferred tax asset has been calculated at the rate substantively enacted at the balance sheet date.

The Company has trade losses available to carry forward of £4,790,078 (2015: £5,770,641).

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

9. Deferred tax

	2016 £	2015 £
Liability at the start of year	620,454	504,173
Charged in the year to the profit and loss account	81,046	116,281
Liability at the end of year	<u>701,500</u>	<u>620,454</u>
	2016 £	2,015 £
Tax losses	(862,214)	(1,154,128)
Capital allowances in excess of depreciation	<u>1,563,714</u>	<u>1,774,582</u>
	<u>701,500</u>	<u>620,454</u>

The deferred tax asset recognised on tax losses has been on the basis to which these can be set off against future profits of the Company. There is no unprovided deferred tax (2015: nil).

10. Dividends

	2016 £	2015 £
Dividends paid: £91,000 (2015: £293,000) per share	<u>91,000</u>	<u>293,000</u>

11. Debtors

	2016 £	2015 £
<i>Amounts falling due within one year</i>		
Finance debtor	418,950	424,620
Trade debtors	56,930	4,896
Prepayments and accrued income	81,657	64,488
Sundry debtors	-	6,666
Amounts due from group undertakings	1,300	-
	<u>558,837</u>	<u>500,670</u>
<i>Amounts falling due after more than one year</i>		
Finance debtor	<u>34,101,699</u>	<u>34,520,650</u>
	<u>34,101,699</u>	<u>34,520,650</u>
Total debtors	<u>34,660,536</u>	<u>35,021,320</u>

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

12. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loan	899,814	816,010
Loan stock - due to group entities	50,105	38,216
Trade creditors	51,589	35,796
Sundry creditors	14,292	13,431
Other taxation and social security	221,852	180,097
Accruals and deferred income	91,292	109,103
	<u>1,328,944</u>	<u>1,192,653</u>

Issue costs are netted off against the bank loan in accordance with the loan issue costs accounting policy.

13. Creditors: amounts falling due after one year

	2016 £	2015 £
Bank loan	32,146,010	33,045,824
Loan stock - due to group entities	1,827,335	1,882,203
Deferred tax	701,500	620,454
	<u>34,674,845</u>	<u>35,548,481</u>

Issue costs are netted off against the bank loan in accordance with the loan issue costs accounting policy.

14. Provisions

	2016 £	2015 £
Opening provision for lifecycle expenditure	1,426,150	1,107,428
Contributions	444,948	409,187
Applications	(141,864)	(90,465)
Closing provision for lifecycle expenditure	<u>1,729,234</u>	<u>1,426,150</u>

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

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

15. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £	2015 £
Bank loan	33,045,824	33,861,834
Subordinated loan stock	1,877,440	1,920,419
	<u>34,923,264</u>	<u>35,782,253</u>

	2016 £	2015 £
Debt can be analysed as falling due as follows:		
Within one year	976,712	881,019
Between one and two years	1,029,930	976,712
Between two and five years	3,828,013	3,405,953
In five years or more	29,468,178	30,924,931
	<u>35,302,833</u>	<u>36,188,615</u>
Issue costs	(379,569)	(406,362)
	<u>34,923,264</u>	<u>35,782,253</u>

The Company has undrawn committed borrowing facilities of £nil (2015: £nil) expiring 31 July 2030 on the term loan facility.

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 Community Health Partnerships (40% share) and John Laing Infrastructure Fund 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 2016 (continued)

16. Financial Instruments

(a) Carrying amounts of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016	2015
	£	£
Assets measured at amortised cost		
- Finance debtor	34,520,649	34,945,270
- Trade and other debtors	56,930	4,896
- Amounts due from group undertakings	1,300	-
	<u>34,578,879</u>	<u>34,950,166</u>
Liabilities measured at amortised cost		
- Trade and other payables	(51,589)	(35,796)
- Bank loans	(33,045,824)	(33,861,834)
- Loan stock - due to group entities	(1,877,440)	(1,920,419)
- Sundry creditors	(221,852)	(180,097)
- Accruals and deferred income	(91,292)	(109,103)
	<u>(35,287,997)</u>	<u>(36,107,249)</u>

17. Share capital

Allotted, called up and fully paid:	2016		2015
	Number	£	Number
			£
Ordinary shares of £1 each	1	1	1

18. Reserves

Profit and loss account

The profit and loss account contains the retained earnings carried forward net of distributions to owners.

19. Commitments and contingent liabilities

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 member totalled £nil. In the usual course of business members meet their own individual liability. There are no other contingent liabilities (2015: £nil).

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (continued)

20. Related party transactions

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 £776,252 (2015: £794,022) in unpaid loan stock and loan stock interest payable. During the year the Company paid £103,220 (2015: £105,179) in loan stock interest payable. During the year, the Company paid £15,233 (2015: £15,000) to Community Health Partnerships in respect of Directors' fees.

The Directors consider that JLIF Investments Limited is a related party of the Company by virtue of its 60% shareholding in Realise Health Ltd, the parent Company. JLIF Investments Limited subscribed 60% of the loan stock in the Company. At the balance sheet date the Group owed JLIF Investments Limited £1,164,378 (2015: £1,191,033) in unpaid loan stock and loan stock interest payable. During the year the Group paid £154,830 (2015: £157,768) in loan stock interest. The Company also paid £22,850 (2015: £22,500) to JLIF Investments Limited in respect of Directors' fees. At the balance sheet date the Company owed JLIF Investments Limited £6,904 (2015: £Nil) in respect of these services.

During the year the Company paid £266,330 (2015: £263,855) to Realise Health Limited for asset management services. Realise Health Limited is a related party by virtue of being the Company's parent and by sharing a common directorship; T B Symes, J Hames, K Denwood, B Ravi Kumar, P A Cartwright, V L Everett, J Andrews.

During the year the Company paid £1,482 (2015: £29) to MAMG Asset Management Limited for asset management services. MAMG Asset Management Limited is a related party by virtue of sharing a common directorship; T B Symes and P Cartwright.

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

21. Ultimate controlling party

At the balance sheet date the Directors regard John Laing Infrastructure Fund Limited, a close ended investment company, registered in Guernsey, and registered on the London Stock Exchange, as the ultimate controlling entity. John Laing Infrastructure Fund Limited is owned by a number of investors, with no one investor having individual control.

The Company's immediate holding company is Investors in Health (C&T) Holdings Limited. The largest and smallest group for which consolidated financial statements are prepared is the group headed by 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.

22. Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

22. Explanation of transition to FRS 102 from old UK GAAP (*continued*)

In preparing its FRS 102 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). Set out below are the changes in accounting policies which reconcile the total equity as at 1 July 2014 and 30 June 2015 and profit for the year ended 30 June 2015 between the UK GAAP as previously reported and new UK GAAP under FRS 102.

Reconciliation of equity

		01 July 2014		
		UK GAAP	Effect of transition to FRS 102	FRS 102
		£	£	£
Fixed assets				
Tangible fixed assets	a	33,953,209	(33,953,209)	-
		33,953,209	(33,953,209)	-
Current assets				
Debtors: amounts falling due after one year	a	-	34,945,270	34,945,270
Debtors: amounts falling due within one year	a	267,071	430,458	697,529
Cash at bank and in hand		3,966,311	-	3,966,311
		4,233,382	35,375,728	39,609,110
Creditors: amounts falling due within one year		(1,212,473)	-	(1,212,473)
Net current assets		3,020,909	35,375,728	38,396,637
Total assets less current liabilities		36,974,118	1,422,519	38,396,637
Creditors: amounts falling due after more than one year	b	(35,823,207)	(459,054)	(36,282,261)
Provisions for liabilities and charges		(1,107,428)	-	(1,107,428)
Net assets		43,483	963,465	1,006,948
Capital and reserves				
Called up share capital		1	-	1
Profit and loss account	a,b	43,482	963,465	1,006,947
Total shareholder's equity		43,483	963,465	1,006,948

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

22. Explanation of transition to FRS 102 from old UK GAAP (*continued*)

Reconciliation of equity (continued)

		30 June 2015		
		UK GAAP	Effect of transition to FRS 102	FRS 102
		£	£	£
Fixed assets				
Tangible fixed assets	a	33,304,171	(33,304,171)	-
		33,304,171	(33,304,171)	-
Current assets				
Debtors: amounts falling due after one year	a	-	34,520,650	34,520,650
Debtors: amounts falling due within one year	a	76,050	424,620	500,670
Cash at bank and in hand		4,325,039	-	4,325,039
		4,401,089	34,945,270	39,346,359
Creditors: amounts falling due within one year		(1,192,653)	-	(1,192,653)
Net current assets		3,208,436	34,945,270	38,153,706
Total assets less current liabilities		36,512,607	1,641,099	38,153,706
Creditors: amounts falling due after more than one year	b	(35,132,218)	(416,263)	(35,548,481)
Provisions for liabilities and charges		(1,426,150)	-	(1,426,150)
Net assets		(45,761)	1,224,836	1,179,075
Capital and reserves				
Called up share capital		1	-	1
Profit and loss account	a,b	(45,762)	1,224,836	1,179,074
Total shareholder's equity		(45,761)	1,224,836	1,179,075

Notes to the reconciliation of equity

- The concession asset, previously recognised as a tangible fixed asset, has now been recognised under a finance debtor arrangement in accordance with Section 34 of FRS 102.
- The deferred tax asset has increased (within creditors falling due after more than one year) as a result of an adjustment to the capital allowance timing difference arising from the transition from the tangible fixed asset to finance debtor arrangement.

Investors in Health (C&T1) Limited

Notes to the financial statements for the year ended 30 June 2016 (*continued*)

22. Explanation of transition to FRS 102 from old UK GAAP (*continued*)

Reconciliation of profit for the year ended 30 June 2015

		UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Turnover	<i>a</i>	4,908,890	(2,957,543)	1,951,347
Cost of sales	<i>a</i>	(1,192,115)	-	(1,192,115)
Gross profit		3,716,775	(2,957,543)	759,232
Administrative expenses	<i>b</i>	(816,751)	649,038	(167,713)
Other operating income		25,457	-	25,457
Operating profit		2,925,481	(2,308,505)	616,976
Interest receivable and similar income	<i>c</i>	23,528	2,519,764	2,543,292
Interest payable and similar charges		(2,578,860)	-	(2,578,860)
Profit on ordinary activities before taxation		370,149	211,259	581,408
Tax on profit on ordinary activities		(166,393)	50,112	(116,281)
Profit on ordinary activities after taxation		203,756	261,371	465,127

Notes to the reconciliation of profit

- The transition to FRS 102 has resulted in the Company recognising income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.
- Depreciation is no longer recognised as a result of the transition from fixed asset accounting to finance debtor accounting.
- Interest receivable is recognised on the finance debtor using the effective interest rate.