JOHN LAING HEALTH (PEMBURY) LIMITED

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017

Registered Number 5309721

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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DIRECTORS AND ADVISORS

Directors
G Beazley-Long
D R Bradbury
C H Dix
D J Brooking

Company secretary
T Hedges

Registered office
1 Kingsway
London
WC2B 6AN

Auditor
Deloitte LLP
Statutory Auditor
1 New Street Square
London

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

The Director's report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to hold, as a joint venture, a 75% interest in Kent and East Sussex Weald Hospital Holdings Limited, which is the parent of Kent and East Sussex Weald Hospital Limited. This interest continued to be held during the year under review. Kent and East Sussex Weald Hospital Limited completed construction in September 2012 and now has full operations of a hospital on behalf of Maidstone and Tunbridge Wells NHS Trust under a PFI contract. The Company has joint control over this entity and accordingly it has been accounted for as a joint venture and not consolidated.

There have not been any significant changes in the Company's principal activities in the year under review.

DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1.

RESULTS AND DIVIDENDS

The results for the year are set on page 6.

The Company declared and paid a dividend of £633,000 during the year (2016: dividend paid of £2,767,000).

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

FUTURE DEVELOPMENTS

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

AUDITOR

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

STATEMENT OF DISCLOSURE TO AUDITOR

Each of the Directors in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- 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 Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On behalf of the board



C H Dix
Director
30 August 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

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), 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 JOHN LAING HEALTH (PEMBURY) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act2006.

We have audited the financial statements of John Laing Health (Pembury) Limited (the 'Company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 16.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
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.

Report on other legal regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report of these matters.

John Clacy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 August 2018

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	-	-
Gross results		-	-
Income from fixed asset investments	6	633	2,193
Net interest payable	7	-	-
Profit on ordinary activities before taxation		633	2,193
Tax on profit on ordinary activities	8	-	-
Profit for the financial year		633	2,193
Total comprehensive income for the year		633	2,193

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments	10	1	1
Current assets			
Debtors		20,368	20,368
- due within one year	11	647	647
- due after more than one year	11	19,721	19,721
		20,368	20,368
Current liabilities			
Creditors: amounts falling due within one year	12	(647)	(647)
Net current assets		19,721	19,721
Total assets less current liabilities		19,722	19,722
Creditors: amounts falling due after more than one year	12	(19,721)	(19,721)
Net assets		1	1
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account		-	-
Shareholders' funds		1	1

The financial statements of John Laing Health (Pembury) Limited, registered number 5309721, were approved by the board of directors and authorised for issue on 30 August 2018. They were signed on its behalf by:



C H Dix
Director
30 August 2018

Statement of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2016		1	574	575
		1	574	575
Period ended 31 December 2016:				
Profit and total comprehensive income for the year		-	2,193	2,193
Dividends		-	(2,767)	(2,767)
Balance at 31 December 2016		1	-	1
Period ended 31 December 2017:				
Profit and total comprehensive income for the year		-	633	633
Dividends	9	-	(633)	(633)
Balance at 31 December 2017		1	-	1

Notes to the financial statements for the year ended 31 December 2017

1 ACCOUNTING POLICIES

Company information
John Laing Health (Pembury) Limited is a private company limited by shares domiciled in the United Kingdom, incorporated in Great Britain and registered in England and Wales. The registered office is 1 Kingsway, London, WC2A 6BN.

1.1 Accounting convention
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.

The financial statements are prepared in pound sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to certain financial instruments at fair value and in accordance with FRS 102. The principal accounting policies adopted are set out below.

The Company cannot take advantage of the exemptions to prepare a cash-flow statement under paragraphs 1.11 of FRS 102. However, as the Company has no bank accounts in the current or prior period and no cash transactions in the current or prior period, no cash-flow statement has been prepared.

As the Company does not have subsidiaries, it is not required to produce consolidated financial statements. In the parent company balance sheet investments in joint ventures and associates are included at the Company's share of historical cost adjusted for impairment under paragraph 15.10 of FRS 102. Where the accounting policies of joint ventures and associates do not conform with the Company's accounting policies, adjustments are made in order to present the Company accounts on a uniform basis.

1.2 *Going concern*

The Company exists to hold investments in its joint venture that provides services under certain private finance agreements. The joint venture is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the joint venture, the exposure is limited to the extent of the investment it has made. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Income received in respect of the service concession is allocated between revenue and capital repayment of, and interest income on, the PFI financial asset using the effective interest rate method. Service revenue is recognised as a margin on non-pass-through operating and maintenance costs.

1.4 Cash and cash equivalents
Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 ACCOUNTING POLICIES (CONTINUED)

1.5 Financial instruments (continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 ACCOUNTING POLICIES (CONTINUED)

1.5 Financial instruments (continued)

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Critical accounting judgements and sources of estimation uncertainty

There are no critical accounting judgments or key sources of estimation uncertainty.

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 TURNOVER

	2017 £'000	2016 £'000
Turnover in the year is analysed as follows:		
Service fee income	-	-
	-	-

3 OPERATING RESULTS

The fees payable of £2,902 (2016 - £2,817) to the Company's auditors for the audit of the Company's annual accounts is borne equally by JLIF Holdings (Pembury Hospital) Limited and Innisfree PFI Secondary Fund, the joint owners of the Company, who will not seek reimbursement.

	2017 £'000	2016 £'000
Operating results are stated after charging:		
Fees payable to the Company auditors for the audit of Kent and East Sussex Weald Hospital Limited.	5	4
Fees payable to the Company auditors for the audit of Kent and East Sussex Weald Hospital Holdings Limited	4	4
Fees payable to the Company auditors for tax services of Kent and East Sussex Weald Hospital Limited.	7	5
Fees payable to the Company auditors for tax services of Kent and East Sussex Weald Hospital Holdings Limited	6	5
	22	18

4 DIRECTORS' REMUNERATION

No Directors received any remuneration for services to the Company during the current or prior year.

5 STAFF NUMBERS

The Company had no employees during the year (2016 - nil).

6 INCOME FROM FIXED ASSET INVESTMENTS

	2017 £'000	2016 £'000
Dividends received from Kent and East Sussex Weald Hospital Holdings Limited	633	2,193

7 NET INTEREST PAYABLE

	2017 £'000	2016 £'000
Interest receivable and similar income		
Joint ventures:		
Interest receivable from JV undertakings	2,564	2,571
	2,564	2,571
Interest payable and similar charges		
Joint ventures:		
Interest payable to JV undertakings	(2,564)	(2,571)
	(2,564)	(2,571)
Net interest payable	-	-

Notes to the financial statements for the year ended 31 December 2017 (continued)

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge for the year	2017 £'000	2016 £'000
Current tax		
UK corporation tax	-	-
Total tax charge on profit on ordinary activities	-	-

Factors affecting the tax charge for the current year

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	633	2,193
Profit on ordinary activities before taxation multiplied by the rate of corporation tax in the UK of 19.25% (2016 - 20%)	122	439
Effects of:		
Non-taxable dividends paid on equity shares	(122)	(439)
Total current tax for the year	-	-

For the year ended 31 December 2017, the UK rate of 19.25% is applied.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provided a further reduction in the main rate of corporation tax to 17% effective 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

9 DIVDENDS

	2017 £'000	2016 £'000
- Interim dividend paid of £633k (2016 - £2,767k) £844 per share (2016 - £3,689 per share)	633	2,767

10 FIXED ASSET INVESTMENTS

The Company holds an 75% interest in Kent and East Sussex Weald Hospital Holdings Limited, which is incorporated in Great Britain and registered in England and Wales. The registered office is Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU. The Company has joint control over this entity and accordingly it has been accounted for as a joint venture and not consolidated. The principal activity of this joint venture is to design, build, finance and operate a PFI hospital project involved in developing the Pembury Hospital for the Maidstone and Tunbridge Wells NHS Trust.

Cost and net book value	2017 £'000
At 31 December 2017	1
At 31 December 2016	1

In the opinion of the Directors the aggregate value of the investment in joint ventures is not less than the amount stated in the balance sheet.

Notes to the financial statements for the year ended 31 December 2017 (continued)

11 DEBTORS

	2017	2016
	£'000	£'000
Due within one year:		
Amounts owed from JV undertaking	647	647
	647	647
Due after more than one year:		
Amounts owed from JV undertaking	19,721	19,721
	19,721	19,721

Amounts due from JV undertaking
The unsecured loan notes of £19,721k (2016 - £19,721k) were issued by the JV undertaking, Kent and East Sussex Weald Hospital Holdings Limited, to the Company. The loan notes are due for repayment by 2042 and incur interest of 13% per annum. The £647,000 relates to interest owed by the JV undertaking at year end.

12 CREDITORS

	2017	2016
	£'000	£'000
Amounts falling due within one year		
Amounts owed to shareholders	647	647
	647	647
Amounts falling due after more than one year		
Amounts owed to shareholders	19,721	19,721
	19,721	19,721
Analysis of debt:		
Debt can be analysed as falling due:		
In five years or more	19,721	19,721

13 LOANS

Amounts owed to shareholders
The unsecured loan notes of £19,721k (2016 - £19,721k) were issued by the shareholders as part of the committed shareholder funding for the project. The loan notes are due for repayment by 2042 and incur interest of 13% per annum. The amount of £20,368k includes interest accrual of £647k.

14 CALLED UP SHARE CAPITAL

	2017	2016
	£'000	£'000
Allotted, called up and fully paid:		
750 ordinary shares of £1 each	1	1

Notes to the financial statements for the year ended 31 December 2017 (continued)

15 TRANSACTIONS WITH RELATED PARTIES

The following shows the transactions with related parties for the Company and the JV undertaking, Kent and East Sussex Weald

	2017 £'000	2016 £'000
Details of payments made to JLIF Holdings (Pembury Hospital) Limited, its manager JLIF (GP) Limited and the manager's fellow group companies are as follows:		
Balance payable	**9,861**	9,861
Subordinated debt interest	**1,282**	1,286
Balance payable	**323**	324
Details of payments made to Innisfree PFI Secondary Fund LP, its manager Innisfree Limited and the manager's fellow group companies are as follows:		
Balance payable	**9,861**	9,861
Subordinated debt interest	**1,282**	1,286
Balance payable	**323**	324

The following shows the transactions with related parties for the JV undertaking.

Details of payments made to Interserve PFI 2005 Limited, its manager Interserve Investments Limited and the manager's fellow group companies are as follows:		
Bid Development, Management services and Operator	**1,388**	2,566
Balance payable	**47**	318
Subordinated debt		
Balance payable	**6,574**	6,574
Subordinated debt interest	**854**	857
Balance payable	**216**	215

The Company is jointly owned and controlled by JLIF Holdings (Pembury Hospital) Limited, wholly owned by JLIF Limited Partnership and Innisfree PFI Secondary Fund which is managed by Innisfree Limited.

16 ULTIMATE PARENT UNDERTAKING

The Company is a joint venture between JLIF Holdings (Pembury Hospital) Limited (50%) a UK limited company wholly owned by JLIF Limited Partnership, an English Limited Partnership and Innisfree PFI Secondary Fund (50%), an English Limited Partnership registered in England and Wales, who jointly control the Company. The Directors consider there to be no ultimate controlling party or ultimate parent company.