

**AYRSHIRE HOSPITALS LIMITED**

***Company registration number SC248921***

**Financial Statements**

**For the year ended 31 August 2011**

TUESDAY



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# **AYRSHIRE HOSPITALS LIMITED**

**Financial statements for the year ended 31 August 2011**

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# **AYRSHIRE HOSPITALS LIMITED**

## **Directors, officers and advisers**

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### **Directors**

James Muir  
Walter Dunlop

### **Secretary and registered office**

James Muir  
2nd Floor  
25 Bothwell Street  
Glasgow  
G2 6NL

### **Registered number**

SC248921

### **Auditors**

Scott-Moncrieff  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

### **Bankers**

Allied Irish Bank  
227 West George Street  
Glasgow  
G2 2ND

### **Solicitors**

Semple Fraser LLP  
123 St Vincent Street  
Glasgow  
G2 5EA

## **AYRSHIRE HOSPITALS LIMITED**

### **Directors' report for the year ended 31 August 2011**

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The directors present their report and the financial statements of the company for the year ended 31 August 2011.

#### **Principal activity**

The principal activity of the company was the construction and maintenance of a hospital under the PFI/PPP scheme. Construction of the hospital was completed during the year ended 31 August 2006. A contract for the provision of the hospital building and associated facilities management to the Ayrshire & Arran Health Board commenced at the end of the construction period.

#### **Review of business**

The company continued to provide the facilities management and building maintenance of the Ayrshire Maternity Unit facility under the PFI/PPP contract entered into in October 2004. The facility remains a success and the company continues to operate to the financial model agreed at financial close.

#### **Directors**

The directors who served during the year were:

James Muir  
Walter Dunlop

#### **Directors' responsibilities statement**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

#### **Disclosure of information to auditors**

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- So far as the director is aware, there is no relevant information of which the company's auditor is unaware, and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information, and to establish that the company's auditor is aware of the information.

**AYRSHIRE HOSPITALS LIMITED**

**Directors' report for the year ended 31 August 2011 (continued)**

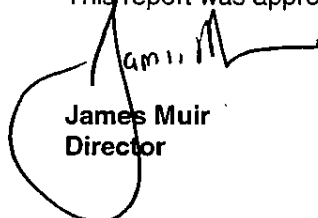
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**Auditors**

A resolution, in accordance with section 485 of the Companies Act 2006, to reappoint Scott-Moncrieff as auditors of the company will be proposed at the forthcoming annual general meeting.

The above report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

This report was approved by the board on 24 January 2012 and signed on its behalf by:



James Muir  
Director

## **AYRSHIRE HOSPITALS LIMITED**

### **Independent auditors' report to the members of Ayrshire Hospitals Limited**

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We have audited the financial statements of Ayrshire Hospitals Limited for the year ended 31 August 2011 which comprise the profit and loss account, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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.

**AYRSHIRE HOSPITALS LIMITED**

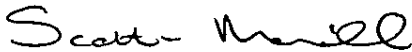
**Independent auditors' report to the members of Ayrshire Hospitals Limited (continued)**

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**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 prepare the financial statements and the directors' report in accordance with the small companies regime.



**Bernadette Higgins (Senior Statutory Auditor)**  
**for and on behalf of Scott-Moncrieff, Statutory Auditor**  
**Chartered Accountants**  
25 Bothwell Street  
Glasgow  
G2 6NL

**24 January 2012**

# AYRSHIRE HOSPITALS LIMITED

## Profit and loss account for the year ended 31 August 2011

|                                                      | <u>Notes</u> | <u>2011</u><br>£ | <u>2010</u><br>£ |
|------------------------------------------------------|--------------|------------------|------------------|
| <b>Turnover</b>                                      | 2            | 1,977,746        | 2,139,604        |
| Cost of sales                                        |              | -                | (10,264)         |
| <b>Gross profit</b>                                  |              | 1,977,746        | 2,129,340        |
| Administrative expenses                              |              | (538,221)        | (518,036)        |
| <b>Operating profit</b>                              | 3            | 1,439,525        | 1,611,304        |
| Other interest receivable and similar income         |              | 3,134            | 3,122            |
| Interest payable and similar charges                 |              | (1,241,278)      | (1,261,660)      |
| <b>Profit on ordinary activities before taxation</b> |              | 201,381          | 352,766          |
| Taxation on profit on ordinary activities            | 5            | (45,799)         | (79,708)         |
| <b>Profit for the financial year</b>                 | 10           | 155,582          | 273,058          |

The notes on pages 8 to 11 form part of these financial statements.

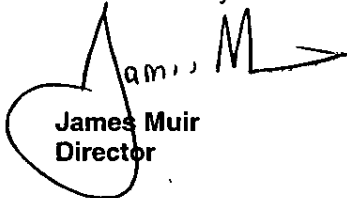
**AYRSHIRE HOSPITALS LIMITED**

**Balance sheet at 31 August 2011**

|                                                                | <u>Notes</u> | <u>2011</u><br>£    | <u>2010</u><br>£    |
|----------------------------------------------------------------|--------------|---------------------|---------------------|
| <b>Current assets</b>                                          |              |                     |                     |
| Debtors                                                        | 6            | 17,771,041          | 18,012,892          |
| Cash at bank and in hand                                       |              | 1,988,816           | 1,827,234           |
|                                                                |              | <u>19,759,857</u>   | <u>19,840,126</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 7            | <u>(1,098,233)</u>  | <u>(1,067,579)</u>  |
| <b>Net current assets</b>                                      |              | <u>18,661,624</u>   | <u>18,772,547</u>   |
| <b>Total assets less current liabilities</b>                   |              | <u>18,661,624</u>   | <u>18,772,547</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 8            | <u>(18,221,506)</u> | <u>(18,488,011)</u> |
| <b>Net assets</b>                                              |              | <u>440,118</u>      | <u>284,536</u>      |
| <b>Capital and reserves</b>                                    |              |                     |                     |
| Called up share capital                                        | 9            | 2,000               | 2,000               |
| Profit and loss account                                        | 10           | 438,118             | 282,536             |
|                                                                |              | <u>440,118</u>      | <u>284,536</u>      |
| <b>Shareholders' funds</b>                                     |              | <u>440,118</u>      | <u>284,536</u>      |

These financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were authorised for issue by the board of directors on 24 January 2012 and signed on its behalf by:


  
**James Muir**  
**Director**

**Company Registration No: SC248921**

The notes on pages 8 to 11 form part of these financial statements.

# AYRSHIRE HOSPITALS LIMITED

## Notes to the financial statements for the year ended 31 August 2011

### 1 Accounting policies

#### Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

#### Going concern

The directors have considered a period of at least twelve months from the date on which these financial statements have been signed and, having considered all relevant information available to them, believe it is appropriate to prepare the financial statements on a going concern basis, because of the long term nature of the contract with NHS Ayrshire and Arran.

#### Turnover

Turnover represents the value of goods and services supplied by the company, excluding value added tax.

#### Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Finance debtor

On completion of the project, total costs incurred have been accounted for under Financial Reporting Standard 5, Application Note F. As such the total costs incurred on the project have been treated as a finance debtor, on the basis that the project's principal agreement transfers substantially all the risks and rewards of ownership of the asset to the customer.

Fees are allocated between turnover and reimbursement of the finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

### 2 Turnover

The turnover and profit before taxation is attributable to the one principal activity of the company.

### 3 Operating profit

This is stated after charging:

|                                    | <u>2011</u><br>£ | <u>2010</u><br>£ |
|------------------------------------|------------------|------------------|
| Auditors' remuneration - Audit fee | <u>6,000</u>     | <u>7,500</u>     |

### 4 Directors' emoluments

|                                                       | <u>2011</u><br>£ | <u>2010</u><br>£ |
|-------------------------------------------------------|------------------|------------------|
| Amounts paid to third parties for Directors' services | <u>23,434</u>    | <u>22,864</u>    |



# **AYRSHIRE HOSPITALS LIMITED**

## **Notes to the financial statements for the year ended 31 August 2011 (continued)**

### **5 Taxation on profit on ordinary activities**

|                                          | <u>2011</u><br>£ | <u>2010</u><br>£ |
|------------------------------------------|------------------|------------------|
| United Kingdom corporation tax at 27%    | 45,799           | 66,837           |
| Adjustments in respect of previous years | -                | 12,871           |
|                                          | <u>45,799</u>    | <u>79,708</u>    |

### **6 Debtors**

|                                      | <u>2011</u><br>£  | <u>2010</u><br>£  |
|--------------------------------------|-------------------|-------------------|
| Trade debtors                        | 185,791           | 189,855           |
| Amounts owed by related undertakings | 7,247             | 4,270             |
| Prepaid expenses                     | 36,120            | 35,939            |
| VAT debtor                           | -                 | 25,186            |
| Finance debtor                       | 17,541,883        | 17,757,642        |
|                                      | <u>17,771,041</u> | <u>18,012,892</u> |

Finance debtor includes an amount of £17,307,124 (2010 - £17,541,883) which is due after more than one year.

### **7 Creditors: amounts falling due within one year**

|                                      | <u>2011</u><br>£   | <u>2010</u><br>£   |
|--------------------------------------|--------------------|--------------------|
| Bank loans                           | 250,000            | 220,000            |
| Trade creditors                      | 61,406             | 159,335            |
| Amounts owed to related undertakings | 79,000             | 40,000             |
| Corporation tax                      | 112,636            | 69,578             |
| VAT creditor                         | 27,872             | -                  |
| Accrued expenses                     | 554,166            | 569,652            |
| Other loans                          | 13,153             | 9,014              |
|                                      | <u>1,098,233</u>   | <u>1,067,579</u>   |
| <br>Secured creditors                | <br><u>250,000</u> | <br><u>220,000</u> |

# **AYRSHIRE HOSPITALS LIMITED**

## **Notes to the financial statements for the year ended 31 August 2011 (continued)**

### **8 Creditors: amounts falling due after more than one year**

|                   | <u>2011</u><br>£  | <u>2010</u><br>£  |
|-------------------|-------------------|-------------------|
| Bank loans        | 16,726,360        | 16,976,360        |
| Other loans       | 1,495,146         | 1,511,651         |
|                   | <u>18,221,506</u> | <u>18,488,011</u> |
| Secured creditors | <u>16,726,360</u> | <u>16,976,360</u> |

### **Amounts repayable by installments some of which fall due after five years**

|             |                   |                   |
|-------------|-------------------|-------------------|
| Bank loan   | 15,251,360        | 15,696,360        |
| Other loans | 1,442,534         | 1,475,595         |
|             | <u>16,693,894</u> | <u>17,171,955</u> |

The bank loan is secured by a bond and floating charge and assignation in security over the assets of the company.

Bank loans bear interest based on LIBOR. As part of its interest rate management strategy the company entered into an interest rate swap agreement in respect of the debt maturing in September 2033. Under this swap the company pays interest at a fixed rate of 3.06%.

Other loans relate to subordinated debt which carries an interest rate of 13%. The principal is repayable on 30 September 2033.

### **9 Called-up share capital**

|                                           | <u>2011</u><br>£ | <u>2010</u><br>£ |
|-------------------------------------------|------------------|------------------|
| <b>Allotted, called up and fully paid</b> |                  |                  |
| <b>Equity shares:</b>                     |                  |                  |
| 2,000 ordinary shares of £1 each          | <u>2,000</u>     | <u>2,000</u>     |

### **10 Reserves**

|                     | <b>Profit and<br/>loss<br/>account<br/>£</b> |
|---------------------|----------------------------------------------|
| At 1 September 2010 | 282,536                                      |
| Profit for the year | 155,582                                      |
| At 31 August 2011   | <u>438,118</u>                               |

### **11 Ultimate controlling party**

George Street Capital Limited is the immediate parent undertaking.

The ultimate parent undertaking is H M Trustees Limited, who hold the shares in absolute Trust for James Muir and Walter Dunlop, who are the ultimate beneficial owners.

## AYRSHIRE HOSPITALS LIMITED

### Notes to the financial statements for the year ended 31 August 2011 (continued)

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#### 12 Related parties

The company has a subordinated debt due of £1,508,299 (2010 - £1,520,665), in respect of which interest of £196,609 (2010 - £198,820) was paid in the year. Fees paid to third parties in respect of services of directors totalling £23,434 (2010 - £22,864) were also paid in the year.

The subordinated debt, interest and fees paid are payable to the sole shareholder George Street Capital Limited.

At 31 August 2011 George Street Capital Limited, the immediate parent undertaking, owed the company £1,000 (2010 - £4,270) and Pacific Partners LLP, a related party via common control, owed the company £6,247 (2010 - £Nil). These amounts are disclosed within amounts owed by related undertakings.

During the year, the company paid fees for the professional services of Davis Langdon LLP of £27,749 (2010 - £31,599). James Muir and Walter Dunlop were both members of Davis Langdon LLP until resignation on 6 October 2010.

Included within amounts owed to related undertakings is £79,000 (2010 - £40,000) due to Stonehouse Hospitals Limited, a related party via common control.

During the year to 31 August 2010, £225,000 of income was recognised in full and final settlement of an on-going issue with NHS Ayrshire & Arran in respect of a water quality issue (2011 - £Nil).

