

Company Registration No. SC248921 (Scotland)

AYRSHIRE HOSPITALS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

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AYRSHIRE HOSPITALS LIMITED

COMPANY INFORMATION

Directors	James Muir Walter Dunlop
Secretary	James Muir
Company number	SC248921
Registered office	168 Bath Street Glasgow G2 4TP
Auditors	Wyllie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Bankers	Allied Irish Bank 227 West George Street Glasgow G2 2ND
Solicitors	Semple Fraser 130 St Vincent Street Glasgow G2 5HF

AYRSHIRE HOSPITALS LIMITED

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AYRSHIRE HOSPITALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2012

The directors present their report and financial statements for the year ended 31 August 2012.

Principal activities

The principal activity of the Company is the construction and maintenance of a hospital unit under the PFI/PPP scheme. The Company entered into a long term contract on 6th October 2004 with Ayrshire & Arran Health Authority for the construction and maintenance of Ayrshire Maternity Unit (AMU). Construction of the AMU was completed during the year to 31st August 2006 and the Company continues to provide facilities management and maintenance under the PFI/PPP contract entered into in October 2004. The facility continues to be a success and the Company continues to operate in line with the financial model agreed at financial close.

Directors

The following directors have held office since 1 September 2011:

James Muir
Walter Dunlop

Auditors

During the year, Wylie & Bisset LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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 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.

AYRSHIRE HOSPITALS LIMITED

DIRECTORS' REPORT (CONTINUED)

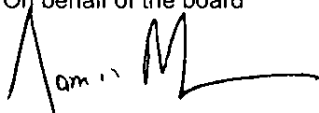
FOR THE YEAR ENDED 31 AUGUST 2012

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

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

On behalf of the board



James Muir
Director

18 January 2013

AYRSHIRE HOSPITALS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AYRSHIRE HOSPITALS LIMITED

We have audited the financial statements of Ayrshire Hospitals Limited for the year ended 31 August 2012 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 pages 1 - 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 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

AYRSHIRE HOSPITALS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF AYRSHIRE HOSPITALS LIMITED

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.

Allister Gray

Allister Gray (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset LLP

18 January 2013

Chartered Accountants
Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

AYRSHIRE HOSPITALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	2012 £	2011 £
Turnover		1,989,381	1,977,746
Administrative expenses		(929,598)	(538,221)
Operating profit	2	1,059,783	1,439,525
Other interest receivable and similar income	3	2,808	3,134
Interest payable and similar charges		(1,229,299)	(1,241,278)
(Loss)/profit on ordinary activities before taxation		(166,708)	201,381
Tax on (loss)/profit on ordinary activities	4	38,572	(45,799)
(Loss)/profit for the year	10	(128,136)	155,582

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

AYRSHIRE HOSPITALS LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	2012 £	£	2011 £	£
Current assets					
Debtors	6	17,615,283		17,771,041	
Cash at bank and in hand		2,035,011		1,988,816	
		<u>19,650,294</u>		<u>19,759,857</u>	
Creditors: amounts falling due within one year	7	(1,690,827)		(1,098,233)	
Total assets less current liabilities			17,959,467		18,661,624
Creditors: amounts falling due after more than one year	8		(17,917,485)		(18,221,506)
			<u>41,982</u>		<u>440,118</u>
Capital and reserves					
Called up share capital	9		2,000		2,000
Profit and loss account	10		39,982		438,118
Shareholders' funds	11		<u>41,982</u>		<u>440,118</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board and authorised for issue on 18 January 2013

James Muir
Director

Company Registration No. SC248921

AYRSHIRE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.5 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 Operating profit

	2012 £	2011 £
Operating profit is stated after charging:		
Auditors' remuneration	7,900	12,000
Directors' remuneration	28,968	23,434

3 Investment income

	2012 £	2011 £
Bank interest	2,808	3,134
	2,808	3,134

AYRSHIRE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

4	Taxation	2012 £	2011 £
	Domestic current year tax		
	U.K. corporation tax	(44,742)	45,799
	Adjustment for prior years	6,170	-
	Total current tax	<u>(38,572)</u>	<u>45,799</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(166,708)</u>	<u>201,381</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2011 - 27.00%)	<u>-</u>	<u>54,373</u>
	Effects of:		
	Tax losses utilised	(44,742)	-
	Adjustments to previous periods	6,170	-
	Other tax adjustments	-	(8,574)
		<u>(38,572)</u>	<u>(8,574)</u>
	Current tax charge for the year	<u>(38,572)</u>	<u>45,799</u>
5	Dividends	2012 £	2011 £
	Ordinary interim paid	<u>270,000</u>	<u>-</u>
6	Debtors	2012 £	2011 £
	Trade debtors	188,719	185,791
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	104,151	1,000
	Other debtors	<u>17,322,413</u>	<u>17,584,250</u>
		<u>17,615,283</u>	<u>17,771,041</u>
	Other debtors includes a finance debtor of £17,022,540 (2011 - £17,307,124) which is due after more than one year.		

AYRSHIRE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

7	Creditors: amounts falling due within one year	2012	2011
		£	£
	Bank loans and overdrafts	290,000	250,000
	Trade creditors	404,820	61,406
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	270,000	-
	Taxation and social security	64,190	140,508
	Other creditors	661,817	646,319
		<u>1,690,827</u>	<u>1,098,233</u>
8	Creditors: amounts falling due after more than one year	2012	2011
		£	£
	Bank loans	16,436,360	16,726,360
	Other creditors	1,481,125	1,495,146
		<u>17,917,485</u>	<u>18,221,506</u>
	Analysis of loans		
	Not wholly repayable within five years by instalments	16,133,483	16,676,593
	Wholly repayable within five years	2,088,418	1,808,066
		<u>18,221,901</u>	<u>18,484,659</u>
	Included in current liabilities	(304,416)	(263,153)
		<u>17,917,485</u>	<u>18,221,506</u>
	Loan maturity analysis		
	In more than one year but not more than two years	366,290	304,416
	In more than two years but not more than five years	1,417,712	1,240,497
	In more than five years	16,133,483	16,676,593
		<u>17,917,485</u>	<u>18,221,506</u>

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

The bank facility bears 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.

AYRSHIRE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

9	Share capital	2012 £	2011 £
	Allotted, called up and fully paid		
	2,000 ordinary shares of £1 each	2,000	2,000

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2011	438,118
Loss for the year	(128,136)
Dividends paid	(270,000)
Balance at 31 August 2012	39,982

11 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
(Loss)/Profit for the financial year	(128,136)	155,582
Dividends	(270,000)	-
Net (depletion in)/addition to shareholders' funds	(398,136)	155,582
Opening shareholders' funds	440,118	284,536
Closing shareholders' funds	41,982	440,118

12 Control

The company is controlled by the directors. George Street Capital Limited is the immediate parent company.

AYRSHIRE HOSPITALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

13 Related party relationships and transactions

Fees paid to third parties in respect of services of directors totalling £28,968 (2011 - £23,434) were paid in the year.

The company has a subordinated debt due of £1,495,541 (2011 - £1,508,299), in respect of which interest of £195,916 (2011 - £196,609) was paid in the year. The subordinated debt, interest and fees paid are payable to the sole shareholder George Street Capital Limited. At 31 August 2012 George Street Capital Limited, the immediate parent undertaking, owed the company £104,151 (2011 - £1,000).

Pacific Partners LLP, a related party via common control, owed the company £19,217 (2011 - £6,247). These amounts are disclosed within other debtors.

Included within other creditors is £79,100 (2011 - £79,000) due to Stonehouse Hospitals Limited, a related party via common control.