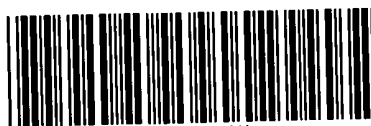


Company Registration No. 08391343 (England and Wales)

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

COMPANY INFORMATION

Directors	J Heath R Marsden A Travis A S Pearson T Meredith
Secretary	Teresa Hedges
Company number	08391343
Registered office	8 White Oak Square London Road Swanley BR8 7AG
Auditor	KPMG LLP Arlington Business Park Theale, Reading RG7 4SD
Banker	Sumitomo Mitsui Banking Corp Europe Limited 99 Queen Victoria Street London EC4V 4EH

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 20

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The Directors present the strategic report for the year ended 31 March 2017.

Business Review

The principal activity of the Company is operating the development of a new 270 bed specialist paediatric centre hospital with the multi-storey car park for the Alder Hey Children's NHS Foundation Trust (the "Trust").

Financial close was achieved on 21 March 2013. The concession period is 30 years. Construction completed in September 2015 and the operational phase of the development commenced.

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

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including liquidity risk, credit risk and lifecycle risk. These risks are further explained in the Directors' Report.

Financial performance and position

Revenue and cost of sales have reduced substantially due to construction finishing in 2016 and the project being fully operational for the current year. Included within prior year revenue, was £15.2m in construction and pass-through income not present in the current year. This has been offset by an increase in operational income of £3.6m as the project has been fully operational for the year.

Costs have also decreased but overall the gross profit margin has increased as the work completed in the operational phase is more profitable than during construction.

Net interest income has also reduced by £259,000 due to the interest on the financial asset reducing as the asset has been repaid (reducing debtors), offset by increased finance costs due to the interest on the intercompany debt remaining unpaid and rolling into the principal exceeding the interest on the loan which was partly repaid in the year (resulting in creditors within one year increasing and creditors over one year decreasing as debt is reclassified as due to be repaid within one year).

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.

Key performance indicators

The key performance indicator for the Company is the level of performance and unavailability deductions levied by the client, since this reflects the quality of the service being provided. During the period, the Company suffered nominal deductions.

On behalf of the board



.....
J Heath

Director

25 SEPTEMBER 2017

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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

Principal activities

The Company is principally engaged in the performance of a PFI contract with Alder Hey Children's NHS Foundation Trust for the design, build and operation of the Alder Hey Children's Hospital.

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

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Heath

R Marsden

A Travis

A S Pearson

C Richards

(Resigned 31 May 2017)

S Hockaday

(Resigned 31 May 2017)

T Meredith

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend (2016: £0).

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.

Financial risk management objectives and policies

Liquidity Risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the Company negotiated debt facilities with an external party to ensure that the Company has sufficient funds over the life of the PFI concession.

Credit Risk

The Company's principal financial assets are cash, financial assets and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board of directors this risk is limited as the receivables are with a local government authority.

Lifecycle Risk

Lifecycle expenditure is the main risk to the business. The risk being that the allowance for lifecycle costs factored into the financial model is insufficient to cover future lifecycle expenditure, thus resulting in lower profitability and reduced distributions. This is mitigated by regular lifecycle reviews undertaken by the management services provider and a detailed lifecycle review performed every five years.

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 485 of the Companies Act 2006.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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



J Heath

Director

25 SEPTEMBER 2017

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

The Directors are responsible for preparing the Strategic report, 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 and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

We have audited the financial statements of Alder Hey (Special Purpose Vehicle) Limited for the year ended 31 March 2017 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALDER HEY (SPECIAL PURPOSE VEHICLE) 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.



.....
Andrew Overton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Arlington Business Park
Theale, Reading

RG7 4SD

25 September 2017

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £000	2016 £000
Turnover	3	5,892	17,496
Cost of sales		(5,318)	(17,413)
Gross profit		<u>574</u>	<u>83</u>
Interest receivable and similar income	7	8,549	8,642
Interest payable and similar expenses	8	(8,184)	(8,018)
Profit before taxation		<u>939</u>	<u>707</u>
Taxation	9	(188)	(148)
Profit for the financial year		<u>751</u>	<u>559</u>
Total comprehensive income for the year		<u><u>751</u></u>	<u><u>559</u></u>

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

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £000	2016 £000
Current assets			
Debtors falling due after one year	10	126,440	128,296
Debtors falling due within one year	10	684	145
Cash at bank and in hand		13,611	11,495
		<u>140,735</u>	<u>139,936</u>
Creditors: amounts falling due within one year	11	<u>(11,348)</u>	<u>(8,606)</u>
Net current assets		129,387	131,330
Creditors: amounts falling due after more than one year	12	(128,776)	(131,470)
Net assets/(liabilities)		<u>611</u>	<u>(140)</u>
Capital and reserves			
Called up share capital	15	30	30
Profit and loss reserves	15	581	(170)
Total equity/(deficit)		<u>611</u>	<u>(140)</u>

The financial statements were approved by the board of directors and authorised for issue on ~~25 SEPTEMBER 2017~~ and are signed on its behalf by:



 J Heath
 Director

Company Registration No. 08391343

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £000	Profit and loss reserves £000	Total £000
Balance at 1 April 2015		30	(729)	(699)
Year ended 31 March 2016:				
Profit and total comprehensive income for the year		-	559	559
Balance at 31 March 2016		30	(170)	(140)
Year ended 31 March 2017:				
Profit and total comprehensive income for the year		-	751	751
Balance at 31 March 2017		30	581	611

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Alder Hey (Special Purpose Vehicle) 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 8 White Oak Square, London Road, Swanley, BR8 7AG.

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 and in accordance with FRS 102. The principal accounting policies adopted are set out below.

In the consolidated financial statements of Alder Hey Holdco 3 Limited, 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 Cash Flow Statement and related notes.

The Company is also considered to be a qualifying entity for the disclosure exemptions relating to the requirements of Section 11 paragraphs 11.39 to 11.48A as the equivalent disclosures required by this FRS are included in the consolidated financial statements of the Group in which the Company is consolidated.

1.2 Going concern

The Directors have reviewed the cash flow forecast and taking into account reasonable possible risks in operations to the Company and the fact the obligations of the Company's sole customer are underwritten by the Secretary of State for Health they believe that the Company will be able to settle its liabilities as they fall due for the foreseeable future and therefore it is appropriate to prepare these financial statements on the going concern basis.

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.

Pass through income represents the direct pass through of recoverable costs, as specified in the Project Agreement.

Variation income relates to the recharge of costs incurred for the alteration of the facilities or the services provided, requested by the Trust.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.4 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.

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.

Service Concession

The Company is a special purpose entity that has been established to provide services under certain private finance agreements with Alder Hey Children's NHS Foundation Trust (the Trust). Under the terms of these Agreements, the Trust (as grantor) controls the services to be provided by the Company over the contract term. Based on the contractual arrangements the Company has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

Under the terms of the arrangement, the Company has the right to receive a baseline contractual payment stream for the provision of the services from or at the direction of the grantor (the Trust), and as such the asset is accounted for as a financial asset. The financial asset has initially been recognised at the fair value of the consideration received, based on the fair value of the construction (or upgrade) services, plus any directly attributable transaction costs, provided in line with FRS 102.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

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, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 receipts 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.

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.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

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.

1.5 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.

1.6 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.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

2 Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Services concession arrangement

As disclosed in Note 1, the Company accounts for the project as a service concession arrangement. The Directors use their judgement in selecting the appropriate financial asset rate to be applied in order to allocate the income received between revenue, and capital repayment of and interest income on the financial asset; and also the service margin that is used to recognise service revenue. The Directors have also used their judgement in assessing the appropriateness of the future maintenance costs that are included in the Company's forecasts. The Directors will continue to monitor the condition of the assets and undertake a regular review of maintenance spend.

3 Turnover

An analysis of the Company's turnover is as follows:

	2017 £000	2016 £000
Turnover		
Construction income	-	6,991
Passthrough income	249	8,533
Services income	3,240	1,019
Variation income	2,120	832
Rental income	281	121
Other income	2	-
	<u>5,892</u>	<u>17,496</u>

Turnover analysed by geographical market

	2017 £000	2016 £000
United Kingdom	<u>5,892</u>	<u>17,496</u>

4 Operating profit

	2017 £000	2016 £000
Operating profit for the year is stated after charging:		
Fees payable to the Company's auditors for the audit of the Company	12	12
Audit of financial statements of parent companies	<u>3</u>	<u>3</u>

5 Employees

The Company had no employees during the current or prior year.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

6 Directors' remuneration

The Company is managed by secondees from the shareholders under a shareholder agreement.

The Directors received no salary from the Company in the performance of their duties during the current or prior year. Fees for Director services of £48,500 (2016: £47,900) were payable to an external party during the year.

7	Interest receivable and similar income	2017 £000	2016 £000
	Interest income		
	Interest on bank deposits	-	17
	Financial asset income	8,549	8,625
	Total income	8,549	8,642

8	Interest payable and similar expenses	2017 £000	2016 £000
	Interest on bank overdrafts and loans	4,894	5,011
	Finance facility costs	42	41
	Interest payable to parent undertakings	3,248	2,966
	Total interest expense	8,184	8,018

9	Taxation	2017 £000	2016 £000
	Current tax		
	UK corporation tax on profits for the current period	138	15
	Deferred tax		
	Changes in tax rates	-	6
	Adjustment in respect of prior periods	-	(11)
	Tax losses utilised	50	138
	Total deferred tax	50	133
	Total tax charge	188	148

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £000	2016 £000
Profit before taxation	939	707
Expected tax charge based on a corporation tax rate in the UK of 20.00% (2016: 20.00%)	188	141
Tax effect of expenses that are not deductible in determining taxable profit	-	1
Adjustments in respect of prior years	-	(11)
Deferred tax adjustments in respect of prior years	-	12
Change in tax rate on deferred tax balances	-	5
Taxation for the year	188	148

For the year ended 31 March 2017, the UK rate of 20% 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.

10 Debtors

	2017 £000	2016 £000
Amounts falling due within one year:		
Trade debtors	231	36
Prepayments and accrued income	453	59
	684	95
Deferred tax asset (note 14)	-	50
	684	145
Amounts falling due after more than one year:		
Financial asset	126,440	128,296
Total debtors	127,124	128,441

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

11 Creditors: amounts falling due within one year

	Notes	2017 £000	2016 £000
Bank loans	13	2,416	2,297
Trade creditors		247	180
Contractor retentions		2,826	2,826
Amounts due to parent undertakings	13	4,955	2,663
Corporation tax		122	15
Other taxation		255	246
Other creditors		9	-
Accruals and deferred income		518	379
		<u>11,348</u>	<u>8,606</u>

12 Creditors: amounts falling due after more than one year

	Notes	2017 £000	2016 £000
Bank loans	13	100,953	103,368
Loans from parent undertakings	13	27,823	28,102
		<u>128,776</u>	<u>131,470</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	100,556	103,596
Payable other than by instalments	16,468	16,468
	<u>117,024</u>	<u>120,064</u>

13 Loans and overdrafts

	2017 £000	2016 £000
Bank loans	103,369	105,666
Loans from parent undertakings	32,778	30,764
	<u>136,147</u>	<u>136,430</u>
Payable within one year	7,371	4,960
Payable after one year	<u>128,776</u>	<u>131,470</u>

The loans are secured by a fixed charge over all the assets of the Company and a charge over the shares of the Company.

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

13 Loans and overdrafts

(Continued)

Bank loans

Alder Hey SPV Limited has two debt facilities:

- European Investment Bank loan of £54.474 million repayable in instalments from September 2015 to September 2043, with a fixed rate of interest of 4.11%; and
- M&G loan of £55.183 million repayable in instalments from September 2015 to September 2043, with a fixed rate of interest of 4.91%.

Subordinated Debt

The amount owed to the parent undertaking relates to:

- An on-loan of a Subordinated Secured Facility with Prudential of £12.12 million repayable in instalments from September 2015 to September 2043, with a fixed rate of interest of 7.81%
- Subordinated Debt borrowed from Alder Hey Holdco 1 Limited of £16.468 million repayable in one-off payment in September 2043, with a fixed rate of interest of 11.74%. Amounts owed to parent undertaking comprises of loans of £16.468 million (2016: £16.468m) and capitalised subordinated interest of £4.677m (2016: £2.397m).

The first three facilities were fully drawn down at financial close into a Guaranteed Investment Contract (GIC) held with Royal Bank of Canada. The GIC was fully drawn down on October 2014.

14 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2017 £000	Assets 2016 £000
Balances:		
Tax losses	-	50
	<u> </u>	<u> </u>
Movements in the year:		2017 £000
Asset at 1 April 2016		(50)
Charge to profit or loss		50
		<u> </u>
Asset at 31 March 2017		-
		<u> </u>

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

15 Share capital

	2017 £000	2016 £000
Ordinary share capital		
Issued and fully paid		
30,000 Ordinary Shares of £1 each	30	30

Other Reserves

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

16 Related party transactions

Transactions with related parties

During the year the Company entered into the following transactions with related parties:

	2017 £000	2016 £000
John Laing PLC and Subsidiaries - Management and other fees	279	435
John Laing PLC and Subsidiaries - Letter of credit fees	-	7
John Laing PLC and Subsidiaries - Subordinated debt interest	912	790
Laing O'Rourke PLC and subsidiaries - Construction Fees	-	7,387
Laing O'Rourke PLC and Subsidiaries - Passthrough and Variation fees	3	8,431
Laing O'Rourke PLC and Subsidiaries - Other fees	-	15
Laing O'Rourke PLC and Subsidiaries - Letter of credit fees	-	7
Laing O'Rourke PLC and Subsidiaries - Subordinated debt interest	912	790
Interserve PLC and Subsidiaries - Mobilisation and other fees	214	292
Interserve PLC and Subsidiaries - Letter of credit fees	-	22
Interserve PLC and Subsidiaries - FM Fees	2,205	1,267
Interserve PLC and Subsidiaries - Subordinated debt interest	456	395
	<u>4,981</u>	<u>19,838</u>

The following amounts were outstanding at the reporting date:

	Amounts owed to related parties	
	2017	2016
John Laing PLC and Subsidiaries - Management and other fees	38	-
John Laing PLC and Subsidiaries - Subordinated debt interest	1,871	959
John Laing PLC and Subsidiaries - Subordinated loan notes	6,587	6,587
Laing O'Rourke PLC and subsidiaries - Construction Fees	-	36
Laing O'Rourke PLC and Subsidiaries - Passthrough and Variation fees	32	-
Laing O'Rourke PLC and Subsidiaries - Other fees	10	-
Laing O'Rourke PLC and Subsidiaries - Subordinated Debt Interest	1,871	959
Laing O'Rourke PLC and Subsidiaries - Subordinated loan notes	6,587	6,587
Interserve PLC and Subsidiaries - Mobilisation and other fees	38	-
Interserve PLC and Subsidiaries - Subordinated debt interest	935	479

ALDER HEY (SPECIAL PURPOSE VEHICLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

16 Related party transactions (Continued)

Interserve PLC and Subsidiaries - Subordinated loan notes	3,294	3,294
	<u>21,263</u>	<u>18,901</u>

No guarantees have been given or received.

17 Controlling party

The Company's immediate parent company is Alder Hey HoldCo 1 Limited, a Company incorporated in Great Britain and registered in England and Wales, with a registered address of 8 White Oak Square, London Road, Swanley, BR8 7AG.

The smallest and largest group in which its results are consolidated and the Company's ultimate parent and controlling entity is Alder Hey HoldCo 3 Limited, a company incorporated in Great Britain and registered in England and Wales, with a registered address of 8 White Oak Square, London Road, Swanley, BR8 7AG. Copies of the consolidated accounts of Alder Hey HoldCo 3 Limited can be obtained from Companies House.