GRT NOTTINGHAM LIFT PROJECT COMPANY (NO.2) LIMITED

Company Registration No. 04928314

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Report and Financial Statements
For the year ended 31 March 2019

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Company Information

Directors	G W Mackinlay	(resigned 24 April 2019)
	P J Sheldrake	(resigned 2 May 2018)
	P Tipping	
	R J Coates	
	C S E Douglass	
	L A Dadge	
	K O'Brien	(appointed 2 May 2018)
	A N Duck	(appointed 24 April 2019)
Company Secretary	M Ahmed	(appointed 1 April 2018; resigned 30 September 2018)
	M Duggan	(appointed 30 September 2018)
Registered Office	Unit G1 Ash Tree Court Nottingham Nottingham Business Park NG8 6PY	
Registered Number	04928314	
Auditor	BDO LLP 55 Baker Street London W1U 7EU	

Directors' Report
For the year ended 31 March 2019

The directors present their annual report and the audited financial statements for the year ended 31 March 2019.

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.

Principal activities
The principal activity of the company is to design, build, finance and manage premises under the Government's LIFT initiative.

The company's principal tenant is Community Health Partnerships Limited. The directors are confident that the principal tenant will continue to meet the obligations set out under the lease agreement.

The results for the year are included on page 7.

Dividends
The company did not pay dividends during the year (2018: £nil).

Directors
The current directors of the company, who served throughout the period and subsequently unless otherwise stated, are shown on page 1.

Grt Nottingham LIFT Project Company (No.2) Limited has adopted Articles of Association, the provisions of which do not require the directors to retire by rotation or to retire at the first Annual General Meeting after their appointment.

Qualifying third party indemnity provisions
The directors of Grt Nottingham LIFT Project Company (No.2) Limited have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

Going concern
The company has net liabilities of £7,470,000 (2018: £6,841,000), which includes the negative fair value of the interest rate swaps of £9,171,000 (2018: £8,791,000) and negative fair value of RPI swaps of £168,000 (2018: positive of £179,000) within liabilities, and net current assets of £3,215,000 (2018: £3,176,000), including cash of £2,241,000 (2018: £2,340,000), at 31 March 2019.

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company. The company produces long-term financial forecasts, which show the company is able to operate and meet its financial obligations as they fall due, including compliance with all loan covenants. Based on this review and the future business prospects of the company, despite the current economic conditions the directors believe the company will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors' Report (continued)
For the year ended 31 March 2019

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). 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; 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 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.

Auditor and disclosure of information to auditor
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves 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 s418 of the Companies Act 2006.

BDO LLP has expressed a willingness to continue in office as the company auditor.

On behalf of the board

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C Douglass
Director

Date: 30/09/2019.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRT NOTTINGHAM LIFT PROJECT COMPANY (NO.2) LIMITED

Opinion
We have audited the financial statements of Grt Nottingham LIFT Project Company (No. 2) Limited ("the company") for the year ended 31 March 2019, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and related notes. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRT NOTTINGHAM LIFT PROJECT COMPANY (NO.2) LIMITED (continued)

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.

Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial 31 March 2019 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.

Matters on which we are required to report by exception

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.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying partnerships 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
- 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 in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRT NOTTINGHAM LIFT PROJECT COMPANY (NO.2) LIMITED (continued)

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 at the Financial Reporting Council's website at:
https://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.

BDO LLP

Alexander Tapp (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

Date: 30 SEPTEMBER 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	1	**1,132**	1,258
Cost of sales		**(645)**	(844)
Gross profit		**487**	414
Administrative expenses		**(141)**	(82)
Operating profit		**346**	332
Interest receivable and similar income	5	**1,714**	1,737
Interest payable and similar charges	6	**(1,957)**	(1,955)
Profit on ordinary activities before taxation		**103**	114
Tax on profit on ordinary activities	7	**(129)**	(50)
Profit for the financial year		**(26)**	64
Movement in cash flow hedge		**(726)**	1,847
Taxation in respect of items of other comprehensive (loss) / income	7	**123**	(314)
Other comprehensive (loss) / income for the year		**(603)**	1,533
Total comprehensive (loss) / income for the year		**(629)**	1,597

The results for the current and previous financial year derive from continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

Statement of Financial Position
As at 31 March 2019

	Note	2018 £'000	2018 £'000
Non-current assets			
Financial assets	8	**24,245**	24,569
Current assets			
Debtors – due within one year	9	**494**	233
Debtors – due after more than one year	9	**1,582**	1,579
Cash at bank and in hand	10	**2,241**	2,340
		4,317	4,152
Creditors			
Amounts falling due within one year	11	**(1,102)**	(976)
Net current assets		**3,215**	3,176
Total assets less current liabilities		**27,460**	27,745
Creditors			
Amounts falling due after more than one year	11	**(34,930)**	(34,586)
Net liabilities		**(7,470)**	(6,841)
Capital and reserves			
Called up share capital	15	**1**	1
Profit and loss account		**280**	306
Cash flow hedge reserve	16	**(7,751)**	(7,148)
Shareholders' deficit		**(7,470)**	(6,841)

The financial statements of Grt Nottingham LIFT Project Company (No. 2) Limited, registered number 04928314, were approved by the Board of Directors and authorised for issue on 30 September 2019.

These accounts have been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.

C Douglass

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C Douglass
Director

Date: 30/09/2019

The notes on pages 11 to 22 form part of these financial statements.

Statement of Changes in Equity
For the year ended 31 March 2019

	Issued share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total 2019 £'000
1 April 2018	**1**	**(7,148)**	**306**	**(6,841)**
Comprehensive income for the year				
Loss for the year	**-**	**-**	**(26)**	**(26)**
Hedge effective portion of change in fair value of designated hedging	-	**(726)**	-	**(726)**
Taxation in respect of other comprehensive income	-	**123**	-	**123**
Other comprehensive income for the year	**-**	**(603)**	**-**	**(603)**
Total comprehensive income for the year	**-**	**(603)**	**(26)**	**(629)**
31 March 2019	**1**	**(7,751)**	**280**	**(7,470)**

	Issued share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total 2018 £'000
1 April 2017	1	(8,681)	242	(8,438)
Comprehensive income for the year				
Profit for the year	-	-	64	64
Hedge effective portion of change in fair value of designated hedging	-	1,847	-	1,847
Taxation in respect of other comprehensive income	-	(314)	-	(314)
Other comprehensive income for the year	-	1,533	-	1,533
Total comprehensive income for the year	-	1,533	64	1,597
31 March 2018	1	(7,148)	306	(6,841)

The notes on pages 11 to 22 form part of these financial statements.

Statement of Cash Flows
For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
(Loss) / Profit for the financial year		**(26)**	64
Adjustments for:			
Interest receivable	5	**(1,714)**	(1,737)
Interest payable	6	**1,957**	1,955
Service margin	8	**(887)**	(824)
Taxation expense		**129**	50
Increase in trade and other debtors		**(261)**	(33)
(Decrease) / Increase in trade and other creditors		**(65)**	30
Net cash used in operating activities		**(867)**	(495)
Cash flows from investing activities			
Interest received	5	**-**	2
Receipts on finance assets	8	**2,925**	2,798
Net cash from investing activities		**2,925**	2,800
Cash flows from financing activities			
Repayment of loans		**(371)**	(291)
Interest paid		**(1,786)**	(1,817)
Net cash flows used in financing activities		**(2,157)**	(2,108)
Net (decrease) / increase in cash & cash equivalents		**(99)**	197
Cash and cash equivalents at beginning of year		**2,340**	2,143
Cash and cash equivalents at end of year		**2,241**	2,340
Cash and cash equivalents comprise:			
Cash at bank and in hand		**2,241**	2,340
	10	**2,241**	2,340

The notes on pages 11 to 22 form part of these financial statements.

Principal Accounting Policies
For the year ended 31 March 2019

Grt Nottingham LIFT Project Company (No. 2) Limited is incorporated in England and Wales. The registered office is Unit G1, Ash Tree Court, Nottingham Business Park, Nottingham, NG8 6PY.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation
The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The functional currency is pounds sterling and rounded to the nearest £'000.

Going concern
The company has net liabilities of £7,470,000 (2018: £6,841,000), which includes the negative fair value of the interest rate swaps of £9,170,000 (2018: £8,791,000) and negative fair value of RPI swaps of £168,000 (2018: positive of £179,000) within liabilities, and net current assets of £3,215,000 (2018: £3,176,000), including cash of £2,241,000 (2018: £2,340,000), at 31 March 2019.

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company. The company produces long-term financial forecasts, which show the company is able to operate and meet its financial obligations as they fall due, including compliance with all loan covenants. Based on this review and the future business prospects of the company, despite the current economic conditions the directors believe the company will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except:
• The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
• Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Principal Accounting Policies (continued)
For the year ended 31 March 2019

Turnover

a. Public to private concession arrangements

A substantial portion of the company's assets are used within the framework of concession contracts granted by public sector customers ('grantors'). Under these contracts, the company constructs primary care centres that are leased to the NHS on a 25 year lease.

To fall within the scope of section 34 of FRS 102, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide using the infrastructure, to whom, and at what price; and
- the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Pursuant to section 34 of FRS 102, such infrastructure is not recognised in assets of the operator as property, plant and equipment but as financial assets ('financial asset model').

b. Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- Amounts specified or determined in the contract; or
- The shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of section 34 of FRS 102 are recorded at the reporting date under the heading financial assets and measured at amortised cost.

Pursuant to section 23 of FRS 102, revenue associated with this financial model comprises of service margin which relates to lifecycle maintenance and facilities income and ad hoc property related services income.

c. Other revenue items

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

Financial asset

The financial asset is stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating 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 financial asset.

Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance to the substance of the contractual arrangement.

Financial instruments are recognised on the trade date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Principal Accounting Policies (continued)
For the year ended 31 March 2019

Financial instruments (continued)
Financial instruments are derecognised on the trade date when the company is no longer a party to the contractual provisions of the instrument.

Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Hedge accounting
The company has entered into variable to fixed rate interest swaps and RPI swaps to manage its exposure to interest rate cash flow risk on its variable rate debt and inflation rate risk, respectively. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective; movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in the profit or loss for the period.

Finance costs
Finance costs that were accrued during construction of the fixed assets were expensed as they were incurred.

Loan arrangement fees
Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. The capitalised fees are then released to the statement of comprehensive income on a straight line basis over the term of the loan.

Accounting estimates and judgments
The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are as follows:

a. Key sources of estimation uncertainty
Financial asset – The calculation of the amortised cost of the financial asset requires an estimate of the residual value of the property at the end of the lease term. This estimate has been based on the residual value allocated to the contract in the financial models, which form the basis for the calculation of rent charged to the lessees.

Financial asset interest rate – The financial asset interest income is based on the WACC of the project and is applied to the carrying value of the financial asset on a quarterly basis. The interest rate used in 2019 is 7.21% (2018: 7.21%) per annum.

Service margin – After the property is constructed, the company provides property management services. The remuneration for these services is recognised at cost plus an estimated mark up for profit on property management services. The service margin rate used in 2019 is 45.73% (2018: 45.64%) per annum. It is the policy of the directors that the service margin is reviewed annually on 1 April each year to generate a new service margin rate, which is to be applied in the proceeding financial year.

b. Critical judgements
Concession arrangements – The concession arrangements undertaken by the company are considered to fall within the scope of section 34 of FRS 102 "Service Concession Arrangements", as described in the turnover note. This judgement has been based on a consideration of the nature and terms of the agreements and, in all contracts, the existence of an option for the grantor to purchase the properties at the end of the contract.

Principal Accounting Policies (continued)
For the year ended 31 March 2019

Dividends
Equity dividends are recognised when they become legally payable. There is no requirement to pay dividends unless approved by the shareholders by way of written resolution where there is sufficient cash to meet current liabilities, and without detriment to senior debt covenants, if applicable.

Notes to the Financial Statements
For the year ended 31 March 2019

1. Analysis of turnover and profit on ordinary activities before taxation

Turnover in the year is analysed as follows:

	2019 £'000	2018 £'000
Cost recoveries	202	371
Service margin	887	824
Rental income (third party)	43	63
	1,132	1,258

2. Audit costs

Auditor's remuneration of £3,000 is borne by Grt Nottingham LIFT Company Limited for the current year. The fee for previous year was £2,700.

3. Directors' remuneration

The directors did not receive any remuneration from the company for their services to the company during the year or the previous year. The directors are remunerated by the shareholding companies for their services to the group as a whole. It is not practicable to apportion their remuneration for their services to this company.

4. Staff numbers

The company had no employees during the year or the previous year.

5. Interest receivable and similar income

	2019 £'000	2018 £'000
Bank interest receivable	-	2
Financial asset interest receivable	1,714	1,735
	1,714	1,737

6. Interest payable and similar charges

	2019 £'000	2018 £'000
Bank interest payable	1,613	1,597
Loan note interest payable	344	358
	1,957	1,955

Notes to the Financial Statements (continued)
For the year ended 31 March 2019

7. Tax on profit on ordinary activities

	2019 £'000	2018 £'000
a) Analysis of tax on ordinary activities		
UK corporation tax payable at 19% (2018: 19%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	120	50
Total deferred tax	120	50
Tax on profit on ordinary activities	120	50
Taxation in respect of other comprehensive income/(loss)		
Cash flow hedge reserve	(123)	314
Total taxation in respect of other comprehensive income/(loss)	(123)	314

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%) (2018: 19%). The differences are explained below:

	£'000	£'000
b) Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	103	114
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (19%) (2018: 19%)	19	22
Effects of:		
Expenses not deductible for tax purposes	39	34
Adjustment for change in tax rates	(15)	(6)
Group relief surrendered	86	-
Current tax charge for the year	129	50

Notes to the Financial Statements (continued)
For the year ended 31 March 2019

8. Financial assets

	2019 £'000	2018 £'000
Balance at 1 April	**24,569**	24,843
Income recognised in the income statement		
- service margin	**887**	824
- financial asset interest receivable	**1,714**	1,735
	2,601	2,559
Other movements		
- cash received	**-**	(35)
- receipts on financial assets	**(2,925)**	(2,798)
	(2,925)	(2,833)
Balance at 31 March	**24,245**	24,569

9. Debtors

	2019 £'000	2018 £'000
Due within one year		
Trade debtors	**167**	18
Other debtors	**(42)**	66
Amounts owed by related parties	**-**	14
Prepayments and accrued income	**369**	135
	494	233
Due after more than one year		
Deferred tax (note 14)	**1,525**	1,579
	1,525	1,579

10. Cash at bank and in hand

Included in cash at bank and in hand is cash of £2,241,000 (2018: £2,340,000), which is restricted for use in pre-described circumstances by the bank.

Notes to the Financial Statements (continued)
For the year ended 31 March 2019

11. Creditors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Bank loans (note 12)	**415**	366
Trade creditors	**(97)**	8
Amounts owed to related parties	**6**	46
Amounts owed to group undertakings	**-**	-
Other taxation and social security	**161**	129
Accruals and deferred income	**617**	427
	1,102	976
Amounts falling due after more than one year		
Bank loans (note 12)	**22,518**	22,919
Amounts owed to related parties	**2,724**	2,706
Accruals and deferred income	**350**	349
Cash flow hedge – Interest rate/RPI SWAP (note 16)	**9,338**	8,612
	34,930	34,586

12. Loans

(a) Bank loans

	2019 £'000	2018 £'000
The bank loans are repayable as follows		
Within one year	**415**	366
Between one and two years	**503**	432
Between two and five years	**1,895**	1,739
After more than five years	**20,120**	20,748
	22,933	23,285

Bank borrowings relate to a Senior Debt Facility granted by Royal Bank of Scotland Plc.

The amounts drawn under the Senior Debt Facility are repayable on an agreed repayment profile commencing on 31 March 2012 and ending on 30 November 2036, together with bullet instalment totalling £6,400,000 payable on 31 December 2036.

The company has entered into an interest rate swap agreement whereby it pays a fixed rate of 4.53% per annum in respect of amounts drawn under the Amortising Senior Debt Facility, and receives LIBOR. The company has also entered into an interest rate swap agreement whereby it pays a fixed rate of 4.82% per annum in respect of amounts drawn under the Bullet Senior Debt Facility, and receives LIBOR. The company paid interest of £1,336,000 (2018: £977,000) in relation to these agreements. The swaps expire on 31 December 2036.

The Senior Debt Facility is secured by fixed and floating charges on the assets of the company.

Issue costs of the debt have been offset against the bank loan and will be amortised over the duration of the facilities.

Notes to the Financial Statements (continued)
For the year ended 31 March 2019

13. Loans (continued)

The Senior Debt Facility is secured by fixed and floating charges on the assets of the company.

Issue costs of the debt have been offset against the bank loan and will be amortised over the duration of the facilities.

(b) Subordinated loan due to related parties

	2019	2018
	£'000	£'000
The loans are repayable as follows		
Within one year	**6**	43
Between one and two years	**90**	50
Between two and five years	**231**	186
After more than five years	**2,403**	2,470
	2,730	2,749

The loan notes carry a coupon of 12.5%, and are repayable in pre-determined semi-annual instalments commencing on 30 June 2013 and ending on 31 March 2037. The loans are unsecured.

14. Deferred tax

	2019	2018
	£'000	£'000
Deferred tax		
Balance at beginning of year	**(1,579)**	(1,943)
Charge to profit for the financial year	**120**	50
Charge/(credit) to other comprehensive income/(loss)	**(123)**	314
Balance at end of year	**(1,582)**	(1,579)

An analysis of the deferred taxation provided in the financial statements is as follows:

	£'000	£'000
Accelerated capital allowances	**983**	944
UK property business losses	**(89)**	(89)
Non-trade loan relationship losses	**(830)**	(907)
Provisions	**(59)**	(63)
Cash flow hedge reserve	**(1,587)**	(1,464)
	(1,582)	(1,579)

15. Called up share capital

	2019	2018
	£'000	£'000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	**1**	1

Notes to the Financial Statements (continued)
For the year ended 31 March 2019

16. Financial instruments

The company's financial instruments may be analysed as follows:

	2019 £'000	2018 £'000
Financial assets		
Financial assets measured at amortised cost	**28,625**	27,138
	28,625	27,138
Financial liabilities		
Financial liabilities measured at amortised cost	**(26,013)**	(26,783)
Derivative financial instruments designated as hedges of variable interest rate/RPI risk	**(9,338)**	(8,612)
	(35,351)	(35,395)

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps and RPI swaps.

The fair values of the interest rate swaps have been determined by reference to prices available from the markets on which the instruments involved are traded.

Financial assets measured at amortised cost comprise financial assets, cash at bank and in hand, amounts owed by related parties, trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, amounts owed to related parties, amounts owed to group undertakings, trade creditors and accruals.

Historically, the company borrowed funds from its bankers under two term loans of £21,900,000 and £6,400,000, which are repayable in 2036.

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the company has entered into floating to fixed interest rate swaps with a nominal value equal to the initial borrowings, the same term as the loans and interest re-pricing dates identical to those of the variable rate loans. These result in the company paying 4.53%, and 4.82% per annum, for the Amortising and Bullet loans, respectively, and receiving LIBOR (though cash flows are settled on a net basis). The company pays LIBOR, plus margins of 2.0% and 2.25%, respectively, effectively fixing the total interest cost on loans and interest rates swaps at 6.53% and 7.07% per annum.

The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102 and had a negative fair value of £9,170,000 (2018: £8,791,000) at the reporting date. The cash flows arising from the interest rate swaps will continue until their maturity in 2036, coincidental with the repayment of the term loans. The change in fair value in the period was an decrease of £379,000 (2018: increase of £1,451,000), with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

In 2010, the company entered into two LPA agreements having fixed contractual terms, which cause their revenue to increase with RPI on a yearly basis.

Notes to the Financial Statements (continued)
For the year ended 31 March 2019

16. Financial instruments (continued)

To hedge the potential volatility in future revenue cash flows arising from movements in RPI, the company has entered into RPI swaps with a nominal value below that of the LPA contract but having the same term as the LPA contracts and RPI re-pricing dates identical to those of the LPA contract. These result in the company effectively fixing the inflation on a determined portion of the LPA contract.

The derivatives are accounted for as a hedge of variable rate RPI rate risks, in accordance with FRS 102 and had a negative fair value of £168,000 (2018: positive of £179,000) at the reporting date. The cash flows arising from the interest rate swap will continue until their maturity in March 2035, coincidental with the LPA contractual terms. The change in fair value in the period was a decrease of £347,000 (2018: increase of £396,000), with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

17. Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Grt Nottingham LIFT Midco (No.2) Limited, which is in turn a wholly owned subsidiary of Grt Nottingham LIFT Company Limited, both of which are registered in England and Wales. Grt Nottingham LIFT Company Limited is owned by Primary Plus Holdings Limited (60%), Nottingham City Council (4%) and Community Health Partnerships Limited (36%), which are all registered in England and Wales.

The directors are of the opinion that there is no ultimate parent undertaking or controlling party by virtue of the company's joint ownership and control.

18. Related party transactions

The company has taken advantage of the exemption provided in FRS102 not to disclose transactions with companies within the group of which it is a member, where these transactions occur between entities which are 100% owned members of that group.

The directors consider the material transactions undertaken by the company during the year with related parties were as follows:

Name of party	Relationship	Nature of transaction	Transaction amount £'000	Amount owed (to)/by related parties at 31 March 2019 £'000
Nottingham City Council	Shareholder in Grt Nottingham LIFT Company Limited	Provision of services	**2,361**	**371**
		Interest/loan	**(38)**	**(307)**
Primary Plus Holdings Limited	Shareholder in Grt Nottingham LIFT Company Limited	Interest/loan	**(206)**	**(1,638)**
Community Health Partnerships Limited	Shareholder in Grt Nottingham LIFT Company Limited	Provision of services	**1,430**	**(184)**
		Interest/loan	**(99)**	**(786)**

Notes to the Financial Statements (continued)
For the year ended 31 March 2019

18. Related party transactions (continued)

Name of party	Relationship	Nature of transaction	Transaction amount £'000	Amount owed (to)/by related parties at 31 March 2018 £'000
Nottingham City Council	Shareholder in Grt Nottingham LIFT Company Limited	Provision of services	2,001	14
		Interest/loan	(40)	(308)
Primary Plus Holdings Limited	Shareholder in Grt Nottingham LIFT Company Limited	Interest/loan	(215)	(1,649)
Community Health Partnerships Limited	Shareholder in Grt Nottingham LIFT Company Limited	Provision of services	1,169	(3)
		Interest/loan	(103)	(792)