Company registration number 04668140 (England and Wales)

DERBY HEALTHCARE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

DERBY HEALTHCARE PLC

COMPANY INFORMATION

Directors	Mrs G Birley-Smith Mr R Sheehan Mr M Fry
Secretary	Vercity Social Infrastructure (UK) Limited
Company number	04668140
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG
Independent auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
Banker	BNP Paribas 10 Harewood Avenue London NW1 6AA
Solicitors	Clyde & Co The St Botolph Building 138 Houndsditch London EC3A 7AR

DERBY HEALTHCARE PLC

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The directors present the strategic report for the year ended 31 December 2024.

Business Review and Principal Activities

The principal activity of the company is to design, build, finance, operate and maintain a Hospital in accordance with a forty year contract (the "Project Agreement" or "Contract") with University Hospitals of Derby and Burton NHS Foundation Trust (the "Trust"). Contract negotiations were successfully completed in September 2003 and construction commenced immediately. The project has been fully operational since 2008.

Principal Risks and Uncertainties

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The directors have policies for managing each of these risks and they are summarised below:

Lifecycle

The principal risk borne by the company is that lifecycle costs exceed those forecast in the financial model agreed at financial close. Increased lifecycle costs are therefore the greatest risk to breaching the ratio covenants in the Collateral Deed. This risk is mitigated by future estimates of lifecycle expenditure being prepared by maintenance experts on an asset by asset basis and by the periodic technical evaluations of the physical condition of the facilities. In addition, comparisons of actual expenditure are compared to the lifecycle forecast.

Availability under the project agreement

Investment in the project is funded primarily by the Bonds and subordinated unsecured loan stock. During the operational phase the principal source of funds available to meet its liabilities under the Bonds will be the unitary charge received from the Trust under the Project Agreement. Failure to achieve the forecast levels of availability would result in lower than forecast revenues and this may adversely affect the company's ability to make payments to Bondholders. Deductions of £95,000 (2023: £143,000) were incurred in the year, these were recovered from the service provider, resulting in a net deduction of £Nil (2023: £Nil).

Service performance

Performance risk under the Project Agreement and related contracts are substantially passed on to the service providers. The obligations of these subcontractors are underwritten by parent company guarantees. Ultimately, poor performance may result in the Trust having the right to terminate the Project Agreement. As noted in the discussion of the company's KPIs, the levels of deductions levied in the year were low and are not considered to pose a risk to the project.

Service provider failure

The likelihood of this risk is assessed through the review of service provider financial statements and through discussions with the service providers. The company currently considers the likelihood of this risk as being low. However, as continuity of service delivery is of paramount importance, the company has a Business Continuity Plan which details how the company would deal with a service provider failure. This includes directly employing staff and sub-contractors until a replacement sub-contractor is in place.

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, finance debtor 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 NHS Trust.

Principal Risks and Uncertainties (continued)

Interest risk
The guaranteed secured bonds and unsecured subordinated loan notes both have a fixed rate until 2041, thus there is no interest risk associated with these financial liabilities. In periods when interest rates rise, there is a beneficial impact on the company as the company has significant cash balances upon which it earns interest income.

Inflation risk
As the company's debt is fixed rate, rising inflation has a beneficial impact on the company as the increase in Unitary Charge income offsets any increase in operating costs.

Economic outlook
The directors have considered the general economic outlook, taking into account the Ukraine conflict, new government labour policies, ongoing tariffs in the United States, inflation and interest rates, but consider that the company and its ability to continue as a Going Concern is not adversely affected. To date the Ukraine conflict, government policies and US tariffs have not adversely impacted the company.

Development and Performance
Turnover in the year increased to £75,554,000 (2023: £68,251,000). This is primarily due to inflation uplifts on service costs resulting in higher services income, as a mark-up is applied to these service costs. The inflation uplifts to service costs are governed by the project contracts. Pass through and variation income has increased by £2,997,000 compared to the prior year however, as this is income that is passed through with no mark-up on costs, there is no gross profit impact.

Gross profit has increased to £12,170,000 (2023: £11,080,000).

Interest receivable and similar income has decreased to £19,118,000 (2023: £19,324,000). Interest on bank deposits has increased due to deposit rates on offer, on average, being higher than the prior year, and also due to higher balances being placed on deposit. However, this has not fully offset the decrease in interest receivable on the Finance Debtor, which reduces in proportion with the reduction in the Finance Debtor balance.

Interest payable and similar expenses has increased to £29,869,000 (2023: £29,493,000). Interest payable on the bonds has reduced in proportion with the reduction in the bond balance, but interest on subordinated debt has increased to £8,597,000 (2023: £7,821,000). This is a result of compounded interest because since 2016 not all of the subordinated interest due has been paid. In accordance with the unsecured subordinated loan notes 2041, the unpaid interest has been added to the outstanding balance and hence the increased balance results in the increased interest payable. The subordinated debt balance as at 31 December 2024 was £64,428,000 (2023: £61,811,000).

The impact of these movements has resulted in a profit before taxation of £1,419,000 compared to the prior year profit before taxation of £911,000.

At 31 December 2024 the company had net liabilities of £32,801,000 (2023: net liabilities of £33,961,000).

Financial covenants have been met during the year and having considered the anticipated future performance and position of the company the directors are of the opinion that the covenants will continue to be met in the future.

The Finance Debtor is being amortised over the life of the concession and the carrying value at the reporting date is £274,285,000 (2023: £281,864,000). The Finance Debtor amortisation during the year was £7,580,000 (2023: £7,128,000). The directors believe the Finance Debtor to be recoverable over the term of the Project Agreement.

During the year principal payments were made on the Secured Guaranteed Bonds of £11,566,000 (2023: £3,260,000). Scheduled loan repayment dates are typically 30 June and 31 December each year, however the scheduled repayment dates for 2023 were 30 June 2023 and 2 January 2024, hence the higher amount paid within the year compared to 2023.

During the year the company has not repaid any of the subordinated unsecured loan stock as scheduled repayments do not commence until 2041.

Key Performance Indicators

Financial penalties are levied by the Trust in the event of performance standards not being achieved according to detailed criteria set out in the Project Agreement. The deductions are passed on to the service providers, but the quantum is an indication of unsatisfactory performance. During the financial year deductions of £95,000 (2023: £143,000) were levied by the Trust and passed onto the service providers to the fullest extent possible. This deduction amounts to only 0.28% (2023: 0.46%) of the total fees of £33,432,000 (2023: £30,862,000) charged by the service providers. The directors consider this low level of deduction to be satisfactory.

The directors have modelled the anticipated financial outcome of the project across the term of the contract up to the end of the concession. The directors monitor actual performance against this anticipated performance. As stated above the company's performance for the year ended 31 December 2024 against this measure was considered satisfactory.

The company is providing a full range of facilities management services as required under the Project Agreement at a satisfactory level.

Section 172(1) Companies Act 2006 Statement

The directors have a duty to promote the success of the company for the benefit of the shareholders as a whole and to describe how this duty has been performed with regard to those matters set out in section 172(1) of the Companies Act 2006 ("section 172(1)").

The directors have identified the company's main stakeholders as the following:

i. The company's shareholders, bondholders and Credit Provider

Principal considerations of the board are whether the investment objective of the company is meeting shareholder and bondholder expectations and how the manager implements the objective. These are discussed at all board meetings, which are held regularly throughout the year.

The Bonds are secured by an irrevocable financial guarantee policy issued by MBIA Assurance S.A. (succeeded by Assured Guaranty UK Limited), the Credit Provider. The board regularly discuss the obligations under this policy and how the manager is fulfilling these at board meetings and through engagement with the senior management of the manager. The board frequently engages with the Credit Provider and keeps them updated on matters as required.

ii. The Trust

The board recognises the importance of working in partnership with the Trust, to successfully deliver a key public infrastructure asset. On behalf of the company, the manager fosters this partnership through regular meetings with the client representatives and other key managers. The manager provides regular monthly reporting to the Trust on the performance of its obligations under the PFI arrangement. Periodically the directors will also meet with the Trust to discuss key service delivery matters.

iii. The sub-contractors

On behalf of the company, the manager seeks to maintain a constructive relationship with the sub-contractors by meeting regularly. The sub-contractors' reports provided to the company contain service provision information and relevant information about the performance of the PFI contract. These reports are reviewed by both the manager and the board. Periodically the directors will also meet with the sub-contractors to discuss key service delivery matters.

iv. The manager

The company has outsourced the management of the company to Vercity Social Infrastructure (UK) Limited ("Vercity"), the manager. The delivery by the manager of its services is fundamental to the long term success of the company. The board seeks to engage regularly with the manager through a number of forums, including at board meetings, portfolio briefings and through engagement with the manager's senior leadership team. Regular reporting is provided to the board by the manager, which will alert the board to changes to regulation or market practice, which will inform the board's decision making.

Throughout the year the board has made due consideration during its discussions and decision-making of the matters set out in section 172(1) and below is a description of how the directors have had regards to these matters when performing their duties:

a. The likely consequences of any decision in the long term
The company has made no decisions during the year that have material long term consequences.

b. The interests of the company's employees
As an externally managed company, the company's activities are all outsourced and therefore it does not have any employees. The company does however, pay due regard to the interests and safety of all those engaged by contractors to the company to perform services on its behalf. This is performed by undergoing an external health and safety review and performing regular health and safety inspections.

c. The need to foster the company's business relationships with suppliers, customers and others
The company is committed to upholding the underlying principle of PFI of working in partnerships with all parties to the arrangement. As noted above, the company has policies and procedures to ensure regular communication is maintained between the parties and ensure that the supply chain is managed effectively in order that company obligations to the Trust and sub-contractors can be upheld.

d. The impact of the company's operations on the community and the environment
The company has very limited direct impact on the environment as it has no greenhouse gas emissions. Notwithstanding that the company is committed to minimising environmental disruption from its activities. The board upholds the company's environmental policy in all its activities and requires all parties to the arrangement to do the same.

The board recognises that the company is a key partner in the delivery of public infrastructure and encourages its partners in considering and delivering Environmental, Social and Governance (ESG) values and initiatives to achieve socially responsible investing.

e. The desirability of the company maintaining a reputation for high standards of business conduct
The company is committed, in its day to day operations and dealings with all affiliates to uphold the highest standard of business conduct and integrity. The directors are not responsible for setting a "business culture" in the traditional sense but are committed to understanding the culture of the manager and sub-contractors and raise any concerns in this regard if necessary.

f. The need to act fairly between members of the company
The company is solely owned by one member and therefore has no fairness considerations needed to be made during decision making.

The directors are cognisant of their duty under s172(1) in their deliberation as a board on all matters. Decisions made by the board take into account the interests of all the company's key stakeholders and reflect the board's belief that the long term sustainable success of the company is linked directly to its key stakeholders.

On behalf of the board

Richard Sheehan
Richard Sheehan (Apr 28, 2025 14:40 GMT+1)

Mr R Sheehan
Director

Date: ....28/04/25................................

The directors present their annual report and audited financial statements for the year ended 31 December 2024.

Results and dividends
The results for the year are set out on page 15.

No interim dividends were paid (2023: £nil). The directors do not recommend payment of a final dividend.

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

Mrs G Birley-Smith
Mr R Sheehan
Mr M Fry

Going concern
The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based upon cashflow forecasts and stress testing of those forecasts. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in Note 1 of the Accounting Policies.

Stakeholder Engagement
Stakeholder engagement is discussed fully in pages 3 and 4 of the Strategic Report.

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 date of approval of these financial statements.

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.

Independent Auditors
The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Audit Committee
The Audit Committee oversees external financial reporting and monitors the work of the external auditors. The Committee reviews the external auditor’s assessment of their independence and ensures that auditor rotation rules are adhered to. The Committee members are Richard Sheehan and Mike Fry. The Board are satisfied that the committee membership independence requirements are met, as the management of the company is outsourced to the MSA provider. The Committee, chaired by Mike Fry, met twice during 2024.

Internal Controls
The Board have overall responsibility for ensuring that the company has adequate risk management and internal controls in relation to the financial reporting process. The Board have policies in place which ensure clear division of roles and responsibilities for the purpose of effectively managing risks. The Board review these polices on an annual basis and update as required. The Board meet regularly throughout the year to review financial performance and forecasts. In addition, a risk register is maintained, which tracks risks and their mitigating controls. Further detail of identified risks and risk management is presented in the Strategic Report on pages 1-4.

Energy and carbon report
As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Financial risk management

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Richard Sheehan
Richard Sheehan (Apr 28, 2025 14:40 GMT+1)
....

Mr R Sheehan
Director

Date: ....28/04/25...........................

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations
Each of the directors, whose names and functions are listed in Company Information confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

DERBY HEALTHCARE PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DERBY HEALTHCARE PLC

Report on the audit of the financial statements

Opinion
In our opinion, Derby Healthcare Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2024; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview
Audit scope

- We have performed a full scope audit of all material balances within the entity.

Key audit matters

- Risk of incorrect turnover recognition as a result of inappropriate calculation and allocation of the unitary charge

Materiality

- Overall materiality: £1,474,300 (2023: £1,442,400) based on 5% of gross profit + finance debtor interest.
- Performance materiality: £1,105,725 (2023: £1,081,800).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Risk of incorrect turnover recognition as a result of inappropriate calculation and allocation of the unitary charge Derby Healthcare Plc is in a service concession arrangement with University Hospital of Derby and Burton NHS Foundation Trust ("the Trust") for the design, finance and construction of certain new buildings and refurbishment of Derby City General Hospital and network cabling, and the subsequent ongoing maintenance. The company accounts for the service concession arrangement as a finance debtor with amortisation and finance income recognised each year at a constant rate. The unitary charge payments received from the Trust for the service concession arrangement are allocated to turnover, finance income and the finance debtor amortisation. The allocation to turnover is calculated by applying a margin to the costs incurred in the ongoing maintenance of the asset. This can result in an accrued or deferred position accounted for within other debtors, which is presented within 'Debtors' (Note 9). Due to the judgement required to estimate the margin and the significant impact that the allocation of the unitary charge has on key accounts: turnover, finance income and the finance debtor, including those most susceptible to fraudulent manipulation, we consider this risk to be a key area of focus.	Our audit addressed the risk as follows: • Tested a sample of unitary charge payments received from the customer, agreeing to invoice and evidence of cash receipt and used this to determine an expectation for total value of payments received in the year; • Compared the margin applied in the current year to the margin applied in the prior year. Where there was a material movement in the margin, we sought to understand and corroborate the factors that have driven this change. This included analysing the project financial models to establish any changes in trends for expected future costs which impact the lifetime margin of the project, and investigating unusual trends in key elements of the project forecasts; • Recalculated the revenue recognised by applying the margin to qualifying costs incurred in the year ended 31 December 2024; and • Re-performed the allocation of the unitary payment between turnover, finance debtor amortisation, finance income and where applicable the accrued service concession income and checked that the allocated amounts had been recognised appropriately. Our audit work did not identify any issues and we therefore concluded that there was no material misstatement in any of the impacted financial statement line items.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company's financial statements comprise solely the special purpose vehicle which was subject to a full scope audit. The principal activity of the company is the provision, operation and maintenance of Royal Derby Hospital.

The impact of climate risk on our audit
As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company’s financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company’s financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£1,474,300 (2023: £1,442,400).
How we determined it	5% of gross profit + finance debtor interest
Rationale for benchmark applied	We believe that gross profit adjusted for finance debtor interest is an appropriate benchmark as it approximates the cash flow of the SPV that is used by management to track the performance of the project and takes into account revenue, related costs of providing the service as well as interest on the finance debtor which constitutes a significant portion of the unitary charge received from the project's customer. This metric focuses on profitability and is easy to interpret and also to calculate from balances that are presented in the financial statements.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £1,105,725 (2023: £1,081,800) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £147,430 (2023: £144,240) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and testing the mathematical accuracy of the latest financial model which sets out the expected income and costs over the life of the project and calculates the margins to be recognised during the going concern period;
- Performing a look back test by comparing the current year financial statement balances to the prior year model to assess management's ability to forecast;
- Assessing the reasonableness of the current year financial model by reviewing the trends in finance debtor amortisation, finance debtor interest and the unitary charge split over the life of the project; and
- Testing historic and prospective compliance with debt covenants and reviewing the company's cashflow forecast included in the latest financial model and determining if the entity has sufficient headroom to meet its liabilities as they fall due.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, UK tax legislation and listing rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the distributable reserves available to shareholders, through posting inappropriate journal entries to increase revenue or making inappropriate distributions or payments from the company. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation and instances of fraud;
- Understanding of management's controls designed to prevent fraud and detect irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates; and
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example impacting revenue and distributable reserves.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF DERBY HEALTHCARE PLC

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the Audit Committee, we were appointed by the members on 5 January 2024 to audit the financial statements for the year ended 31 December 2023 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2023 to 31 December 2024.

Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
28 April 2025

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £000	2023 £000
Turnover	**3**	75,554	68,251
Cost of sales		(63,384)	(57,171)
Gross profit		12,170	11,080
Interest receivable and similar income	**6**	19,118	19,324
Interest payable and similar expenses	**7**	(29,869)	(29,493)
Profit before taxation		1,419	911
Tax on profit	**8**	(259)	(63)
Profit for the financial year		1,160	848

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

The notes on pages 18 to 31 form part of these financial statements.

DERBY HEALTHCARE PLC

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £000	2024 £000	2023 £000	2023 £000
Current assets					
Debtors: amounts falling due after more than one year	**9**	330,123		338,363	
Debtors: amounts falling due within one year	**9**	24,469		22,025	
Cash at bank and in hand	**10**	49,442		58,745	
		404,034		419,133	
Creditors: amounts falling due within one year	**11**	(33,696)		(43,374)	
Net current assets			370,338		375,759
Creditors: amounts falling due after more than one year	**12**		(403,139)		(409,720)
Net liabilities			(32,801)		(33,961)
Capital and reserves					
Called up share capital	**15**		50		50
Profit and loss account			(32,851)		(34,011)
Total shareholders' deficit			(32,801)		(33,961)

The notes on pages 18 to 31 form part of these financial statements.

The financial statements on pages 16 to 32 were approved by the Board of Directors on 28/04/25 and are signed by:

Richard Sheehan
Richard Sheehan (Apr 28, 2025 14:40 GMT+1)
....

Mr R Sheehan
Director

Company Registration No. 04668140

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up Share capital £000	Profit and loss account £000	Total £000
Balance at 1 January 2023	50	(34,859)	(34,809)
Year ended 31 December 2023:			
Profit and total comprehensive income	-	848	848
Balance at 31 December 2023	50	(34,011)	(33,961)
Year ended 31 December 2024:			
Profit and total comprehensive income	-	1,160	1,160
Balance at 31 December 2024	50	(32,851)	(32,801)

The notes on pages 18 to 31 form part of these financial statements.

1 Accounting policies

Company information

Derby Healthcare Plc is a public company limited by shares incorporated in the United Kingdom. The registered office is 8 White Oak Square, London Road, Swanley, Kent, 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 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. The principal accounting policies adopted are set out below and have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 ‘Statement of Financial Position’: Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’: Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Derby Healthcare (Holdings) Limited. These consolidated financial statements are available from Companies House.

1 Accounting policies (Continued)

1.2 Going concern

Notwithstanding net liabilities of £32,801,000 (2023: £33,961,000) as at 31 December 2024, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts covering a period of at least 12 months from the signing date of these financial statements which indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the underlying customer continuing to meet its obligations under the Project Agreement and the directors expect these amounts to be received even in severe but plausible downside scenarios. The company continues to operate in accordance with the contract and the hospital is available to be used. As a result the company does not believe there is any likelihood of a material impact to the unitary payment. The directors have considered the potential impact of the current economic environment, which includes the company's operating cash inflows which are largely dependent on the unitary charge payments. All unitary charge payments have been received on time and in full and the directors expect this to continue.

The directors have assessed the viability of its main sub-contractors and reviewed the contingency plans of the sub-contractors and are satisfied in their ability to provide the services in line with the contract without significant additional costs to the company, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the company or its subcontractors arising from the current economic climate. However, in the unlikely event of a subcontractor failure, the company has its own business continuity plans to ensure that service provision will continue.

Consequently, the directors at the time of approving the financial statements have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

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

Pass through income represents the direct pass through of recoverable costs at nil or negligible margin, as specified in the Project Agreement.

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

1.4 Cash and cash equivalents

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

1 Accounting policies **(Continued)**

1.5 Financial instruments

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

Financial instruments are recognised in the company's balance sheet 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.

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Accrued service concession income

Accrued service concession income relates to future periods income for services already performed.

Cash and short term deposits

Cash and cash equivalents comprise cash balances and call deposits with a maturity less than 3 months. Short term deposits comprise of deposits with a maturity of more than 3 months.

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.

1 Accounting policies (Continued)

Service Concession

The company is an operator of a Public Finance Initiative ("PFI") contract. The company entered into a project agreement (the "contract") with the Trust to design, build, finance, operate and maintain the Royal Derby Hospital and the London Road Community Hospital. The contract negotiations were successfully completed in September 2003 and construction commenced immediately. The project has been fully operational since 2008. The concession period is for 40 years, during this period the company has contracted to provide hard and soft facilities management services to the Trust. The company has passed these obligations down to Skanska Rashleigh Weatherfoil Ltd (“Skanska”) and ISS Mediclean Limited (“ISS”) respectively via subcontracts. The obligation to provide major maintenance works (lifecycle) is undertaken by Skanska, however, as discussed in the strategic report, the risk that the costs exceed those forecast in the financial model is borne by the company. The timing and extent of the major maintenance works is a key assumption that will affect the cashflows of the company, further information is shown in Note 2. The contract does not entitle the Trust to any share of the profits of the company. The Trust is entitled to terminate the Contract at any time by giving six months written notice. If the Trust exercises this right they are liable to pay the company compensation as set out in the Contract, which would include the senior debt, redundancy costs, subcontractor losses, and the market value of the subordinated debt. As the company entered into the contract prior to the date of transition to FRS102, the company has taken advantage of the exemption in section 35.10 (i) of FRS102 which permit it to continue to account for the service concession arrangements under the accounting policies adopted under old UK GAAP. In particular, the underlying asset is not deemed to be an asset of the company under old UK GAAP, because the risks and rewards of ownership as set out in that standard are deemed to lie principally with the Trust.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase the Trust pays the company a fixed Unitary Charge payment, as determined in the Contract, that is inflated by RPI each year. Income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is deferred on the balance sheet and subsequently included within turnover in accordance with FRS102 section 23. The company recognises revenue in respect of the services provided, including lifecycle services (the costs for which are recognised when incurred), as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services. As a result, the Unitary Charge Control Account may represent either deferred or accrued income. The Unitary Charge Control Account is considered to be fully recoverable as forecast in the financial model.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or 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.

1 Accounting policies **(Continued)**

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

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

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

Trade and other creditors
Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Other financial liabilities
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.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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

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

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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.

1 Accounting policies (Continued)

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 statement of comprehensive income, 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 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. 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 if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements in applying the company's accounting policies are described below:

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Deferred tax recoverability

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

2 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:

Service concession arrangement

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the service concession contract. Lifecycle costs are a significant proportion of future expenditure. Given the length of the Company's service concession contract, the forecast of lifecycle costs is subject to significant estimation uncertainty and changes in the amount and timing of expenditure could have material impacts. As a result, there is a significant level of judgement applied in estimating future lifecycle costs. To reduce the risk of misstatement, future estimates of lifecycle expenditure are prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities are undertaken. In addition, comparisons of actual expenditure are compared to the lifecycle forecast. If lifecycle costs cumulatively over the remainder of the concession increased by 5% the impact on revenue and profit in the year would have been a decrease in revenue of £607,000 (2023: £351,000) and a decrease in the profit before tax of £607,000 (2023: £351,000).

3 Turnover

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

	2024	2023
	£000	£000
Turnover analysed by class of business		
Services income	53,983	49,691
Pass through and variation income	21,392	18,395
Other Income	179	165
	75,554	68,251

4 Auditors' remuneration

	2024	2023
Fees payable to the company's auditors and associates:	£000	£000
For audit services		
Audit fee for the financial statements of the company	34	32

PricewaterhouseCoopers LLP do not provide any non-audit services (2023: none).

5 Employees

The company had no employees during the year (2023: nil).

6 Interest receivable and similar income

	2024 £000	2023 £000
Interest on bank deposits	1,802	1,556
Interest receivable on finance debtor	17,316	17,768
	19,118	19,324

7 Interest payable and similar expenses

	2024 £000	2023 £000
Interest on financial liabilities measured at amortised cost:		
Interest on bonds	20,472	20,858
Interest on subordinated debt	8,597	7,821
	29,069	28,679
Other finance costs:		
Amortisation of finance arrangement costs	800	814
	29,869	29,493

8 Tax on profit

	2024 £000	2023 £000
Current tax		
UK corporation tax on profits for the period	21	55
Adjustment in respect of prior years	(55)	(31)
Total current tax	(34)	24
Deferred tax		
Adjustment in respect of prior periods	(41)	(130)
Utilisation of tax losses brought forward	334	169
Total deferred tax	293	39
Total tax charge	259	63

All tax has been charged to the statement of comprehensive income with none charged through other comprehensive income.

8 Tax on profit (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:

	2024 £000	2023 £000
Profit before taxation	1,419	911
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 23.50%)	355	214
Adjustment in respect of prior years	(55)	(31)
Effect of change in corporation tax rate on deferred tax utilised	-	10
Deferred tax adjustment in respect of prior years	(41)	(130)
Taxation charge for the year	259	63

Factors that may affect the future tax charge
The company has tax losses of £40,510,000 (2023: £41,684,000) which have been carried forward and will be offset against future trading profits.

A deferred tax asset in respect of tax losses has been recognised as the directors consider the balance to be recoverable over the life of the PFI contract.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). There has been no change to corporation tax rates for the financial year ended 31 December 2024. For the financial year ended 31 December 2024 the weighted average tax rate is 25% (31 December 2023 weighted average tax rate was 23.5%). Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9 Debtors

Amounts falling due within one year:	2024 £000	2023 £000
Trade debtors	12,828	9,143
Amounts owed by group undertakings	546	323
Corporation tax recoverable	11	-
Finance debtor	8,062	7,580
Prepayments and accrued income	3,022	4,979
	24,469	22,025

9 Debtors **(Continued)**

Amounts falling due after more than one year:	Notes	2024 £000	2023 £000
Finance debtor		266,223	274,284
Accrued service concession income		53,772	53,658
Deferred tax asset	14	10,128	10,421
		330,123	338,363
Total debtors		354,592	360,388

10 Cash at bank and in hand

	2024 £000	2023 £000
Cash at bank	49,442	58,745

Restricted cash
The company is obligated to keep separate cash reserves in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown on the balance sheet within the “Cash at bank" balance, amounts to £39,731,000 at the year end (2023: £35,573,000 as restated to include £234,000 operating account cash).

11 Creditors: amounts falling due within one year

	Notes	2024 £000	2023 £000
Bonds	**13**	9,333	10,821
Trade creditors		9,752	7,462
Corporation tax		-	23
Other taxation and social security		1,167	742
Bond accrued interest		-	10,331
Accruals and deferred income		13,444	13,995
		33,696	43,374

12 Creditors: amounts falling due after more than one year

	Notes	2024 £000	2023 £000
Bank loans and overdrafts	**13**	338,711	347,909
Subordinated loans	**13**	64,428	61,811
		403,139	409,720

12 Creditors: amounts falling due after more than one year **(Continued)**

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

	2024 £000	2023 £000
Payable by instalments	363,461	375,035

13 Loans and overdrafts

	2024 £000	2023 £000
Bonds	348,044	358,730
Subordinated loans	64,428	61,811
	412,472	420,541
Payable within one year	9,333	10,821
Payable after one year	403,139	409,720
	412,472	420,541

13 Loans and overdrafts (Continued)

Guaranteed secured bonds 2041
The company has created £446,588,000 5.564% guaranteed secured bonds 2041 pursuant to a Trust Deed and Collateral Deed dated 9 September 2003 of which £411,588,000 were issued for cash on 9 September 2003 at an issue price of 99.993%.

The bonds bear interest at 5.564% which is payable semi-annually in arrears on 30 June and 31 December each year. The bonds are repayable in instalments which commenced in June 2009 and end in June 2041. The bond balance has been offset by capitalised finance fees of £7,770,000 with £745,000 amortised in the year to 31 December 2024 (2023: £759,000).

The company retained £35,000,000 of bonds (the “variation bonds”) which it may sell, subject to certain restrictions in the Collateral Deed, to fund variations to the project.

The bonds, excluding the variation bonds, have the benefit of an unconditional and irrevocable financial guarantee issued by MBIA Assurance S.A. in favour of BNP Paribas Trust Corporation UK Limited as security trustee over all of the undertaking and assets of the Company.

Unsecured subordinated 13.465% loan notes 2041
Under the terms of Deed Polls made on 9 September 2003 both Derby Healthcare (Holdings) Limited and the company authorised and approved the issue of up to £39,070,000 unsecured subordinated loan notes 2041 on like terms. Under the terms of an Equity Subscription Agreement dated 9 September 2003 the shareholders of Derby Healthcare (Holdings) Limited each agreed to subscribe in instalments between December 2003 and December 2008 for £39,070,000 of the loan notes in Derby Healthcare (Holdings) Limited, which in turn agreed to subscribe for the £39,070,000 loan notes in the company.

Derby Healthcare (Holdings) Limited and the Company have each issued £39,070,000 of loan notes at par for cash. The loan notes bear interest at 13.465% which is payable semi-annually on 30 June and 31 December each year. The loan notes are repayable in instalments on 30 June and 31 December 2041. The balance of the subordinated loans is now £64,428,000 (2023: £61,811,000) due to unpaid interest which has been rolled up into the balance. The loan balance has been offset by capitalised finance fees of £929,000 with £55,000 amortised in the year to 31 December 2024 (2023: £55,000).

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:

Balances:	**Assets 2024 £000**	**Assets 2023 £000**
Tax losses	10,128	10,421

14 Deferred taxation **(Continued)**

Movements in the year:	**2024 £000**	**2023 £000**
Asset brought forward	10,421	10,460
Charge to profit or loss	(334)	(169)
Adjustment in respect of prior years	41	130
Asset carried forward	10,128	10,421

15 Called up share capital

Ordinary share capital	**2024 Number**	**2023 Number**	**2024 £000**	**2023 £000**
Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50	50

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

16 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2024 £000	**2023 £000**
Directors' services	43	43

The company incurred the above fees from Innisfree Limited.

Transactions with related parties
During the year the company entered into the following transactions with related parties:

	Subordinated Debt Interest		**Management Services**	
	2024 £000	**2023 £000**	**2024 £000**	**2023 £000**
Innisfree Continuation Fund	6,447	5,864	-	-
Innisfree PFI Secondary Fund	688	626	-	-
Innisfree PFI Secondary Fund 2 LP	1,462	1,330	-	-
Vercity Social Infrastructure (UK) Limited	-	-	1,231	1,192

16 Related party transactions **(Continued)**

In September 2003 the company entered into transactions in the ordinary course of business for the duration of the project agreement with its management service provider Vercity Social Infrastructure (UK) Limited. Vercity Holdings Limited, the parent company of Vercity Social Infrastructure (UK) Limited, is owned by Innisfree M&G PPP LP, a fund co-managed by Innisfree Limited and M&G Investment Management Limited. Innisfree Limited also manages the funds invested in the company.

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	**2024** **£000**	**2023** **£000**
Innisfree Continuation Fund	49,017	47,096
Innisfree PFI Secondary Fund	5,228	5,024
Innisfree PFI Secondary Fund 2 LP	11,111	10,675
Vercity Social Infrastructure (UK) Limited	156	124

17 Ultimate controlling party

The company's immediate parent is Derby Healthcare (Holdings) Limited incorporated in the United Kingdom, registered at 8 White Oak Square, London Road, Swanley, Kent BR8 7AG. Innisfree Nominees Limited, acting on behalf of Innisfree PFI Continuation Fund (75%), Innisfree PFI Secondary Fund (8%) and Innisfree PFI Secondary Fund 2 LP (17%), holds legal title to the entire issued share capital of Derby Healthcare (Holdings) Limited.

The ultimate controlling party is Innisfree PFI Continuation Fund.

The largest and smallest group in which the results of the company are consolidated is that headed by Derby Healthcare (Holdings) Limited. The consolidated financial statements of this group are available to the public and may be obtained from 8 White Oak Square, London Road, Swanley, Kent BR8 7AG.