

Hull Citycare (Fundco 6) Limited
Annual report and financial statements
for the year ended 31 December 2018

Registered Number 10303898

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Hull Citycare (Fundco 6) Limited

Annual report and financial statements for the year ended 31 December 2018

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Hull Citycare (Fundco 6) Limited

Directors' report for the year ended 31 December 2018

The company has taken the exemption under Section 414B of the Companies Act 2006 from presenting a strategic report by virtue of the fact that the company is small.

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2018.

Principal activities

The Company's principal activity during the year was the development, design and construction of primary health care facilities. Construction was completed during the year, with facilities now operated by the Company.

Results and dividends

The Company's profit for the year ended 31 December 2018 was £75,880 (2017: £Nil).

The Company has net cash of £819,642 (2017: £2,395,657).

No dividends were paid during the year. The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2018 (2017: £Nil). The profit for the financial year of £75,880 (2017: £Nil) has been added to reserves.

Directors

The directors of the Company who were in office during the period and up to date of signing the financial statements were:

D A Leedham

P E Sewell

Director indemnities

Qualifying third party indemnity provisions as defined by Section 234 of the Companies Act were in place throughout the year.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Due to the ongoing period of low interest rates, the Company has continued to adopt the policy of borrowing at fixed rates when refinancing. The board reviews this policy on a regular basis. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Hull Citycare (Fundco 6) Limited

Directors' report for the year ended 31 December 2018 (continued)

Price risk

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits.

The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors and such approval is generally limited to financial institutions with an A rating or better. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board.

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at variable rates and finance leases which are at fixed rates. In recent years the Company has changed to borrowing at fixed rates. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Going concern

The directors believe preparing the financial statements on the going concern basis is appropriate as per the accounting policy on page 12.

Hull Citycare (Fundco 6) Limited

Directors' report for the year ended 31 December 2018 (continued)

Statement of directors' responsibilities

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 year. 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 to 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.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report was approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, RSM UK Audit LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Hull Citycare (Fundco 6) Limited

Directors' report for the year ended 31 December 2018 (continued)

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

This report was approved by the board and signed on its behalf.

D A Leedham
Director



Date: 19 September 2019

Independent auditors' report to the members of Hull Citycare (Fundco 6) Limited

Opinion

We have audited the financial statements of Hull Citycare (Fundco 6) Limited (the 'company') for the year ended 31 December 2018 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Independent auditors' report to the members of Hull Citycare (Fundco 6) Limited (continued)

Other information (continued)

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

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

- the information given in the directors' report for the financial year 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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors report.

Independent auditors' report to the members of Hull Citycare (Fundco 6) Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

RICHARD LEWIS (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Date

19/9/2019

Hull Citycare (Fundco 6) Limited

Income statement for the year ended 31 December 2018

		Year ended 31 December 2018	Period ended 31 December 2017(restated)
	Note	£	£
Turnover	2	2,064,993	8,217,934
Cost of sales		(2,033,001)	(8,155,880)
Gross profit		31,992	62,054
Administrative expenses		(95,478)	(91,129)
Operating loss	3	(63,486)	(29,075)
Interest receivable and similar income		507,621	197,976
Interest payable and similar expenses	5	(350,456)	(168,901)
Profit before tax		93,679	-
Tax on profit	6	(17,799)	-
Profit for the financial year		75,880	-

All of the above results are derived from continuing operations.

There is no other comprehensive income for the financial year.

Hull Citycare (Fundco 6) Limited

Statement of financial position as at 31 December 2018

	Note	31 December 2018 £	31 December 2017 (restated) £
Current assets			
Debtors: amount falling due within one year	7	348,760	8,349,113
Debtors: amount falling due after more than one year	7	9,929,334	-
Cash at bank and in hand		819,642	2,395,657
		11,097,736	10,744,770
Current liabilities			
Creditors: amounts falling due within one year	9	(1,455,860)	(1,868,488)
Net current assets		9,641,876	8,876,282
Total assets less current liabilities		9,641,876	8,876,282
Creditors: amounts falling due after more than one year	10	(9,564,996)	(8,875,282)
Net assets		76,880	1,000
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account		75,880	-
Total equity		76,880	1,000

The financial statements on pages 8 to 24 were approved by the board of directors and authorised for issue on 19 September 2019 and were signed on its behalf by:

D A Leedham
Director



Registered number 10303898

Hull Citycare (Fundco 6) Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total equity £
Balance as at 29 July 2016	-	-	-
Result for the financial period	-	-	-
Ordinary shares issued	1,000	-	1,000
Balance at 31 December 2017	1,000	-	1,000
Profit for the financial year	-	75,880	75,880
Balance as at 31 December 2018	1,000	75,880	76,880

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

General Information

Hull Citycare (Fundco 6) Limited ('the Company') operates as a provider of primary health care facilities.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Geneva Way, Leads Road, Hull, North Humberside, HU7 0DG.

Basis of accounting

The individual financial statements of Hull Citycare (Fundco 6) Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

These financial statements are prepared on the going concern basis, in accordance with applicable UK Accounting Standards, under the historical cost convention.

Correction of prior period error

During the preparation of the financial statements to 31 December 2018, it became apparent that the prior period contained several errors relating to the accounting treatment of the health centre under construction.

The financial statements to 31 December 2017 accounted for the partially completed health centre building within fixed assets as an asset under construction. A subsequent review of the contract documentation confirmed that this building should not be accounted for as a tangible fixed asset, as under the terms of the contract the building is under the control of the customer with all the risks and rewards of ownership substantially transferring to the customer. The asset should have therefore been accounted for as a service concession asset with the costs from the commencement of construction for the partially constructed health centre at 31 December 2017 being treated as amounts recoverable under contract (being the service concession asset partially constructed) within debtors due within one year.

The income statement has also been restated to reflect the value of the works to 31 December 2017 as turnover and also to reflect the subsequent administration expenses, interest payable and finance asset interest receivable.

The details of the prior period adjustment can be found in note 13.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in policy "Critical judgements and estimates in applying the accounting policies" below.

Going concern

The financial statements have been prepared on a going concern basis as the company has net assets and the completed health centre development continues to trade at least in line with the financial model which shows the centre being profitable and cash generative over its life. The directors have also prepared cash flow forecasts which indicate that the company has sufficient resources to meet its working capital requirements for a period of at least 12 months from the date of the approval of the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- (iii) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

The financial statements of the company are consolidated in the financial statements of Hull Citycare (Investments) Limited. The consolidated financial statements of Hull Citycare (Investments) Limited are available from its registered office, Geneva Way, Leads Road, Hull, HU7 0DG.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Functional and presentational currencies

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

The company had had no foreign currency transactions or balances.

Finance asset and revenue recognition

The company is accounting for the service concession asset on the basis that all risks and rewards of ownership are substantially transferred to the customer. Consequently the costs incurred by the company in the design and construction of the assets have been treated as a finance asset within these financial statements.

The company is an operator of a Private Equity Initiative (PFI) contract in which the company has constructed an asset on land under the control of the customer. It is therefore deemed that the customer controls the concession asset as the company does not have legal title over the land the asset is constructed on and the asset transfers to the customer at the end of the contract term of 25 years. With this arrangement the costs incurred on the design and construction of the assets have been treated as a finance asset within these financial statements.

During the construction phase of the concession, all attributable expenditure is included in amounts recoverable on contracts (the service concession asset) and turnover. On completion of the construction phase the amounts recoverable on contracts are transferred to finance asset. During the operational phase invoiced amounts net of value added tax are allocated between interest receivable and the finance asset using a project specific interest rate.

The company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services. Maintenance costs are recognised on an incurred basis and revenue receivable in respect of these services is recognised when the services are performed.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Taxation

Taxation expense for the period comprises current tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Cash and cash equivalents

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, amounts recoverable under finance assets and amounts owed by Group undertakings are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the income statement.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

If there is 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 the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts owed to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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 to liability simultaneously.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Critical judgements and estimates in applying the accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee, or the lessee where the company is a lessor.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Turnover

Turnover is generated from the principal activity of the company. All turnover arose within the United Kingdom.

3 Operating loss

The audit fees have been borne by another group company.

4 Employee information

	Year ended 31 December 2018	Period ended 31 December 2017
The average monthly number (including executive directors) employed by the Company during the year was:		
Management and administration	2	2
	2	2

The company has no employees other than the directors who did not receive any remuneration in respect of their services to the company.

5 Interest

	Year ended 31 December 2018 £	Period ended 31 December 2017 (restated) £
Interest receivable and similar income		
Finance asset interest	507,621	197,976
Interest payable and similar charges		
Bank loans	350,456	168,901

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

6 Tax on profit

(a) Tax expense included in profit or loss

	Year ended 31 December 2018 £	Period ended 31 December 2017 £
Current tax:		
UK corporation tax on profit for the period	17,799	-
Total current tax	17,799	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on profit	17,799	-

(b) Reconciliation of tax charge

The tax assessed for the year is equal to the standard effective rate of corporation tax in the UK for the year ended 31 December 2018 of 19%. The differences are explained below:

	Year ended 31 December 2018 £	Period ended 31 December 2017 £
Profit on ordinary activities before taxation	93,679	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	17,799	-
Effects of:		
Impact of change in tax rate	-	-
Total tax charge	17,799	-

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

6 Tax on profit (continued)

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017. The main rate of corporation tax reduced from 20% to 19% from 1 April 2017. Further reductions to the UK tax rate have been announced and will reduce the rate by 1% per annum to 17% by 2020. The change to 17% from 1 April 2020 was substantively enacted on 6 September 2017. As this had been substantively enacted at the balance sheet date, this rate has been applied to the financial statements and deferred tax has been measured at 17%.

7 Debtors

	2018 £	2017 (restated) £
Amounts falling due within one year		
Amounts recoverable on contracts	-	8,217,934
Finance asset (note 8)	323,989	-
Amounts owed by group undertakings	1,000	1,000
Other debtors	-	130,179
Prepayments and accrued income	23,771	-
	348,760	8,349,113
Amounts falling due after more than one		
Finance asset (note 8)	9,929,334	-
	9,929,334	-

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Finance asset

	31 December 2018 £	31 December 2017 £
Amounts receivable under finance asset		
Within one year	323,989	-
In the second to fifth years inclusive	1,318,301	-
After five years	8,611,033	-
	10,253,323	-

9 Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans (note 11)	323,891	207,729
Amounts owed to group undertakings	847,477	1,390,546
Other taxes and social security	41,540	-
Corporation tax	17,799	-
Other creditors	1,000	1,000
Accruals and deferred income	224,153	269,213
	1,455,860	1,868,488

Amounts owed to group undertakings are unsecured, interest free and have no set repayment date.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans (note 11)	9,564,996	8,875,282
	9,564,996	8,875,282

11 Loans and other borrowings

	2018 £	2017 £
Bank loans	9,888,887	9,083,011

The interest on the bank loans is as follows;

£9,888,887 (2017: £9,083,011) bearing interest at 3.4% and repayable by September 2040.

The bank loans are secured by way of debentures over the assets of the company.

The maturity of the bank loans is as follows:

	2018 £	2017 £
Not later than one year	323,891	207,729
Later than one year and not later than five years	1,520,977	1,307,052
Later than five years	8,044,019	7,568,230
	9,888,887	9,083,011

12 Called up share capital

	2018 £	2017 £
Authorised		
1,000 (2017 : 1,000) ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 (2017 : 1,000) ordinary shares of £1 each	1,000	1,000

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

13 Prior period adjustment

During the preparation of the financial statements to 31 December 2018 it became apparent that the prior period contained several errors relating to the accounting treatment of the health centre under construction.

Restatement of Income statement for the period ended 31 December 2017	As previously reported £	Adjustment £	As restated £
Turnover	-	8,217,934	8,217,934
Cost of sales	-	(8,155,880)	(8,155,880)
Administrative expenses	-	(91,129)	(91,129)
Interest receivable and similar income	-	197,976	197,976
Interest payable and similar expenses	-	(168,901)	(168,901)
Restatement of Financial position as at 31 December 2017			
Tangible fixed assets	8,217,934	(8,217,934)	-
Debtors: amounts falling due within one year	13,179	8,217,934	8,349,113

The financial statements to 31 December 2017 accounted for the partially completed health centre building within fixed assets as an asset under construction. A subsequent review of the contract documentation confirmed that this building should not be accounted for as a tangible fixed asset, as under the terms of the contract the building is under the control of the customer with all the risks and rewards of ownership substantially transferring to the customer. The asset should have therefore been accounted for as a service concession asset with the costs from the commencement of construction for the partially constructed health centre at 31 December 2017 being treated as amounts recoverable under contract (being the service concession asset partially constructed) within debtors due within one year.

The income statement has also been restated to reflect the value of the works to 31 December 2017 as turnover and also to reflect the subsequent administration expenses, interest payable and finance asset interest receivable.

These adjustments have nil effect on profit for the financial year ended 31 December 2017.

Hull Citycare (Fundco 6) Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

14 Related party transactions

Transactions between the Company and its related parties during the year were as follows:

Name of company	Type of transaction	31 December 2018		31 December 2017	
		Turnover amount £	Balance due £	Turnover amount £	Balance due £
Sewell Facilities Management Limited	Purchase of facilities management services	68,643	-	-	-
Community Health Partnerships Limited	Turnover	735,200	-	-	-
Sewell Construction Limited	Purchase of construction and development services	2,285,019	135,411	6,637,150	202,086

Sewell Facilities Management Limited is a subsidiary undertaking of Sewell Group Limited which is a shareholder of Hull Citycare (Investments) Limited.

Community Health Partnerships Limited are shareholders of Hull Citycare Limited and tenants of Hull Citycare (Fundco 6) Limited.

Sewell Construction Limited is a subsidiary undertaking of Sewell Group Limited which is a shareholder of Hull Citycare (Investments) Limited.

15 Controlling parties

The immediate parent undertaking is Hull Citycare (Intermediate 6) Limited.

The parent undertaking of the smallest group to consolidate financial statements is Hull Citycare Limited.

The ultimate parent undertaking is Hull Citycare (Investments) Limited, a company jointly controlled by the Sewell Group Limited and Cardale PFI Investments Limited.

Copies of the consolidated financial statements of Hull Citycare (Investments) Limited can be obtained from its registered office, Geneva Way, Leads Road, Hull, HU7 0DG.

16 Contractual obligations

At 31 December 2018 the company has commitments as follows:

	31 December 2018 £	31 December 2017 £
Contracted for but not provided in these financial statements	-	2,207,622