

GH Clayhill Limited

**Annual report and financial statements
for the year ended 31 March 2014**

Registration number: 4290820



GH Clayhill Limited

Annual report and financial statements for the year ended 31 March 2014

	Page
Directors and advisors	1
Strategic report for the year ended 31 March 2014	2
Directors' report for the year ended 31 March 2014	3
Independent auditors' report to the members of GH Clayhill Limited	5
Profit and loss account for the year ended 31 March 2014	7
Balance sheet as at 31 March 2014	8
Notes to the financial statements for the year ended 31 March 2014	9

GH Clayhill Limited

Directors and advisors

Directors C J Blundell
A Dane
R Little

Company secretary Semperian Secretariat Services Limited

Registered office Third Floor
Broad Quay House
Prince Street
Bristol
BS1 4DJ

Independent auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
31 Great George Street
Bristol
BS1 5QD

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GH Clayhill Limited

Strategic report for the year ended 31 March 2014

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

Results, principal activities and review of business

The company is engaged in the development, funding, construction and operation of serviced student halls of residence for Kingston University. The project met the target date for services to commence in November 2003.

The directors have reviewed the company's projected profits and cash flows by reference to a financial model covering accounting periods up to November 2035. Having examined the current status of the company's principal contracts and likely developments in the foreseeable future the directors consider that the company will be able to settle its liabilities as they fall due, for the foreseeable future, and accordingly the financial statements have been prepared on a going concern basis.

The profit for the year is set out in the profit and loss account on page 7. The directors consider the performance of the company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

Principal risks and uncertainties

The company has taken on the activity, as detailed above, and is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the Directors' report.

Key performance indicators ('KPIs')

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business.

By order of the Board



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On behalf of **Samperian Secretariat Services Limited**
Company secretary

01 AUG 2014

GH Clayhill Limited

Registration number: 4290820 Directors' report for the year ended 31 March 2014

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

Future developments

No significant changes are expected to the company's activities, as set out in the Strategic Report, in the foreseeable future.

Dividends and transfers to reserves

A dividend of £316,016 (£12.64 per ordinary share) was paid during the year, (2013: £131,019, £5.24 per ordinary share).

Financial risk management

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:

Interest rate risk

The senior debt interest has been fixed through the use of fixed funding rates, plus a margin, as set out in note 10.

Inflation risk

The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Liquidity risk

The company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

Credit risk

The company receives the majority of its revenue from Kingston University and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

Major maintenance replacement risk

The company takes the risk that its projections for ongoing major maintenance replacement of the building and relevant equipment are adequate. These projections have been agreed with third parties and are subject to regular review by the directors.

Directors of the company

The directors of the company during the year, and up to the date of signing the financial statements, are set out below:

A E Birch (resigned 11 February 2014)

C J Blundell

B Ravi Kumar (appointed 11 February 2014 and resigned 30 June 2014)

The following directors were appointed after the year end:

A Dane (appointed 27 June 2014)

R Little (appointed 30 June 2014)

GH Clayhill Limited

Directors' report for the year ended 31 March 2014 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

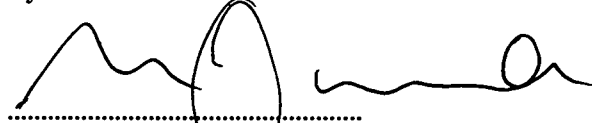
Statement of disclosure of information to auditors

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 PricewaterhouseCoopers LLP ('PwC') are unaware, and the director has 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 PwC are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office.

By order of the Board



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On behalf of Semperian Secretariat Services Limited
Company secretary

01 AUG 2014

GH Clayhill Limited

Independent auditors' report to the members of GH Clayhill Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by GH Clayhill Limited comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of principal accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

GH Clayhill Limited

Independent auditors' report to the members of GH Clayhill Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.



.....
Paul Nott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

5 August 2014

GH Clayhill Limited

Profit and loss account for the year ended 31 March 2014

	Note	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Turnover	1	1,118,555	1,080,228
Cost of sales		(609,891)	(594,063)
Gross profit		508,664	486,165
Administrative expenses		(73,187)	(92,854)
Operating profit	2	435,477	393,311
Interest receivable and similar income	3	1,734,667	1,754,688
Interest payable and similar charges	4	(1,802,652)	(1,801,733)
Profit on ordinary activities before taxation		367,492	346,266
Tax on profit on ordinary activities	5	10,318	(45,813)
Profit for the financial year	13	377,810	300,453

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

There are no material differences between the profit for the period on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

The movements on reserves are shown in note 13 to the financial statements.

GH Clayhill Limited

Balance sheet as at 31 March 2014

	Note	31 March 2014 £	31 March 2013 £
Current assets			
Debtors: amounts falling due within one year	7	3,577,393	3,486,838
Debtors: amounts falling due after more than one year	8	23,109,979	23,153,646
Cash at bank and in hand		3,409,847	3,189,304
		30,097,219	29,829,788
Creditors: amounts falling due within one year	9	(1,174,686)	(1,027,510)
Total assets less current liabilities		28,922,533	28,802,278
Creditors: amounts falling due after more than one year	10	(27,917,122)	(27,848,343)
Provisions for liabilities	11	(639,191)	(649,509)
Net assets		366,220	304,426
Capital and reserves			
Called up share capital	12	25,000	25,000
Profit and loss account	13	341,220	279,426
Total shareholders' funds	13	366,220	304,426

The financial statements on pages 7 to 17 were approved by the Board on01 AUG 2014..... and signed on its behalf by:



.....
A Dane
Director

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014

1 Principal accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, is set out below:

Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting and financial reporting standards in the United Kingdom.

Turnover

Turnover represents the value of work done and services rendered, excluding sales related taxes. All turnover originates in the United Kingdom. The company recognises income when it has fully fulfilled its contractual obligations. In accordance with Financial Reporting Standard 5 – Application Note G, the company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the company, within the financial statements as turnover and operating costs. Transactions to which the company does not have access to all the significant benefits and risks are excluded from the financial statements.

Finance debtor and interest receivable

In accordance with Financial Reporting Standard (FRS) 5 - Application Note F, the costs incurred in constructing the assets have been treated as a finance debtor. This treatment arose from applying the guidance within the application note which indicated that the project's principal agreements transfer substantially all the risks and rewards relating to the property to the customer.

The finance debtor represents the costs arising on the construction of the assets including initial tender costs. During asset construction, finance debtor interest income is recognised on an accruals basis and is capitalised within the finance debtor receivable. Once the project reached its operational phase and was accepted by the customer a constant proportion of the planned net revenue arising from the project was allocated to remunerate the finance debtor. Imputed interest receivable is allocated to the finance debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term the finance debtor is expected to be fully repaid.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

1 Principal accounting policies (continued)

Major maintenance replacement

As noted in the directors' report, the company is responsible for the major maintenance replacement risk associated with its principal activity. Where appropriate, income is deferred to future periods, based on a forecast of the future major maintenance expenditure, in order to match that element of income with the costs to which it relates. The turnover and costs of sales are recorded, in the profit and loss account, in the period in which the costs of major maintenance replacement are incurred.

Debt issue costs

Debt issue costs directly incurred have been offset against the related debt and will be charged to the profit and loss account at a constant rate on the carrying value of the debt.

Interest rate swaps

Interest rate swaps are used to hedge the company's exposure to movements on interest rates. The interest payable on such swaps is accrued in the same way as interest arising on the related borrowings. Interest rate swaps are valued using market value, for disclosure purposes.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company's ultimate parent undertaking, Semperian PPP Investment Partners Holdings Limited, prepares a consolidated cash flow statement, in which the company's cash flows are included.

2 Operating profit

The company had no employees, other than the directors, during the year (2013: none). The emoluments of the directors are paid by the controlling parties. The directors services to this company and to a number of fellow group companies are primarily of a non executive nature and their emoluments are deemed to be wholly attributable to the controlling parties. The controlling parties charged £nil (2013: £nil) to the company in respect of these services.

The audit fee in respect of the company was £8,000 for the year (2013: £7,000). In addition, the company bore £2,000 in respect of the audit fee for its parent company during the year (2013: £2,000).

3 Interest receivable and similar income

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Imputed interest receivable on finance debtor	1,655,614	1,655,127
Interest receivable on bank deposits	9,911	32,165
Interest receivable on loan to group undertakings	69,142	67,396
	1,734,667	1,754,688

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

4 Interest payable and similar charges

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Interest payable on senior debt	1,768,784	1,767,783
Amortisation of debt issue costs	33,868	33,950
	1,802,652	1,801,733

5 Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Current tax:		
Total current tax	-	-
Deferred tax (note 11)		
Origination and reversal of timing differences	85,561	81,843
Adjustment in respect of prior periods	-	(7,791)
Impact of tax rate adjustment	(95,879)	(28,239)
Tax (credit)/charge on profit on ordinary activities	(10,318)	45,813

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

5 Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Profit on ordinary activities before taxation	367,492	346,266
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	84,523	83,104
Effects of:		
Permanent differences	1,038	(1,260)
Movement in accelerated capital allowances	(104,729)	(136,893)
(Decrease)/increase in unutilised tax losses carried forward	38,396	69,483
Other short term timing differences	(19,228)	(14,434)
Current tax (credit)/charge for the year (note 5(a))	-	-

(c) Factors that may affect future tax charges

The current tax charge will continue to be affected by timing differences, although these timing differences will have an opposite impact on the deferred tax charge so there should be no overall impact on the tax charge.

Finance Act 2013 included legislation to reduce the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The deferred tax liability at 31 March 2014 has been re-measured accordingly.

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

6 Dividends

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Equity:		
Dividends paid - £12.64 per share (2013: £5.24 per share)	316,016	131,019

7 Debtors: amounts falling due within one year

	31 March 2014 £	31 March 2013 £
Trade debtors	7,200	7,200
Finance debtor	43,670	12,888
Prepayments and accrued income	15,630	25,000
Amounts owed by group undertakings	3,510,893	3,441,750
	3,577,393	3,486,838

The amounts due from group undertakings represent a loan of £3,158,308 (2013: £3,158,308) and accrued interest of £352,585 (2013: £283,442). The loan is unsecured, repayable on demand and has an interest rate of 12 month Base plus 1.75% and whilst it is repayable on demand the company has no intention of recalling this loan in the foreseeable future.

8 Debtors: amounts falling due after more than one year

	31 March 2014 £	31 March 2013 £
Finance debtor	23,109,979	23,153,646

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

9 Creditors: amounts falling due within one year

	31 March 2014 £	31 March 2013 £
Senior debt	311,049	209,223
Trade creditors	72,456	63,805
Accruals and deferred income	775,875	754,482
Amounts owed to group undertakings	15,306	-
	1,174,686	1,027,510

10 Creditors: amounts falling due after more than one year

(a) Debt

	31 March 2014 £	31 March 2013 £
Senior debt	26,470,902	26,474,559
Less: included in creditors falling due within one year	(311,049)	(209,223)
Less: unamortised issue costs	(540,998)	(574,866)
	25,618,855	25,690,470
Accruals and deferred income	2,298,267	2,157,873
	27,917,122	27,848,343

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

10 Creditors: amounts falling due after more than one year (continued)

(b) Maturity of debt

	31 March 2014 £	31 March 2013 £
Less than one year	344,900	243,093
Between one and two years	417,621	344,900
Between two and five years	1,628,928	1,437,779
In more than five years	24,079,453	24,448,787
	26,470,902	26,474,559
Less: included in creditors falling due within one year	(311,049)	(209,223)
Less: unamortised issue costs	(540,998)	(574,866)
	25,618,855	25,690,470

The senior loans are repayable under fixed repayment schedules on a monthly or six-monthly basis by 2036. The bank loans are secured over the finance debtor and the underlying cash flows thereon. The three loans are matched by interest rate swaps, which fix the interest on the loans at 5.86%, 5.15% and 4.78%, plus margin, respectively over the loan periods. The fair value of this class of derivative financial instruments at 31 March 2014 is £(8,363,516) (2013: £(11,236,855)).

All other amounts owed to or owed by group undertakings are interest free, unsecured and repayable on demand.

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

11 Provisions for liabilities

	31 March 2014 £	31 March 2013 £
Deferred taxation	639,191	649,509

The movements in deferred taxation during the year are as follows:

	31 March 2014 £	31 March 2013 £
At beginning of year	649,509	603,696
Charge to the profit and loss account (note 5(a))	(10,318)	45,813
At end of year	639,191	649,509

The deferred tax liability consists of:

Accelerated capital allowances	1,855,632	2,029,248
Other timing differences	279,206	301,859
Tax losses recognised	(1,495,647)	(1,681,598)
	639,191	649,509

12 Called up share capital

	31 March 2014 £	31 March 2013 £
Allotted and fully paid		
25,000 Ordinary shares of £1 each	25,000	25,000

GH Clayhill Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

13 Reconciliation of movements in total shareholders' funds and reserves

	Share capital £	Profit and loss account £	Total Shareholders' funds £
At 1 April 2012	25,000	109,992	134,992
Profit for the financial year	-	300,453	300,453
Dividends paid (note 6)	-	(131,019)	(131,019)
At 1 April 2013	25,000	279,426	304,426
Profit for the financial year	-	377,810	377,810
Dividends paid (note 6)	-	(316,016)	(316,016)
At 31 March 2014	25,000	341,220	366,220

14 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is GH Clayhill Holdings Limited, registered in England and Wales.

The ultimate parent undertaking and controlling party is Semperian PPP Investment Partners Holdings Limited which is registered in Jersey. The smallest group and largest group to consolidate these financial statements is Semperian PPP Investment Partners Holdings Limited.

Consolidated financial statements for Semperian PPP Investment Partners Holdings Limited can be obtained from the Company Secretary at Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.

15 Related party transactions

As a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited, the company has taken advantage of the exemption under Financial Reporting Standard 8 - 'Related Party Disclosures' of the requirement to disclose transactions between it and other group companies.