

COMMUNITY HEALTH PARTNERSHIPS LIMITED

Annual report and financial statements  
For the year ended 31 March 2009

TUESDAY



\*P70BDC12\*

PC5

18/08/2009

700

COMPANIES HOUSE

Company number: 4220587

## COMMUNITY HEALTH PARTNERSHIPS LIMITED

### DIRECTORS' REPORT

For the year ended 31 March 2009

The Directors present their report together with the audited financial statements of Community Health Partnerships Limited ("the Company") for the year ended 31 March 2009.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was set up to provide procurement support in respect of investment in community-based healthcare facilities through public private partnerships under the National Health Service Local Improvement Finance Trust ("LIFT") Programme. 47 LIFT companies have been established as at 31 March 2009 and one further LIFT company was in procurement. The Company receives a procurement fee in respect of each newly established LIFT company and it recognises revenue from such advisory assignments on a percentage of completion basis when the outcome becomes reasonably certain.

The Company invests equity and subordinated debt in the LIFT companies and the projects being undertaken by the LIFT companies, often structured via special purpose companies. During the current financial year the Company's investment portfolio has increased from £34,018,730 to £38,918,522.

### RESULTS AND DIVIDEND

The Company's profit after tax for the year was £1,948,236 (2008: £1,860,770). The Company made a charitable donation of £500 (2008: £500).

The Directors do not propose the payment of a dividend for the year (2008: £ nil).

### CAPITAL AND FINANCE

#### Authorised and Issued share capital

The Company had no changes to its authorized and issued share capital during the year.

On 10 December 2007, the Company increased its authorised ordinary shares by 20,000,000 to 60,000,000 shares. On 19 March 2008, the Company increased its issued share capital by £5,000,000 to £37,500,000. All the issues of shares were for cash of £1 per share at par value.

#### Loan Facility 2033

The Company entered a loan agreement on 15 February 2008 and drew down the £10,000,000 Unsecured Loan Facility 2033 in full. The additional funding is to finance the Company's investments in its LIFT activities.

## COMMUNITY HEALTH PARTNERSHIPS LIMITED

### DIRECTORS' REPORT (continued)

#### EMPLOYEES

During the year the Company has used a combination of employed staff, staff seconded from the Department of Health and other NHS organisations, and consultants retained under short-term contract.

#### DIRECTORS

The Directors of the Company who served in the year, and their dates of appointment or resignation where relevant, are as follows:

	Date of appointment or reappointment	Date of resignation
Dr Richard Baldwin (Executive Chairman)		
Nigel Beer	1 May 2008	
David Behan CBE		
Anthony Bicknell	20 June 2008	3 April 2009
Peter Coates CBE		
Dr Susanna Davidson (nee O'Connell)		
Dr Anthony Everington OBE		
George Farley	20 June 2008	6 May 2009
Dr Roy Macgregor		
John Pope OBE		21 April 2008

#### SHAREHOLDER

At 31 March 2009, the issued shares of the Company were held as follows:

	Shares	Percentage holding
Ordinary shares		
The Secretary of State for Health	<u>37,500,000</u>	<u>100 %</u>

## COMMUNITY HEALTH PARTNERSHIPS LIMITED

### DIRECTORS' REPORT (continued)

#### CORPORATE GOVERNANCE

The Board has established Audit, Investment and Remuneration Committees to undertake its activities in these areas, operating under delegated authority from the Board. The membership of the respective Committees during the year, which includes shareholder representatives (\*) in addition to Board members, was as follows:

	Audit Committee	Investment Committee	Remuneration Committee
Dr Richard Baldwin	√	√	√
Nigel Beer	√		√
Peter Coates CBE			√
Joe Clyne *	√		
Dr Anthony Everington OBE			√
Nick Rose *		√	

The Chairman of the Audit Committee until 23 July 2008 was Dr Richard Baldwin, he is not wholly independent as he also serves as Executive Chairman of the Company. Effective 23 July 2008, Nigel Beer was appointed Chairman of the Audit Committee. Effective 1 November 2007, Dr Anthony Everington OBE was appointed Chairman of the Remuneration Committee.

The Board has agreed that full compliance with the requirements of the Financial Reporting Council's Combined Code on Corporate Governance, annexed to the Listing Rules of the Financial Services Authority, would be excessive for a company of this nature.

## COMMUNITY HEALTH PARTNERSHIPS LIMITED

### DIRECTORS' REPORT (continued)

#### FINANCIAL RISK MANAGEMENT

The Company has borrowings of £10,000,000 as at 31 March 2009. The Company receives interest income from its investment portfolio and on its cash balances. The interest payments on its investments in subordinated debt are generally based on fixed interest rates whilst the Company generally receives a floating rate of interest on its cash balances. The Company does not hold any derivative financial instruments to manage interest rate risk and no other interest rate hedging is considered necessary.

The Company is exposed to fluctuations in the market value of its portfolio investments, which are accounted for at cost in accordance with the accounting policy set out in Note 1 to the accounts. It is also exposed to counterparty credit risk in respect of the payments of interest and capital on subordinated debt advanced to LIFT companies. These risks are managed through the Company's representation on the boards of the LIFT companies, the regular monitoring of information provided by the LIFT companies, and through the scrutiny provided by the Investment Committee and the Company's dedicated investment management function.

Separate from its investment activities the Company also provides procurement support and advisory services primarily for public sector entities and consequently has low counterparty credit risk in respect of these activities.

The Company monitors on a regular basis all anticipated commitments to fund additional investments, to ensure that these are matched by available funds. Additional funding is obtained from the Company's shareholder, as and when necessary, through the issue of new shares or debt funding. The Company's surplus cash balances are held on deposit with major banks and can be accessed without giving significant periods of notice.

The Company's transactions are all denominated in Sterling and hence it does not have an exposure to foreign currencies.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the Company's state of affairs and of its profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

## COMMUNITY HEALTH PARTNERSHIPS LIMITED

### DIRECTORS' REPORT (continued)

The Directors are responsible for keeping proper accounting records which 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 1985. 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

The Directors confirm that, for all Directors in office at the date of this report:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- Each Director has taken all reasonable steps that he/she ought to have taken in his/her duty as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

By order of the Board



P B Webster

31 July 2009

Secretary

New Kings Beam House,  
22 Upper Ground,  
London  
SE1 9BW

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMUNITY HEALTH PARTNERSHIPS LIMITED**

We have audited the financial statements of Community Health Partnerships Limited for the year ended 31<sup>st</sup> March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31<sup>st</sup> March 2009 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
12 August 2009



# COMMUNITY HEALTH PARTNERSHIPS LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover	2	2,780,202	2,325,501
Administrative expenses		(4,452,634)	(3,494,476)
Operating loss		<u>(1,672,432)</u>	<u>(1,168,975)</u>
Interest income	6	4,764,619	3,873,753
Interest payable:			
Unsecured Loan Facility 2033	11	(375,979)	(43,151)
Profit on ordinary activities before taxation	3	<u>2,716,208</u>	<u>2,661,627</u>
Tax on profit on ordinary activities	7	(767,972)	(800,857)
Profit on ordinary activities for the financial year	13	<u>1,948,236</u>	<u>1,860,770</u>

There are no recognised gains or losses other than the profit for the financial year.

The Company's results are wholly attributable to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years, as reported above, and their historical cost equivalents.

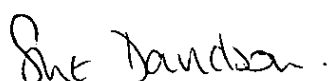
The notes on pages 12 to 22 form an integral part of these financial statements.

COMMUNITY HEALTH PARTNERSHIPS LIMITED


BALANCE SHEET as at 31 March 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Portfolio investments	8	38,918,522	34,018,730
CURRENT ASSETS			
Debtors	9	1,191,262	849,666
Cash at bank		<u>16,064,270</u>	<u>19,945,116</u>
		17,255,532	20,794,782
Creditors: amounts falling due within one year	10	<u>(2,241,291)</u>	<u>(2,828,985)</u>
NET CURRENT ASSETS		15,014,241	17,965,797
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>53,932,763</u>	<u>51,984,527</u>
Creditors: amounts falling due after more than one year	11	(10,000,000)	(10,000,000)
NET ASSETS		<u>43,932,763</u>	<u>41,984,527</u>
CAPITAL AND RESERVES			
Called up share capital	12	37,500,000	37,500,000
Profit and loss account	13	6,432,763	4,484,527
EQUITY SHAREHOLDER'S FUNDS	14	<u>43,932,763</u>	<u>41,984,527</u>

Approved by the Board on 31 July 2009 and signed on its behalf:



Dr. S Davidson  
Director

  
R Baldwin  
Director

The notes on pages 12 to 22 form an integral part of these financial statements.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2009

	Note	2009 £	2008 £
Cash (outflow)/inflow from operating activities	16	(1,851,623)	356,705
Returns on investments and servicing of finance:			
Interest received		3,245,983	2,089,454
Interest paid		<u>(322,130)</u>	<u>-</u>
		2,923,853	2,089,454
Taxation paid		(1,128,994)	(259,278)
Investment:			
Repayment of subordinated debt	8	207,936	431,263
Purchase of new investments	8	<u>(4,032,018)</u>	<u>(4,414,206)</u>
		(3,824,082)	(3,982,943)
Cash outflow before financing		<u>(3,880,846)</u>	<u>(1,796,062)</u>
Financing:			
Issue of share capital	12	-	5,000,000
Increase in debt	11	-	10,000,000
		<u>-</u>	<u>15,000,000</u>
(Decrease)/increase in cash in the year		<u>(3,880,846)</u>	<u>13,203,938</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash		(3,880,846)	13,203,938
Increase in debt		-	(10,000,000)
		<u>(3,880,846)</u>	<u>3,203,938</u>
Change in net funds resulting from cash flows		9,945,116	6,741,178
Net funds 1 April		<u>9,945,116</u>	<u>6,741,178</u>
Net funds 31 March	17	<u>6,064,270</u>	<u>9,945,116</u>

The notes on pages 12 to 22 form an integral part of these financial statements.

# COMMUNITY HEALTH PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### 1 ACCOUNTING POLICIES

#### **Basis of accounting**

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

The Directors have reviewed the Company's accounting policies and they are satisfied that the policies comply with the requirements of Financial Reporting Standard (FRS) 18 "Accounting Policies". The accounting policies have been applied consistently.

#### **Turnover**

Turnover comprises revenue from the Company's procurement support activities, directors' fees received from LIFT companies, and income from other advisory services and grants. All turnover arises from continuing activities within the United Kingdom.

Revenue from procurement support agreements and grants is recognised on the basis described below. Other revenue is recognised as it is earned.

#### **Procurement support**

The Company's procurement support agreements are accounted for as long-term contracts as their activity falls into different accounting periods. Revenue from these contracts comprises the value of the work carried out and is recognised on a percentage of completion basis when there is reasonable certainty that financial close (the date on which the finance required in respect of the obligations of a contractor becomes unconditionally available) will take place. A procurement support agreement has to be substantially complete before the outcome can be predicted with reasonable certainty and it becomes appropriate to accrue revenue. As a result, no revenue is recognised until the later stages of each procurement project. The revenue recognised from procurement support agreements, less payments received and receivable, is included in debtors as "Amounts recoverable from contracts". The Company's costs expended on procurement support agreements are written-off to the profit and loss account as incurred.

#### **Grants**

Revenue from grant funding in respect of designated programmes is recorded as turnover in the year to the extent that expenditure has been made in respect of each programme during the year. The excess of grants received over expenditure is included as "Grants - deferred income" within creditors.

## COMMUNITY HEALTH PARTNERSHIPS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

#### 1 ACCOUNTING POLICIES – (continued)

##### **Portfolio investments**

The Directors have reviewed the accounting policy relating to portfolio investments, being those held within an investment fund as part of a group of investments. The Directors have concluded that it is appropriate to continue to value portfolio investments at the balance sheet date at cost, in accordance with FRS 9, less the estimated extent of any impairment.

##### **Operating leases**

Operating lease rentals are charged to the profit and loss account in equal annual instalments over the lease term.

##### **Deferred taxation**

To the extent applicable, provision is made for deferred taxation in full. A net deferred tax asset would be recognised if it were considered likely that future economic benefits will accrue to the Company. Deferred taxation would be provided in respect of portfolio revaluations if there were a binding agreement to dispose of any of the investments to which the revaluation relates.

##### **Pension costs**

Pension costs payable in respect of the group personal pension defined contribution scheme managed by Standard Life plc are charged to the profit and loss account as they become due.

# COMMUNITY HEALTH PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

### 2 TURNOVER

	2009 £	2008 £
Procurement support revenue	780,000	1,005,000
Government grant funding	1,567,632	1,104,079
Directors' fees reimbursed by LIFT companies	227,030	166,232
Other advisory services	205,540	50,190
	<u>2,780,202</u>	<u>2,325,501</u>

### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging the following amounts:

	2009 £	2008 £
Auditors' remuneration	50,000	39,000
Operating leases – land and buildings	66,598	43,200
	<u>                    </u>	<u>                    </u>

### 4 EMPLOYEES

	2009 £	2008 £
Wages	1,983,980	1,150,644
Social security costs	222,889	140,372
Pension costs	150,391	76,035
	<u>2,357,260</u>	<u>1,367,051</u>

The average number of employees of the Company during the year was 35 (2008: 19). The increase in employees was due primarily to expansion of the Company's grant programs. During the year, the Company has used a combination of employed staff, staff seconded from the Department of Health and other NHS organisations, and consultants retained under short-term contract. The cost of these seconded staff was £98,386 (2008: £268,861). The services of the company secretary are being provided by the Department of Health.

The Company contributes to the group personal pension scheme established on behalf of its employees. As at 31 March 2009, the Company owed to Standard Life plc, the scheme managers £nil (2008 £10,194).

# COMMUNITY HEALTH PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

### 5 DIRECTORS' EMOLUMENTS

During the year, two existing Executive Directors became Board Directors and their remuneration is now included in Directors' Emoluments. The total salaries and bonuses paid to Directors amounted to £499,000 for the year (2008: £232,000). In addition, Directors' fees paid by the Company in 2008 amounted to £11,459 giving total Directors' emoluments for 2008 of £243,459. Pension contributions amounted to £34,000 for the year (2008: £7,000) and were paid to a defined contribution scheme in respect of three Directors (2008: one). The aggregate amount of compensation for loss of office in the year amounted to £76,038 (2008: £nil). Directors of the Company who are employed by the Department of Health and other NHS organisations do not receive emoluments from the Company.

The emoluments of the highest paid Director were £191,000 (2008: £156,750) and contributions to a defined contribution pension scheme were £15,500 (2008: £7,000).

Remuneration of individual Board Directors is presented below:

Board Directors	Date of Appointment	Date of Resignation	2008-09		2007-08	
			Remuneration £000	Benefits In Kind (to nearest £100)	Remuneration £000	Benefits In Kind (to nearest £100)
Dr Richard Baldwin Executive Chairman	15/11/2001		75	nil	75	nil
Dr Sue O'Connell Chief Executive	26/01/2005		191	nil	157	nil
George Farley * Deputy Chief Executive & Dir. of Ops.	20/06/2008	06/05/2009	82	nil	nil	nil
Anthony Bicknell * Director of Investment & Finance	20/06/2008	03/04/2009	103	nil	nil	nil
Nigel Beer Non Executive Director	01/05/2008		16	nil	nil	nil
Dr Anthony Everington OBE Non Executive Director	01/11/2007		18	nil	nil	nil
Dr Roy MacGregor Non Executive Director	01/11/2007		14	nil	nil	nil
Peter Coates CBE Shareholder Representative	27/04/2006		nil	nil	nil	nil
David Behan CBE Shareholder Representative	19/10/2007		nil	nil	nil	nil
John Pope OBE Shareholder Representative	11/05/2007	21/04/2008	nil	nil	nil	nil
Caroline Russell Chief Operating Officer	19/06/2009		nil	nil	nil	nil

\* Existing executive directors appointed to the board 20th June 2008. Remuneration is shown from date of appointment.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

6 INTEREST RECEIVABLE

Interest receivable relates to the interest income due to the Company on its investments in subordinated debt and from its cash balances.

	2009 £	2008 £
Interest income from subordinated debt	3,737,798	3,521,915
Interest income on cash deposits	1,026,821	351,838
	<u>4,764,619</u>	<u>3,873,753</u>

7 TAXATION

	2009 £	2008 £
Current Tax:		
Corporation tax for the year at 28% (2008: 30%)	764,113	800,635
Under provision previous year	<u>3,859</u>	<u>222</u>
	767,972	800,857
Deferred tax charge	<u>-</u>	<u>-</u>
	<u>767,972</u>	<u>800,857</u>

The tax charge for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>2,716,208</u>	<u>2,661,627</u>
Profit on ordinary activities before taxation at 28% (2008: 30%)	760,538	798,488
Effects of:		
Disallowed items	3,575	2,147
Under provision previous year	<u>3,859</u>	<u>222</u>
Current tax charge for the year	<u>767,972</u>	<u>800,857</u>



# COMMUNITY HEALTH PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2009

### 8 PORTFOLIO INVESTMENTS

	£	
Cost at 1 April 2008	34,018,730	
Additions in the year:		
Investment in equity and subordinated debt	4,032,018	
Interest income capitalised during the year	<u>1,075,710</u>	
		5,107,728
Repayments of subordinated debt		<u>(207,936)</u>
Cost at 31 March 2009		<u>38,918,522</u>
These investments comprise:		
	2009	2008
	£	£
Equity	440,198	434,598
Subordinated debt	<u>38,478,324</u>	<u>33,584,132</u>
	<u>38,918,522</u>	<u>34,018,730</u>

The Directors have reviewed its investment portfolio and concluded that no impairment provisions are necessary.

The Company generally owns a 20% equity investment in the ordinary shares of each LIFT company. Subsequent to the year ending 31 March 2009, the Company invested £386,000 of additional equity in certain Lift companies. Interest on subordinated debt was earned at an average of 10% per annum during the year (2008: 12% per annum). Investment agreements in some cases provide for interest to be capitalised before commencing scheduled principal and interest repayments.

## COMMUNITY HEALTH PARTNERSHIPS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

#### 8 PORTFOLIO INVESTMENTS (continued)

As at 31 March 2009, the Company had made equity investments in each of the LIFT companies listed below, including their project financing subsidiaries where applicable.

Assemble Community Partnership Limited  
Barking & Havering Lift (Holdings) Limited  
Barnsley Community Solutions Limited  
Bexley, Bromley and Greenwich Lift Company Limited  
BHH Lift Company Limited  
Birmingham & Solihull Local Improvement Finance Trust Limited  
Bradford & Airedale Care Partnerships Limited  
Brahm Lift Limited  
Bristol Infracare Lift Limited  
Building Better Health – Lambeth Southwark Lewisham Limited  
Building Better Health – West London Limited  
Bury, Tameside & Glossop Community Solutions Limited  
Camden & Islington Community Solutions Limited  
Care Partnerships 25 Limited  
Community 1<sup>st</sup> Cornwall Limited  
Community 1<sup>st</sup> Oldham Limited  
Community 1<sup>st</sup> Sheffield Limited  
Community Ventures Company (No 1) Limited (formerly Leeds Lift Limited)  
Coventry Care Partnership Limited  
Doncaster Community Solutions (LiftCo) Limited  
Dudley Infracare Lift Limited  
East Lancashire Building Partnership Limited  
East London LIFT Accommodation Services Limited  
Elevate Partnerships Limited  
Foundation for Life Limited  
GRT Nottingham Lift Company Limited  
Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited  
Hull Citycare Limited  
Leicester Lift Company Limited  
Liftco Topco (Mast) Limited  
Liverpool & Sefton Health Partnership Limited  
Medway Liftco Limited  
NNT Lift Company Limited  
Norlife Limited  
North Nottinghamshire Lift Company Limited  
Oxford Infracare Lift Limited  
Prima 200 Limited  
Realise Health Limited  
Renova Developments Limited (formerly Partners 4 Lift Limited)  
Resound (Health) Limited

# COMMUNITY HEALTH PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

### 8 PORTFOLIO INVESTMENTS (continued)

RWF Health & Community Developers Limited  
 Sandwell Lift Company Limited  
 Solent Community Solutions Limited  
 Southern Derbyshire Lift Company Limited  
 South East Essex Lift Limited  
 South West Hampshire Lift Limited  
 South West London Health Partnerships Limited

Each of the LIFT companies is engaged in providing community-based healthcare facilities and related services.

### 9 DEBTORS

	2009 £	2008 £
Trade debtors	138,414	67,697
Accrued interest due on subordinated debt	980,737	532,064
Other debtors	72,111	249,905
	<u>1,191,262</u>	<u>849,666</u>

Trade debtors include amounts owed by portfolio investment companies of £103,393 (2008: £67,697).

### 10 CREDITORS – amounts falling due within one year

	2009 £	2008 £
Trade creditors	272,535	167,680
Corporation tax	439,613	800,635
Payroll and value added taxes	-	147,424
Accruals	524,579	492,449
Grants – deferred income	1,004,564	1,220,797
	<u>2,241,291</u>	<u>2,828,985</u>

Included in accruals is £97,000 of accrued interest relating to the Unsecured Loan Facility 2033 (2008: £43,151), see note 11.

# COMMUNITY HEALTH PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

### 11 CREDITORS – amounts falling due after more than one year

	2009 £	2008 £
Debts maturing in more than five years:		
Unsecured Loan Facility 2033	<u>10,000,000</u>	<u>10,000,000</u>

On 15 February 2008 the Company's shareholder, the Secretary of State for Health, loaned the Company £10,000,000 pursuant to an agreement dated 12 February 2008 (the "Facility"). Interest is payable half yearly at the end of June and December. Until 31 March 2008 interest was payable at 3.5% per annum. Subsequently, until 31 March 2010, interest is payable at annual rates of 3.5% and 4.73% subject to the volume of new investments made by the Company; the rate for funds utilised by the Company for new investments is 4.73%. After 1 April 2010 interest is payable at 4.73% per annum. The Company may repay any amount on giving 10 days notice, provided the repayment is at least £1,000,000. All amounts outstanding under the Facility are due after 25 years on 15 February 2033. There are early payment provisions in the event of certain changes in ownership of the Company.

### 12 CALLED UP SHARE CAPITAL

Authorised	2009 Number of shares	2008 Number of shares
Ordinary shares of £1 each	<u>60,000,000</u>	<u>60,000,000</u>
Allotted, issued and fully paid	2009	2008
Ordinary shares of £1 each	£	£
As at 1 April	37,500,000	32,500,000
Issued during the year	-	5,000,000
As at 31 March	<u>37,500,000</u>	<u>37,500,000</u>

On 10 December 2007, the Company increased its authorised ordinary shares by 20,000,000 to 60,000,000. On 19 March 2008, the Company increased its issued share capital by £5,000,000 to £37,500,000. All issues of shares were for cash of £1 per share at par value.

# COMMUNITY HEALTH PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

### 13 PROFIT AND LOSS ACCOUNT

	2009 £
Retained profit brought forward at 1 April 2008	4,484,527
Profit for the year	1,948,236
Retained profit carried forward at 31 March 2009	<u>6,432,763</u>

### 14 MOVEMENTS IN SHAREHOLDER'S FUNDS

	2009 £
Shareholder's funds as at 1 April 2008	41,984,527
Profit for the year	1,948,236
Shareholder's funds as at 31 March 2009	<u>43,932,763</u>

### 15 CONTINGENCIES AND COMMITMENTS

At 31 March 2009, the Company had commitments of £nil (2008: £564,000) in respect of additional investment in its LIFT investment portfolio.

At 31 March 2009, £68,000 will be due for the forthcoming twelve months in respect of estimated base rent (subject to annual RPI adjustments), allocated capital charges and allocated building services costs under an agreement for the lease of office accommodation entered into with the Department of Health. The three year lease expires at 31 March 2011. For the final year of the lease ending 31 March 2011, the base rent is expected to amount to £32,000.

### 16 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	2009 £	2008 £
Operating loss	(1,672,432)	(1,168,975)
Decrease in debtors	101,330	1,121,336
(Decrease)/increase in creditors	(280,521)	404,344
Cash (outflow)/inflow from operating activities	<u>(1,851,623)</u>	<u>356,705</u>

### 17 ANALYSIS OF NET FUNDS

	At 1 April 2008 £	Cash flow £	At 31 March 2009 £
Cash at bank	19,945,116	(3,880,846)	16,064,270
Debt due after one year	(10,000,000)	-	(10,000,000)
	<u>9,945,116</u>	<u>(3,880,846)</u>	<u>6,064,270</u>

## COMMUNITY HEALTH PARTNERSHIPS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2009

#### 18 ULTIMATE CONTROLLING ENTITY

At the year-end, the Secretary of State for Health owned 100% of the share capital and controlled the Company.

As at 31 March 2009, the Company owed the Department of Health £10,000,000 (2008: £10,000,000) in respect of the Unsecured Loan Facility 2033 and £97,000 (2008: £43,151) in respect of accrued interest.

During the year, the Department of Health has provided additional grants in support of programmes being undertaken by the Company of £1,302,000 (2008: £1,098,389). During the year £1,567,632 has been recognised as income (2008: £1,104,079) from both new and existing deferred grant balances. As at 31 March 2009, the Company was owed £nil in respect of grants from the Department of Health (2008: £nil).

During the year, the Department of Health provided accommodation and other services to the Company amounting to £76,598 (2008: £57,334). As at 31 March 2009, the Company owed £4,361 (2008: £10,972) in respect of these services.

#### 19 THIRD PARTY FUNDS

As at 31 March 2009, the Company owed the Department of Health £18,800 (2008: £nil) in respect of collection services included in the Company's grant programme activities, see note 10. The financial statements exclude £18,800 in cash and creditor balances in relation to Third Party Funds.