

# COMMUNITY HEALTH PARTNERSHIPS LIMITED

Directors' Report and Financial Statements  
For the year ended 31 March 2012

Company number 04220587

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## COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

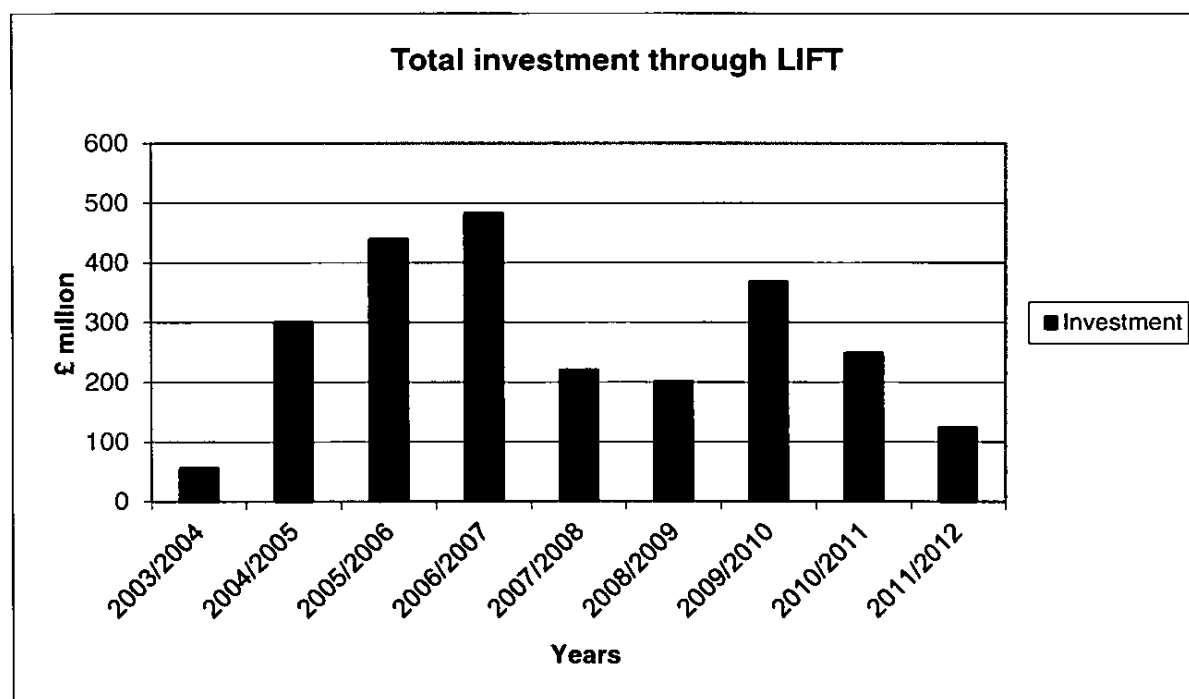
### DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Community Health Partnerships Limited ("the Company") for the financial year ended 31 March 2012

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was set up to promote and invest in community based healthcare facilities through public private partnerships under the National Health Service Local Improvement Finance Trust (LIFT) Programme. There are currently 49 LIFT companies in England. The Company uses its expertise to support the Department of Health in developing innovative solutions for community estate working with the NHS, and other public sector clients, to enable service change, promote strategic asset management; and secure more cost effective estate solutions.

The Company invests equity and subordinated debt in the LIFT companies and the projects undertaken by the LIFT companies, often structured via special purpose companies. During the financial year, the Company's investment portfolio increased from £49,795,074 to £50,928,862. The Company's contribution is part of an overall investment through the LIFT programme of approximately £2.5bn (see chart below).



### RESULTS AND DIVIDEND

The Company's profit for the financial year was £2,915,109 (2011: £1,864,480). Each year the Company selects a random charity at Christmas to make a charitable donation. The Company donated £500 to St Martin-in-the-Fields Almshouse Charity, charity number 216144 (2011: £500).

The Directors do not propose the payment of a dividend for the financial year (2011: £ nil).

## COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

### DIRECTORS' REPORT (Continued)

#### FUTURE DEVELOPMENTS

The Company will continue to pursue its objectives within the LIFT programme and provide support to the Department of Health when needed

#### EXCEPTIONAL ITEMS

There were no exceptional items that occurred during the financial year

#### EMPLOYEES

During the financial year the Company has used a combination of employed staff, and consultants retained under short-term contract

#### SHAREHOLDER

At 31 March 2012, the issued shares of the Company were held as follows

	Shares	Percentage holding
Ordinary shares		
The Secretary of State for Health	43,500,000	100 %

#### DIRECTORS

The Directors of the Company who were in office during the financial year and up to the date of signing the financial statements were

	Date of appointment or reappointment	Date of resignation
John Bacon CB (Chairman)	16/02/2011	
Nigel Beer	01/05/2008	
Dr Susanna Davidson (nee O'Connell)	26/01/2005	
Dr Anthony Everington OBE	01/11/2007	
Caroline Russell	19/06/2009	
Patrick Clyne	29/01/2010	
Benjamin Masterson	29/11/2010	
Dr Sarah Raper	03/05/2011	
Mark Day	03/05/2011	
Neil McElduff	03/05/2011	
Angela Prideaux (nee Lennox) (1)	06/05/2011	14/11/2011
Dr Donald Macgregor (1)	14/11/2011	06/05/2011
Notes		
(1) Dr Donald Macgregor resigned as a Non-executive Director on 6 May 2011 to undertake sabbatical leave before being re-appointed on 14 November 2011. Angela Prideaux was appointed as a Non-executive Director during this period before subsequently resigning on Dr Macgregor's re-appointment.		

## **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

### **DIRECTORS' REPORT (Continued)**

#### **DIRECTORS' IMMUNITIES**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

#### **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
John Bacon CB			√
Nigel Beer	√		√
Patrick Clyne	√	√	
Dr Anthony Everington OBE			√
Nick Rose *		√	
Dr Donald Macgregor	√		
Benjamin Masterson			√

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.

#### **THE AUDIT COMMITTEE**

During the financial year the Audit Committee met on four occasions, the work undertaken by the committee included:

- regular review of the company risk register and mitigations,
- scrutiny at each meeting of the management accounts of the Company to supplement the review by the main Board,
- reviews of investment controls and LIFT company monitoring, company funding and liquidity, and IT policies and procedures,
- procurement of an internal audit service to provide additional assurance in respect of the Company's internal controls and processes, and
- liaising with the external auditors on any matters arising from the audit of the Directors' Report and finalising the statutory financial statements.

## **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

### **DIRECTORS' REPORT (Continued)**

#### **GENERAL RISK MANAGEMENT**

The Company operates a corporate risk register, which is formally reported to the Board and reviewed by the Executive Management Team on a bi-monthly basis. Additionally, each region and the central function operate individual risk registers, which are reviewed at the monthly team meetings. The principal risks and mitigations are summarised below:

- Significant changes in policy and legislation – mitigated by Department of Health shareholder representation on the Board and engagement in policy development,
- Disaster recovery and Information Technology failure – mitigated by performance managing the service contract and continual revision of policies and procedures, and
- Potential poor performance of individual LIFT companies and impact on cash flow – mitigated by directorships on LIFT company Boards and monitoring of key performance information

The appointment of RSM Tenon to provide the Company's internal audit function has strengthened risk management by providing independent advice and review of the management systems deployed.

#### **FINANCIAL RISK MANAGEMENT**

As at 31 March 2012, the Company had borrowings of £10,000,000. 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. Furthermore, no other interest rate hedging is considered necessary.

The Company is 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.

## **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

### **DIRECTORS' REPORT (Continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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.

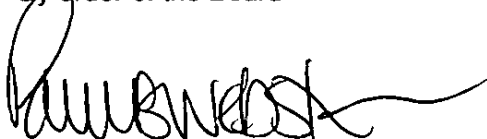
The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **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

By order of the Board



PB Webster  
Secretary

24 July 2012

Wellington House,  
133 – 155 Waterloo Road,  
London,  
United Kingdom  
SE1 8UG

## **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

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

We have audited the financial statements of Community Health Partnerships for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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).

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 5 and 6 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 International Standards on Auditing (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.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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 Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its profit and cash flows 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

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

**COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMUNITY HEALTH PARTNERSHIPS LIMITED (Continued)**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where 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



Kevin Lowe (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
8 August 2012



**COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)****PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	629,042	425,856
Administrative expenses		(3,271,824)	(2,927,939)
Operating loss		<u>(2,642,782)</u>	<u>(2,502,083)</u>
Dividend income		912,852	-
Interest receivable and similar income	3	5,829,547	5,574,175
Interest payable and similar charges	3	(474,759)	(474,944)
Profit on ordinary activities before taxation	4	<u>3,624,858</u>	<u>2,597,148</u>
Tax on profit on ordinary activities	7	(709,749)	(732,668)
Profit for the financial year	18	<u>2,915,109</u>	<u>1,864,480</u>

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

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

**COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)****BALANCE SHEET as at 31 March 2012**

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	9	18,463	29,556
Portfolio investments	10	50,928,862	49,795,074
Shares in Group undertakings	11	1	1
		<u>50,947,326</u>	<u>49,824,631</u>
<b>CURRENT ASSETS</b>			
Debtors	12	2,020,556	1,837,551
Cash at bank and in hand		<u>14,394,555</u>	<u>12,734,111</u>
		16,415,111	14,571,662
Creditors amounts falling due within one year	13	(867,448)	(884,325)
Provisions amounts falling due within one year	14	<u>(71,388)</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		<u>15,476,275</u>	<u>13,687,337</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>66,423,601</u>	<u>63,511,968</u>
Creditors amounts falling due after more than one year	15	(10,000,000)	(10,000,000)
Provisions for deferred tax	16	(4,800)	(8,276)
<b>NET ASSETS</b>		<u>56,418,801</u>	<u>53,503,692</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	43,500,000	43,500,000
Profit and loss account	18	12,918,801	10,003,692
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19	<u>56,418,801</u>	<u>53,503,692</u>

Approved by the Board on 24 July 2012 and signed on its behalf

*Susanna Davidson*

Dr Susanna Davidson  
Director

*John Bacon CB*  
John Bacon CB  
Director

Company number 04220587

The notes on pages 11 to 23 form an integral part of these financial statements

**COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

**CASH FLOW STATEMENT**

For the year ended 31 March 2012

	Note	2012 £	2011 £
Cash outflow from operating activities	8	(2,579,742)	(2,659,658)
Returns on investments and servicing of finance			
Dividends received		912,852	-
Interest received		4,870,394	4,488,294
Interest paid		<u>(474,759)</u>	<u>(468,370)</u>
		5,308,487	4,019,924
Taxation paid		(722,931)	(669,250)
Capital expenditure and Investment			
Purchase of equipment	9	-	(33,280)
Repayment of subordinated debt	10	1,599,011	1,667,880
Purchase of new investments	10	<u>(1,944,381)</u>	<u>(3,638,143)</u>
		(345,370)	(2,003,543)
Cash inflow/(outflow) before financing		1,660,444	(1,312,527)
Financing			
Issue of share capital	17	-	-
Increase/(Decrease) in cash in the year		<u>1,660,444</u>	<u>(1,312,527)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash		1,660,444	(1,312,527)
Change in net funds resulting from cash flows		1,660,444	(1,312,527)
Net funds 1 April		2,734,111	4,046,638
Net funds 31 March	21	<u>4,394,555</u>	<u>2,734,111</u>

## **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2012

#### **1 ACCOUNTING POLICIES**

##### **Basis of accounting**

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the financial year, are outlined below.

##### **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 'Associates and Joint Ventures', less the estimated extent of any impairment.

Portfolio investments are intended to be held to maturity.

##### **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.

##### **Operating leases**

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

##### **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.

##### **Provisions**

Provisions are recognised on the balance sheet when a present obligation exists as a result of a past event, it is probable that transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

##### **Tangible Assets**

Tangible assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

## COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2012

#### 1 ACCOUNTING POLICIES – (continued)

##### Depreciation

Depreciation is calculated to write off the cost of tangible assets, less their residual values, over their expected useful lives using the straight line basis

Straight line annual rates most widely used are

Office equipment	3 years
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##### 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

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

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 an undiscounted basis

##### Group financial statements

Group financial statements are not prepared as the Company's subsidiary, Partners for Health Limited, is a dormant company and the Directors consider the value of its subsidiary to be immaterial. There were no related party transactions processed during the financial year or intercompany balances at the financial year end

#### 2 TURNOVER

	2012 £	2011 £
Government grant funding	-	141,634
Directors' fees reimbursed by LIFT companies	548,145	213,888
Other advisory services	80,897	70,334
	<u>626,542</u>	<u>425,856</u>

## COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2012

#### 3 INTEREST

##### Interest receivable and similar income

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

	2012 £	2011 £
Interest income from subordinated debt	5,745,355	5,475,068
Interest income on cash deposits	84,192	99,107
	<u>5,829,547</u>	<u>5,574,175</u>

##### Interest payable and similar charges

	2012 £	2011 £
Interest payable on Unsecured Loan Facility (see note 15)	473,000	473,000
Other interest payable	1,759	1,944
	<u>474,759</u>	<u>474,944</u>

#### 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2012 £	2011 £
External auditors' remuneration	46,600	47,100
Internal auditors' remuneration	8,681	-
Depreciation – owned assets	11,093	3,724
Operating leases – Plant and machinery	1,353	1,353
Operating leases – Other	92,553	101,910
Reorganisation costs	<u>542</u>	<u>121,629</u>

## COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2012

#### 5 EMPLOYEES

	2012 £	2011 £
Wages	1,956,352	1,359,189
Social security costs	214,527	141,382
Pension costs	167,355	105,238
Contractors	189,131	215,697
	<u>2,621,464</u>	<u>1,821,506</u>

The average number of employees of the Company during the year was 23 (2011 22). Additionally, the average number of Directors on a service contract was four (2011 four). During the financial year, the Company has used a combination of employed staff, and consultants retained under short-term contract. The Company did not use any seconded staff during the financial year (2011 £nil).

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 2012, the Company owed to Standard Life plc, the scheme managers, £nil (2011 £21,523).

#### 6 DIRECTORS' EMOLUMENTS

The total salaries and bonuses paid to Directors amounted to £644,370 for the financial year (2011 £386,000). Pension contributions amounted to £57,900 for the financial year (2011 £27,000) and were paid to a defined contribution scheme in respect of five Directors (2011 two). The aggregate amount of compensation for loss of office in the financial year amounted to £nil (2011 £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 £157,000 (2011 £176,000) and contributions to a defined contribution pension scheme were £15,700 (2011 £15,700).

# COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2012

### 6 DIRECTORS' EMOLUMENTS – (continued)

Remuneration of individual Board Directors is presented below:

Directors	Date of Appointment	Date of Resignation	2011-2012		2010-2011	
			Remuneration £'000	Benefits in kind £'000	Remuneration £'000	Benefits in kind £'000
John Bacon Non Executive Chairman	16/02/2011		25	nil	3	nil
Dr Richard Baldwin Executive Chairman	15/11/2001	30/07/2010	nil	nil	38	nil
Dr Susanna Davidson Chief Executive Officer	26/01/2005		171	1	176	nil
Nigel Beer Non Executive Director	01/05/2008		18	nil	18	nil
Dr Anthony Everington OBE Non Executive Director	01/11/2007		13	nil	13	nil
Dr Roy MacGregor Non Executive Director	14/11/2011	06/05/2011	5	nil	14	nil
Benjamin Masterson Shareholder Representative	29/11/2010		nil	nil	nil	nil
Peter Coates CBE Shareholder Representative	27/04/2006	17/02/2011	nil	nil	nil	nil
Caroline Russell (*) Chief Strategy Officer	19/06/2009		136	1	124	nil
Patrick Joe Clyne Shareholder Representative	29/01/2010		nil	nil	nil	nil
Angela Prideaux (nee Lennox) Non Executive Director	06/05/2011	14/11/2011	10	nil	nil	nil
Mark Day Senior Regional Director	03/05/2011		112	1	nil	nil
Dr Sarah Raper Senior Regional Director	03/05/2011		111	1	nil	nil
Neil McElduff Senior Regional Director	03/05/2011		113	1	nil	nil

(\*) = Caroline Russell is seconded to the NHS for two days a week, the cost of which is recovered from the NHS



# **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 March 2012

### **7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2012 £	2011 £
Current Tax		
Corporation tax for the year at 26% (2011 28%)	713,596	711,339
(Over)/Under provision previous year	<u>(371)</u>	<u>13,053</u>
	713,225	724,392
Deferred tax charge (see note 16)	<u>(3,476)</u>	<u>8,276</u>
	<u>709,749</u>	<u>732,668</u>

The tax assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 26% (2011 28%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>3,624,858</u>	<u>2,597,148</u>
Profit on ordinary activities before taxation at 26% (2011 28%)	942,463	727,202
Effects of		
UK dividends received (non-taxable)	(237,342)	-
Disallowed items	5,591	5,142
Timing differences	-	(12,728)
Accelerated capital allowances	2,884	(8,276)
(Over)/under provision previous year	<u>(371)</u>	<u>13,053</u>
Current tax charge for the year	<u>713,225</u>	<u>724,393</u>

### **8 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW**

	2012 £	2011 £
Operating loss	(2,642,782)	(2,502,083)
Add back depreciation expense for the year	11,093	3,724
(Increase) / Decrease in debtors	(12,270)	220,218
Decrease in creditors	(7,171)	(299,517)
Increase / (Decrease) in provisions	71,388	(82,000)
Cash (outflow)/inflow from operating activities	<u>(2,579,742)</u>	<u>(2,659,658)</u>

# COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2012

### 9 TANGIBLE ASSETS

#### Office Equipment

	2012 £	2011 £
<b>Cost</b>		
At 1 April	33,280	-
Additions in the year	-	33,280
<b>At 31 March</b>	<b>33,280</b>	<b>33,280</b>
<b>Accumulated depreciation</b>		
At 1 April	3,724	-
Charge for the year	11,093	3,724
<b>At 31 March</b>	<b>14,817</b>	<b>3,724</b>
<b>Net book value</b>		
<b>At 31 March</b>	<b>18,463</b>	<b>29,556</b>

### 10 PORTFOLIO INVESTMENTS

	£
Cost at 1 April 2011	49,795,074
Additions in the year	
Investment in equity and subordinated debt	1,944,381
Interest income capitalised during the year	788,418
	2,732,799
Repayments of subordinated debt	(1,599,011)
Cost at 31 March 2012	50,928,862

These investments comprise

	2012 £	2011 £
Equity	1,085,201	1,013,201
Subordinated debt	49,843,661	48,781,873
	<b>50,928,862</b>	<b>49,795,074</b>

The Directors believe the carrying value of the investments is supported by their underlying net assets

The Directors have reviewed the 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. During the current financial year, the Company invested £72,000 of additional equity in certain Lift companies (2011 £29,800). Interest on subordinated debt was earned at an average of 11% per annum during the financial year (2011 11% per annum). In some cases, investment agreements provide for interest to be capitalised before LIFT companies commence with principal and interest repayments.

## **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 March 2012

#### **10 PORTFOLIO INVESTMENTS (continued)**

As at 31 March 2012, 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 Dagenham Havering Community Ventures Limited (formerly Barking & Havering Lift (Holdings) Limited)  
Barnsley Community Solutions Limited  
Bexley Bromley and Greenwich LIFT Company Limited  
BHH LIFT Company Limited  
Birmingham and Solihull Local Improvement Finance Trust Limited  
Bradford & Airedale Community Solutions Limited (formerly 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  
Community 1<sup>st</sup> Cornwall Limited  
Community 1<sup>st</sup> Oldham Limited  
Community 1<sup>st</sup> Sheffield Limited  
Community Ventures Company (Leeds) Limited  
Coventry Care Partnership Limited  
Doncaster Community Solutions (LIFTCo) Limited  
Dudley Infracare Lift Limited  
Durham & Tees Community Ventures Limited (formerly Care Partnerships 25 Limited)  
East Lancashire Building Partnership Limited  
East London LIFT Accommodation Services Limited  
Elevate Partnerships Limited  
eLIFT Cumbria 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  
Liverpool and Sefton Health Partnership Limited  
MAST LIFT Company Limited (formerly Liftco Topco (Mast) Limited)  
Medway Community Estates Limited (formerly 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  
Resound (Health) Limited  
RWF Health and Community Developers Limited  
Sandwell LIFT Company Limited

## COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2012

#### 10 PORTFOLIO INVESTMENTS – (continued)

Solent Community Solutions Limited  
South East Essex LIFT Limited  
South West Hampshire LIFT Limited  
South West London Health Partnerships Limited  
Southern Derbyshire LIFT Company Limited  
West Sussex Community Solutions Limited

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

#### 11 SHARES IN GROUP UNDERTAKING

	2012 £	2011 £
Cost at 1 April	1	-
Additions in the year		
Partnerships for Health Limited at cost	-	1
<b>Cost at 31 March</b>	<b>1</b>	<b>1</b>

On 11 November 2010, the Company acquired the whole of the equity share capital of Partnerships for Health Limited from the Secretary of State for Health for a cost of £1. Partnerships for Health Limited (Company number 06019358) is a dormant company incorporated in the United Kingdom and has never traded

#### 12 DEBTORS

	2012 £	2011 £
Trade debtors	98,897	92,757
Other debtors	161,497	155,367
Accrued interest due on subordinated debt	1,760,162	1,589,427
	<b>2,020,556</b>	<b>1,837,551</b>

Trade debtors include amounts owed by portfolio investment companies of £55,709 (2011 £92,757) which is payable by the portfolio investment companies under the normal terms of trade of 30 days when an invoice is raised

# **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 March 2012

### **13 CREDITORS – amounts falling due within one year**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>41,764</b>	65,306
Other creditors	<b>478,918</b>	495,363
Accruals and deferred income	<b>346,766</b>	323,656
	<b><u>867,448</u></b>	<b><u>884,325</u></b>

Included in accruals is £119,000 of accrued interest relating to the Unsecured Loan Facility expiring 2033 (2011 £119,000), see note 14

### **14 PROVISIONS – amounts falling due within one year**

At 31 March 2012, the company made a provision on the balance sheet of £71,388 (2011 £nil) to meet the costs of redundancy arising from restructuring

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Provision as at 1 April	-	82,000
Additions in the year	<b>71,388</b>	-
Utilised in the year	-	(25,600)
Released in the year	-	(56,400)
<b>Provision as at 31 March</b>	<b><u>71,388</u></b>	<b><u>-</u></b>

### **15 CREDITORS – amounts falling due after more than one year**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Debts maturing in more than five years		
Unsecured Loan Facility	<b><u>10,000,000</u></b>	<b><u>10,000,000</u></b>

Interest is payable half yearly at the end of June and December Interest is payable at 4.73% per annum

The principal of £10 million is repayable in full at the end of the term of the loan facility 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 loan facility are due on 15 February 2033 There are early payment provisions in the event of certain changes in ownership of the Company

# **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 March 2012

### **16 PROVISION FOR DEFERRED TAX**

	2012 £	2011 £
Deferred tax provision		
Accelerated Capital Allowances	4,800	8,276
	<u>4,800</u>	<u>8,276</u>
Provision as at 1 April	8,276	
Deferred tax charge in profit and loss account (see note 7)	(3,476)	
Provision as at 31 March	<u>4,800</u>	

### **17 CALLED UP SHARE CAPITAL**

	2012 £	2011 £
Allotted, called up and fully paid Ordinary shares of £1 each		
As at 1 April	43,500,000	43,500,000
Issued during the year	-	-
As at 31 March	<u>43,500,000</u>	<u>43,500,000</u>

There were no shares issued during the year ended 31 March 2012 (2011 £nil)

### **18 PROFIT AND LOSS ACCOUNT**

	2012 £
Retained profit brought forward at 1 April 2011	10,003,692
Profit for the year	2,915,109
<b>Retained profit carried forward at 31 March 2012</b>	<u><b>12,918,801</b></u>

### **19 MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2012 £
Shareholder's funds as at 1 April 2011	53,503,692
Profit for the year	2,915,109
<b>Shareholder's funds as at 31 March 2012</b>	<u><b>56,418,801</b></u>

## COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2012

#### 20 CONTINGENCIES AND COMMITMENTS

At 31 March 2012, the Company had commitments of £nil (2011: £nil) in respect of additional investment in its LIFT investment portfolio

At 31 March 2012, the Company had commitments under operating leases related to rental agreements and service agreements as follows

	<b>2012</b>	
	<b>Land and buildings</b>	<b>Office equipment</b>
Operating leases which expire within one year	76,451	-
in the second to fifth year	-	2,028
	<u>76,451</u>	<u>2,028</u>

The Company entered into a lease agreement for the Wellington House office with the Department of Health on 1 November 2010 until 31 March 2013. Lease payments are calculated and charged at 1.32% of the Department's total agreed premises costs for Wellington House in each financial year. The Company estimates premises costs of £60,020 for the 2012-2013 year.

The Company entered into a lease agreement for the Nottingham office situated at 6th Floor, City Gate East, Toll House Hill, Nottingham on 1 October 2011 until 30 June 2012. Lease payments of £1,777 are payable on a monthly basis for the duration of the lease agreement.

The Company entered into a lease agreement for the Manchester office situated at Suite 107, 111 Piccadilly, Manchester on 1 October 2011 until 30 September 2012. Lease payments of £1,850 are payable on a monthly basis for the duration of the lease agreement.

The Company entered into a lease agreement for a Xerox photocopier situated in the Wellington House office on 15 September 2010 for a period of three years. Lease payments of £338 are payable in advance on a quarterly basis for the duration of the lease agreement.

#### 21 ANALYSIS OF NET FUNDS

	<b>At 1 April 2011 £</b>	<b>Cash flow £</b>	<b>At 31 March 2012 £</b>
Cash at bank	12,734,111	1,660,444	14,394,555
Debt due after one year	(10,000,000)	-	(10,000,000)
	<u>2,734,111</u>	<u>1,660,444</u>	<u>4,394,555</u>

## **COMMUNITY HEALTH PARTNERSHIPS LIMITED (04220587)**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 March 2012

#### **22 ULTIMATE CONTROLLING ENTITY**

At the year-end, the Secretary of State for Health owned 100% of the share capital. The Directors regard the Secretary of State for Health as the ultimate controlling party.

As at 31 March 2012, the Company owed the Department of Health £10,000,000 (2011: £10,000,000) in respect of the Unsecured Loan Facility and £119,000 (2011: £119,000) in respect of accrued interest.

The Department of Health did not provide any additional grants in support of programmes undertaken by the Company (2011: £nil). During the financial year the Company did not recognise any income (2011: £141,634) from existing deferred grant balances. As at 31 March 2012, the Company was owed £nil in respect of grants from the Department of Health (2011: £nil). The Company owed £nil to the Department of Health as at 31 March 2012 in respect of unused grants. All outstanding balances were repaid to the Department of Health in April 2010.

During the financial year, the Department of Health provided accommodation and other services to the Company amounting to £61,614 (2011: £76,869). As at 31 March 2012, the Company owed £nil (2011: £10,000) in respect of these services.

#### **23 THIRD PARTY FUNDS**

As at 31 March 2012, the Company owed the Department of Health £nil (2011: £nil) in respect of collection services included in the Company's grant programme activities. The financial statements exclude £nil (2011: £nil) in cash and creditor balances in relation to Third Party Funds. The balance was repaid in full in May 2010.

#### **24 RELATED PARTY TRANSACTIONS**

The Company is an independent company, which is wholly owned by the Secretary of State for Health as outlined in note 22. Note 22 outlines all relevant transactions the Company has with the Secretary of State for Health.

The Company is the sole shareholder of Partnerships for Health Limited as outlined in note 11. There were no related party transactions processed during the financial year or intercompany balances at the financial year end with Partnerships for Health Limited.

During the financial year, the Company did not acquire any consultancy services from any members of the Board.

#### **25 POST BALANCE DATE EVENTS**

There are no known post balance date events that have occurred that would have a material impact on the financial statements outlined in this directors' report and financial statements.