

Community Solutions for Primary Care (Holdings) Limited

Annual report and consolidated financial statements

for the year ended 31 December 2008

Registered number 04437976

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Community Solutions for Primary Care (Holdings) Limited
Annual Report and Consolidated Financial Statements
For the year ended 31st December 2008

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Community Solutions for Primary Care (Holdings) Limited
Annual Report and Consolidated Financial Statements
For the year ended 31st December 2008

Company Information

Directors	Ernest Stephen Battey	(appointed 3 June 2008)
	Robert Sean McClatchey	
	Robert Styles	
	Richard John Dixon	(appointed 3 June 2008)
	Ian James Tasker	(resigned 3 June 2008)
	Nigel Anthony Bennett	(resigned 3 June 2008)

Secretary Asset Management Solutions Limited

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London
EC4A 1AB

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3rd Floor
46 Charles Street
Cardiff
CF10 2GE

Independent Auditors Deloitte LLP
Chartered Accountants and Registered Auditors
Crawley, United Kingdom

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Directors' report

For the year ended 31 December 2008

The Directors present their annual report on the affairs of the Company, together with the financial statements and independent auditor's report for the year ended 31 December 2008

Principal activity

The principal activity of the Group companies during the year was the development of property for retention as investments. The Group also provides outsourced Management Services, principally in the Public Private Partnership sector.

Business review

The results for the year were as follows

	31 December 2008	31 December 2007
	£000	£000
Turnover	13,041	13,335
Pre tax loss	(2,302)	(127)
Net assets	22,735	21,563
Cash at bank	2,841	3,921

The group is working closely with its partners to deliver first class health facilities within the Local Improvements Finance Trust (LIFT) environment.

The year saw the group complete the construction of 9 health facilities under the government's LIFT initiative with all buildings being occupied on completion.

On 31 March 2008, Community Solutions for Primary Care (Holdings) Limited transferred its 50% equity investment in Community Solutions for Primary Care (Solent) Limited into a new company, JV UK Company Limited, in exchange for a 50% shareholding in that company. The remaining 50% of the share capital of Community Solutions for Primary Care (Solent) Limited is owned by Sutton Harbour PLC. Further details are provided in note 21.

The directors expect the general level of activity within the group to increase. There are 3 LIFT projects which are expected to reach financial close in early 2010, with a total investment value of £40m. This consists of 2 LIFT projects in Barnsley Community Solutions Limited, and 1 LIFT project in Doncaster Community Solutions Limited. It is expected that £28m of the total investment will be invested in the first quarter of 2010. To continue to increase the activity of the Group, the Group will continue to bid for projects and expand its investment portfolio.

The directors believe the principle risks facing the group to be the management services fees and development fees which are obtained on the date of financial close of a project. Sufficient numbers of new projects must be started each year in order for the central management fees to be sufficient to provide resources to the group to fund future activity.

The group achieved ISO 9001, 14001 & 18001 accreditation in December 2008 which is seen as a key process in ensuring the group policies and procedures are managed in line with recognised standards.

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Directors' report (continued)

For the year ended 31 December 2008

Financial position and liquidity

The financial position of the Group is presented in the balance sheet. The Group has net assets of £22.7m (2007 £21.6m) and cash of £2.8m (2007 £3.9m) at 31 December 2008.

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the Group. Based on this review and the future business prospects of the Company, the directors believe the Group will be able to meet its liabilities as they fall due.

The Group has available cash of £2.8m (2007 £3.9m) which is considered sufficient to meet the business requirement for the foreseeable future. The Group overdraft facility is renewed on an annual basis.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Key performance indicators

The Group measures its performance through the use of financial models which forecast future cash flows from completed and prospective projects. The financial models are updated on an annual basis.

The Group also conducts user satisfaction surveys throughout its health facilities and implements agreed improvement actions.

Risk management

The Group has identified and actively manages a number of key risks to achieve the Group's strategy and objectives. Its risk management process is underpinned by an internal audit and assurance process to test and improve controls.

The Group's operations expose it to a variety of financial risks that include credit risk, interest rate risk, inflationary risk and price risk.

The Group has limited its exposure to interest rate risk as the rates that the Group pays on its project borrowings are fixed in nominal terms for the life of the projects (generally more than 20 years).

The Group has reduced part of its inflationary risk by entering into RPI hedging arrangements on a number of its projects.

Employee Involvement

Community Solutions for Primary Care (Holdings) Limited recognises the important role its staff play in the success of the Group. During 2010, the Group is actively pursuing Investors In People recognition to support its development of staff.

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Directors' report (continued)

For the year ended 31 December 2008

Dividends

The Directors do not recommend the payment of a dividend (2007 £nil)

Directors

The Directors who served during the year are shown on page 1

Statement of Director's responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent, and
- (c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Directors' report (continued)

For the year ended 31 December 2008

Independent Auditors and disclosure of information to the independent Auditors

In the case of each of the persons who are Directors of the company at the date when this report was approved

- So far as each Director is aware, there is no relevant audit information (that is, information needed by the Company's Auditors in connection with preparing their report) of which the Company's Auditors are unaware, and
- Each Director has taken all the steps that he/she ought to have taken 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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP Pursuant to s487 of the Companies Act 2006, the Auditors will be deemed to be re-appointed and Deloitte LLP will therefore continue in office

By order of the board



Robert McClatchey, Director
5 February 2010

Community Solutions for Primary Care (Holdings) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMUNITY SOLUTIONS FOR PRIMARY CARE (HOLDINGS) LIMITED

We have audited the Group and parent financial statements (the 'financial statements') of Community Solutions for Primary Care (Holdings) Limited for the year ended 31 December 2008 which comprise the consolidated profit and loss accounts, the consolidated statement of total recognised gains and losses, the consolidated and Company balance sheets, the consolidated cash flow statement, the statement of accounting policies and the related notes and the notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and 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 in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland).

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 or material inconsistencies with the financial statements 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 circumstances of the Company and the Group, consistently applied and adequately disclosed.

Community Solutions for Primary Care (Holdings) Limited

INDEPENDENT AUDITORS' REPORT (continued)

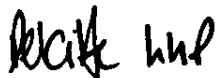
Basis of audit opinion (continued)

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 Group's and the Parent Company's affairs as at 31 December 2008 and of the Group's loss 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



Deloitte LLP

Chartered Accountants and Registered Auditors

Crawley, United Kingdom

 February 2009

Community Solutions for Primary Care (Holdings) Limited
Consolidated profit and loss account
For the year ended 31st December 2008

	Notes	2008 £000	2007 £000
Turnover	1		
Group & share of joint ventures'		13,041	13,335
Less share of joint ventures'		(5,187)	(3,352)
Group turnover – continuing operations		<u>7,854</u>	<u>9,983</u>
 Cost of sales		 (901)	 (2,848)
Gross profit		6,953	7,135
Other operating expenses (net)		(3,750)	(3,042)
Operating profit – before share of joint ventures' operating profit		3,203	4,093
 Share of joint ventures' operating profit	2	 <u>519</u>	 <u>1,060</u>
Profit on ordinary activities before finance charges		3,722	5,153
Finance charges (net)			
Group	3	(3,446)	(3,544)
Share of joint ventures'	3	<u>(2,578)</u>	<u>(1,736)</u>
Loss on ordinary activities before taxation	4	(2,302)	(127)
Tax on loss on ordinary activities	7	199	121
Loss for the financial year	17	<u>(2,103)</u>	<u>(6)</u>

Community Solutions for Primary Care (Holdings) Limited
Consolidated statement of total recognised gains and losses
For the year ended 31st December 2008

	Notes	2008 £000	2007 £000
(Loss)/profit for the financial year			
Group		(161)	427
Share of joint ventures'		(1,942)	(433)
		(2,103)	(6)
Unrealised (deficit) / surplus on revaluation of investment properties			
Group		786	3,792
Surplus on exchange of shares		2,261	-
Total recognised gains and losses relating to the year		3,047	3,786

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Consolidated balance sheet

For the year ended 31st December 2008

	Notes	2008 £000	2007 £000
Intangible fixed assets			
Goodwill	9	3,266	330
Negative goodwill	9	(2,477)	(2,477)
		789	(2,147)
Tangible fixed assets			
Tangible assets	10	74,605	74,289
Investment in joint ventures			
- Share of gross assets	11	100,471	62,021
- Share of gross liabilities	11	(94,715)	(55,282)
	11	5,756	6,739
		80,361	81,028
Current assets			
Debtors			
- due within one year	12	2,182	1,067
- due after one year	12	11,967	7,700
Cash at bank and in hand		2,841	3,921
		16,990	12,688
Creditors Amounts falling due within one year	13	(6,169)	(4,369)
Net current assets		10,821	8,319
Total assets less current liabilities		91,971	87,200
Creditors Amounts falling due after more than one year	14	(68,371)	(64,860)
Provisions for liabilities	15	(865)	(777)
Net assets		22,735	21,563
Capital and reserves			
Called-up share capital	16	342	342
Revaluation reserve	17	16,531	15,517
Other reserve	17	2,261	-
Profit and loss account	17	3,601	5,704
Shareholders' funds		22,735	21,563

The financial statements were approved by the board of Directors and authorised for issue on 5 February 2010. They were signed on its behalf by Robert McClatchey, Director

5 February 2010



Community Solutions for Primary Care (Holdings) Limited
Registered number: 04437976
 Company balance sheet
 For the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Investments	11	<u>5,583</u>	710
Current assets			
Debtors			
– due within one year	12	255	62
– due after one year	12	10,267	7,700
Cash at bank and in hand		<u>190</u>	1,416
		10,712	9,178
Creditors Amounts falling due within one year	13	<u>(2,950)</u>	(1,667)
Net current assets		7,762	7,511
Total assets less current liabilities		13,345	8,221
Creditors Amounts falling due after more than one year	14	<u>(10,620)</u>	(7,700)
Net assets		2,725	521
Capital and reserves			
Called-up share capital	16	342	342
Profit and loss account	17	124	179
Other reserve	17	<u>2,259</u>	-
Shareholders' funds		2,725	521

The financial statements were approved by the board of Directors and authorised for issue on 5 February 2010. They were signed on its behalf by

Robert McClatchey, Director



5 February 2010

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Consolidated cash flow statement

For the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Net cash (outflow)/inflow from operating activities	18	(2,326)	1,219
Returns on investments and servicing of finance	19	(3,568)	(3,543)
Taxation	19	-	(122)
Capital expenditure and financial investment	19	(343)	(358)
Acquisitions and disposals	19	-	(114)
Cash outflow before management of liquid resources and financing		(6,237)	(2,918)
Financing	19	3,371	3,454
(Decrease)/increase in cash in the year	20	(2,866)	536

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Statement of accounting policies (continued)

For the year ended 31 December 2008

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

Going Concern

The Group has net assets of £22,735,000 (2007: net assets £21,563,000) and cash of £2,841,000 (2007: £3,921,000) at 31st December 2008.

The Directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the Company. Based on this review and the future business prospects of the Company, despite the current economic conditions, the Directors believe the Company will be able to meet its liabilities as they fall due. More information on this review is contained in the Directors' Report.

Having regard to the above and after making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Statement of accounting policies (continued)

For the year ended 31 December 2008

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided in equal annual instalments at rates calculated to write off the cost of fixed assets over their estimated useful lives as follows

Plant and Machinery – between three and five years

Investment properties

Investment properties are re-valued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Depreciation is not provided in respect of freehold investment properties, or in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 "Accounting for investment properties". The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified as depreciation and amortisation is only one of the many factors reflected in the annual valuation.

Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

In the Company balance sheet, the investments in subsidiaries acquired where the consideration represented the issue of shares qualifying for group reconstruction relief are carried at the nominal value of the shares issued.

Joint Ventures

A joint venture is an entity, other than a subsidiary, in which the Group participates and controls on equal terms with a partner or partners. The consolidated profit and loss account includes the Group's share of the turnover, operating profit/ (loss) of the joint ventures. Investments in joint ventures are shown in the consolidated balance sheet using the gross equity method. The gross equity method records the Group's share of the gross assets and liabilities in the consolidated balance sheet.

The acquisitions of joint ventures from fellow group companies were accounted for as group reconstructions.

Goodwill arising on the acquisition of joint ventures is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in joint ventures.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Statement of accounting policies (continued)

For the year ended 31 December 2008

Taxation (continued)

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

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

Turnover

Turnover represents rent received from rental properties, fees received from investment developments and income from management and consultancy services. Amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements

For the year ended 31 December 2008

1 Turnover Segmental Analysis**2008**

	Health Investments £000	Management Services £000	Total £000
Revenue	4,974	2,880	7,854
Share of joint ventures'	5,187	-	5,187
At 31 December 2008	10,161	2,880	13,041

2007

	Health Investments	Management Services	Total
Revenue	4,830	5,153	9,983
Share of joint ventures'	3,352	-	3,352
At 31 December 2007	8,182	5,153	13,335

The group only operates within the UK

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

2 Share of joint ventures' operating profit

	2008 £000	2007 £000
Existing operations	240	1,060
Acquisitions	279	-
Continuing operations	<u>519</u>	<u>1,060</u>

3 Finance charges (net)

	2008 £000	2007 £000
Interest payable and similar charges	(7,168)	(6,117)
Less Investment income	<u>1,144</u>	<u>837</u>
	<u>(6,024)</u>	<u>(5,280)</u>
Group	(3,446)	(3,544)
Share of joint ventures'	<u>(2,578)</u>	<u>(1,736)</u>
	<u>(6,024)</u>	<u>(5,280)</u>

Investment income

	2008 £000	2007 £000
Bank interest receivable	139	138
Interest receivable and similar income	<u>1,005</u>	<u>699</u>
	<u>1,144</u>	<u>837</u>

Interest payable and similar charges

	2008 £000	2007 £000
Bank loans and overdrafts	3,701	3,682
Other loans	585	474
Share of joint ventures'	<u>2,882</u>	<u>1,961</u>
	<u>7,168</u>	<u>6,117</u>

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Notes to the financial statements (continued)

For the year ended 31 December 2008

4 Loss on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2008 £000	2007 £000
Depreciation of tangible fixed assets		
– owned	42	-
Amortisation of goodwill	37	37

The analysis of auditors' remuneration is as follows

	2008 £000	2007 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	29	22
Fees payable to the Company's auditors and their associates for other services to the Group		
– The audit of the Company's subsidiaries pursuant to legislation	47	59
Total audit fees	76	81
Tax services	11	8
Total non-audit fees	11	8
	87	89

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

5 Staff costs**Group**

	2008 Number	2007 Number
Administration	34	20
	34	20

	2008 £000	2007 £000
Their aggregate remuneration comprised		
Wages and salaries	1,817	1,180
Social security costs	222	104
Other pension costs	41	25
	2,080	1,309

Company

	2008 Number	2007 Number
Administration	-	-
	-	-

	2008 £000	2007 £000
Their aggregate remuneration comprised		
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
	-	-

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

6 Directors' remuneration and transactions

	2008	2007
	£000	£000
Directors' remuneration		
Sums paid to third parties in respect of Directors' services	120	120
	120	120

7 Tax on loss on ordinary activities

The tax charge comprises

	2008	2007
	£000	£000
Current tax		
UK corporation tax	(6)	102
Deferred tax	88	(224)
Total tax	82	(122)
Share of joint ventures' tax	117	243
Total tax on loss on ordinary activities	199	121

Community Solutions for Primary Care (Holdings) Limited

Registered number: 04437976

Notes to the financial statements (continued)

For the year ended 31 December 2008

7 Tax on loss on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2008 £000	2007 £000
Loss on ordinary activities before tax	(2,302)	(127)
Less share of joint ventures' loss before tax	2,059	676
Group (loss)/profit on ordinary activities before tax	(243)	549
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 28.5% (2007: 30%)	69	(164)
Effects of Capital allowances in excess of depreciation	(63)	62
Group current tax charge/(credit) for period	6	(102)

The Group earns its profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 28 per cent. The tax rate was reduced from 30% on 5 April 2008.

A deferred tax asset amounting to £103,000 (2007: £103,000) for capital losses has not been recognised because in the opinion of the directors there will be no suitable taxable gains against which to offset the loss available in the foreseeable future.

8 Profit attributable to the Company

The loss for the financial year dealt with in the financial statements of the parent Company was £55,489 (2007: profit of £33,439). As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account for the parent company is presented.

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

9 Intangible fixed assets – goodwill

	Positive Goodwill £000	Negative goodwill £000	Total £000
Group			
Cost			
At 1 January 2008	367	(2,477)	(2,110)
Additions	2,973	-	2,973
At 31 December 2008	3,340	(2,477)	863
Amortisation			
At 1 January 2008	(37)	-	(37)
Charge for the year	(37)	-	(37)
At 31 December 2008	(74)	-	(74)
Net book value			
At 31 December 2007	330	(2,477)	(2,147)
At 31 December 2008	3,266	(2,477)	789

Negative goodwill arose on the acquisition of the CSPC (3PD) Limited and its wholly-owned subsidiaries in 2006. It will be written back when properties held by CSPC (3PD) Limited and its subsidiaries are disposed of.

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

10 Tangible fixed assets

Freehold and leasehold land and buildings were professionally valued on 31st December 2008, one third externally by Aitchison Rafferty MRICS, Darce Son and Hartley MRICS and two thirds by Neil Fitzsimmons MRICS, an employee of the company on an open market basis, as follows

Group	Land and buildings (All Investment Properties)		Plant and machinery	Total
	Freehold £'000	leasehold £'000	£'000	£'000
Cost or valuation				
At 1 January 2008	52,138	22,142	9	74,289
Additions	-	15	365	380
Revaluations	424	(446)	-	(22)
At 31 December 2008	52,562	21,711	374	74,647
Depreciation				
Charge for the year	-	-	42	42
At 31 December 2008	-	-	42	42
Net book value				
At 31 December 2008	52,562	21,711	332	74,605
At 31 December 2007	52,138	22,142	9	74,289

In respect of the fixed assets stated at valuation the comparable historical cost and depreciation values are as follows

	2008	2007
	£'000	£'000
Net book value at the end of the year	74,273	74,280
Historical cost	65,605	65,593

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Notes to the financial statements (continued)

For the year ended 31 December 2008

10 Tangible fixed assets (continued)

If land and buildings had not been revalued they would have been included at the following amounts

Group	2008			2007		
	Investment properties £000	Freehold £000	Long leasehold £000	Investment properties £000	Freehold £000	Long Leasehold £000
Cost and net book value	65,937	47,448	18,489	65,602	47,854	17,748

11 Fixed asset investments

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Subsidiary undertakings	-	-	5,583	710
Investment in joint ventures	5,756	6,739	-	-
	5,756	6,739	5,583	710

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Notes to the financial statements (continued)

For the year ended 31 December 2008

11 Fixed asset investments (continued)*Principal Group investments*

The principal investments of the Group are listed below. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

	Country of incorporation or principal business address	Principal activity	Holding*	%
<u>Subsidiary undertakings</u>				
CSPC Management Services Limited +	England & Wales	Management Services	Ordinary	100%
CSPC (Barnsley) Limited +	England & Wales	Non Trading	Ordinary	100%
CSPC (Camden & Islington) Limited +	England & Wales	NonTrading	Ordinary	100%
CSPC (Solent) Limited +	England & Wales	Non Trading	Ordinary	100%
CSPC (Doncaster) Limited +	England & Wales	Non Trading	Ordinary	100%
CSPC (BTG) Limited +	England & Wales	NonTrading	Ordinary	100%
JV UK Limited +	England & Wales	NonTrading	Ordinary	50%*
<u>Associates and joint ventures</u>				
Barnsley Community Solutions	England & Wales	Non Trading	Ordinary	60%
Barnsley Community Solutions (Tranche 1) Ltd	England & Wales	Investment management	Ordinary	60%
Barnsley Community Solutions (Tranche 2) Ltd	England & Wales	Investment management	Ordinary	60%
Bury, Tameside & Glossop Community Solutions Ltd	England & Wales	Non Trading	Ordinary	60%
Bury, Tameside & Glossop Community Solutions 1 Limited	England & Wales	Investment management	Ordinary	60%
Camden & Islington Community Solutions Ltd	England & Wales	Non Trading	Ordinary	60%
Camden & Islington Community Solutions 1 Ltd	England & Wales	Investment management	Ordinary	60%
Solent Community Solutions	England & Wales	Non Trading	Ordinary	60%
Solent Community Solutions 1 Ltd	England & Wales	Investment management	Ordinary	60%
Doncaster Community Solutions (Liftco) Limited	England & Wales	Non Trading	Ordinary	60%
Doncaster Community Solutions (Fundco1) Ltd	England & Wales	Investment management	Ordinary	60%
Doncaster Community Solutions (Fundco2) Ltd	England & Wales	Investment management	Ordinary	60%
LIFT Investments Ltd	England & Wales	Non Trading	Ordinary	62%
Resound Mount Gold	England & Wales	Investment management	Ordinary	37.2%
Resound Cattledown	England & Wales	Investment management	Ordinary	37.2%

+ Held directly by CSPC Holdings Limited

* See note 23

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

11 Fixed asset investments (continued)*Subsidiary Undertakings*

	Company £000
Cost	
At 1 January 2008	710
Additions	4,897
Disposals	(24)
Net book value as at 31 December 2008	5,583
Net book value as at 31 December 2007	710

Joint Ventures

	Group £000
Share of net assets	
At 1 January 2008	6,739
Additions	959
Share of retained loss for the year	(1,942)
Net book value as at 31 December 2008	5,756
Net book value as at 31 December 2007	6,739

The following information is given in respect of the Group's share in its joint ventures

	2008 £000	2007 £000
Turnover	5,187	3,352
Loss after tax	(1,942)	(433)
Fixed assets	87,260	53,863
Current assets	13,211	8,158
Liabilities due within one year	(2,995)	(3,116)
Liabilities due after one year	(91,720)	(52,166)
Net assets	5,756	6,739

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

12 Debtors

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	236	432	-	-
Amounts owed by Group undertakings	-	-	138	-
Amounts owed by related parties	1,413	489	4	16
VAT	20	26	20	26
Corporation Tax	29	-	29	-
Other debtors	378	72	-	20
Prepayments and accrued income	106	48	64	-
	2,182	1,067	255	62

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Amounts falling due after more than one year				
Amounts owed by Group undertakings	-	-	3,248	-
Amounts owed by related parties	11,967	7,700	7,019	7,700
	11,967	7,700	10,267	7,700
Total debtors	14,149	8,767	10,522	7,762

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Notes to the financial statements (continued)

For the year ended 31 December 2008

13 Creditors – Amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank loans and overdrafts	2,112	140	-	-
Trade creditors	86	47	18	-
Amounts owed to Group undertakings	-	-	2,207	1,617
Amounts owed to related parties	596	1,263	537	14
Corporation tax	-	53	-	4
Other taxation and social security	281	207	-	-
Other creditors	973	612	-	-
Accruals and deferred income	2,121	2,047	188	32
	6,169	4,369	2,950	1,667

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Notes to the financial statements (continued)

For the year ended 31 December 2008

14 Creditors – Amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Other creditors				
Bank loans	56,818	57,160	-	-
Amounts owed to related parties	11,553	7,700	10,620	7,700
	68,371	64,860	10,620	7,700

The bank overdraft is secured under a Group guarantee and set off arrangement

The loans are repayable over 25 years and bear a fixed interest rate of 6.35% per annum. The loans are secured on the Group's freehold and leasehold investment properties.

Borrowings are repayable as follows

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Total borrowings				
Between one and two years	467	1,376	158	1,051
Between two and five years	2,048	1,876	806	391
After five years	65,856	61,608	9,656	6,258
	68,371	64,860	10,620	7,700
On demand or within one year	2,579	653	2,950	1,667
	70,950	65,513	13,570	9,367

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

15 Provisions for liabilities**Deferred Tax**

	2008	2007
	£000	£000
Group		
At 1 January 2008	777	1,001
Charged/ (credited) to profit and loss account	88	(224)
Adjustment to prior years	2	-
Effects of change in corporation tax rate	(2)	-
At 31 December 2008	865	777

Deferred tax

Deferred tax is provided as follows

	2008	2007
	£000	£000
Group		
Accelerated capital allowances	2,274	2,083
Tax losses available	(1,409)	(1,306)
Provision for deferred tax	865	777

16 Called-up share capital

	2008	2007
	£000	£000
<i>Authorised</i>		
333,333 (2007 333,333) ordinary "A" shares of £1 each	333	333
333,333 (2007 333,333) ordinary "B" shares of £1 each	333	333
333,334 (2007 333,334) ordinary "C" shares of £1 each	334	334
	1,000	1,000
<i>Allotted, called-up and fully-paid</i>		
Nil ordinary "A" shares of £1 each	-	-
170,793 (2007 170,793) ordinary "B" shares of £1 each	171	171
170,793 (2007 170,793) ordinary "C" shares of £1 each	171	171
	342	342

The ordinary shares carry one voting right per share, they have no redemption rights and are not entitled to any dividends other than those recommended by the Directors "A", "B" and "C" shares constitute different classes of shares but confer the same rights upon the holders thereof and rank pari passu in all respects

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

17 Statement of movements in reserves and shareholders' funds

Group	Share capital £000	Revaluation Reserve £000	Other reserve £000	Profit and loss account £000	Total £000
At 1 January 2008	342	15,517	-	5,704	21,563
Exchange of shares	-	-	2,261	-	2,261
Revaluation surplus	-	1,014	-	-	1,014
Profit for the financial year	-	-	-	(2,103)	(2,103)
At 31 December 2008	342	16,531	2,261	3,601	22,735

* The Other Reserve is non-distributable and relates to the disposal of Community Solutions for Primary Care (Solent) Limited. See note 21

Company	Share Capital £000	Profit and loss account £000	Other Reserve £000	Total £000
At 1 January 2008	342	179	-	521
Loss for the financial year	-	(55)	-	(55)
Exchange of shares	-	-	2,259	2,259
At 31 December 2008	342	124	2,259	2,725

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Notes to the financial statements (continued)

For the year ended 31 December 2008

18 Reconciliation of operating profit to operating cash flows

	2008 £000	2007 £000
Operating profit	3,203	4,093
Amortisation	37	37
Depreciation	42	-
Increase in debtors	(5,302)	(25,176)
Increase in creditors	(306)	22,265
Net cash (outflow)/inflow from operating activities	(2,326)	1,219

19 Analysis of cash flows

	2008 £000	2007 £000
<i>Returns on investments and servicing of finance</i>		
Interest received	711	684
Interest paid	(4,279)	(4,227)
Net cash outflow	(3,568)	(3,543)

Taxation

UK corporation tax paid

Net cash outflow

-	122
-	122

Capital expenditure and financial investment

Purchase of tangible fixed assets

Net cash outflow

(343)	(358)
(343)	(358)

Acquisitions and disposals

Purchase of subsidiary undertaking

Net cash outflow

-	(114)
-	(114)

Community Solutions for Primary Care (Holdings) Limited

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Notes to the financial statements (continued)

For the year ended 31 December 2008

19 Analysis of cash flows (continued)

<i>Financing</i>	2008 £000	2007 £000
Issue of ordinary share capital	-	314
Repayment of loan notes	-	(136)
New unsecured loan	3,511	3,276
Repayment of unsecured loan	(140)	-
Net cash (outflow)/inflow	3,371	3,454

20 Analysis and reconciliation of net debt

	1 January 2008 £'000	Cash flow £'000	31 December 2008 £'000
Cash in hand, at bank	3,921	(1,080)	2,841
Overdrafts	-	(1,786)	(1,786)
	3,921	(2,866)	1,055
Debt due within 1 year	(653)	(140)	(793)
Debt due after 1 year	(64,860)	(3,511)	(68,371)
Net debt	(61,592)	(6,517)	(68,109)

	2008 £'000
Decrease in cash in the year	(2,866)
Cash inflow from increase in debt and lease financing	(140)
Change in net debt resulting from cash flows	(3,006)
Movement in net debt in year	(3,006)
Net debt at 1 January 2008	(64,636)
Net debt at 31 December 2008	(67,642)

Community Solutions for Primary Care (Holdings) Limited

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Notes to the financial statements (continued)

For the year ended 31 December 2008

21 Major non-cash transactions

On 31st March 2008, Community Solutions for Primary Care (Holdings) Limited transferred its investment in Community Solutions for Primary Care (Solent) Limited to JV UK Company Limited in exchange for 50% of the share capital of JV UK Company Limited. The other 50% of the share capital of JV UK Company Limited was issued to Sutton Harbour Holdings plc in exchange for its 62% investment in Lift Investments Ltd. The transaction generated an unrealised gain of £2,261,312 which is shown in the non-distributable 'other reserve'.

The unrealised gain was calculated as follows

	£'000
Net assets disposed of.	
Share capital	5
Intercompany loan	800
	<hr/>
	805
Gain on exchange of shares	2,261
	<hr/>
Sale proceeds	3,066
Satisfied by	
50% share of the fair value of JV UK Company Limited	3,066
	<hr/>

Community Solutions for Primary Care (Holdings) Limited**Registered number: 04437976**

Notes to the financial statements (continued)

For the year ended 31 December 2008

22 Related party transactions

Transactions with the directors of the Company are disclosed in note 5

Amounts owed by and to associated undertakings are disclosed in notes 12, 13 and 14

		Transaction Amount 2008	Amount Due (to)/from related party at 31 December 2008	Transaction amount 2007	Amount Due (to)/from related party at 31 December 2007
Nature of Transaction	Relationship	£'000	£'000	£'000	£'000
Barclays European Infrastructure Fund II LP	50% JV Parent of CSPC Holdings Ltd Group				
Loan Interest Payable		407	-	-	-
Creditors		76	(338)	-	(821)
Long Term Loan		(2,745)	(7,416)	-	(4,663)
Finance Asset		2,745	2,745	-	-
Morgan Sindall Investments (NHS Lift) Ltd	50% JV Parent of CSPC Holdings Ltd Group				
Creditors		(5)	(282)	-	(394)
Long Term Loan		(196)	(3,248)	-	(3,052)
Morgan Sindall Plc	Group parent of Morgan Sindall Investments Ltd Group				
Interest Payable		-	-	-	(33)
Sutton Harbour	Joint Venture Partner				
Accrued Income		19	30	-	-
Creditors		(909)	(909)	-	-

Community Solutions for Primary Care (Holdings) Limited

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Notes to the financial statements (continued)

For the year ended 31 December 2008

23 Acquisition of subsidiary undertaking and group restructuring

On 31st March 2008, Community Solutions for Primary Care (Holdings) Limited transferred its investment in Community Solutions for Primary Care (Solent) Ltd to JV UK Company Limited in exchange for 50% of the share capital of JV UK Company Limited

The Company loaned £914,400 to the new joint venture company. The amount shown in the company balance sheet in relation to the investment in the new joint venture company is as follows

	2008 £'000
Shares in the new company	2,152
Loan to new joint venture company	914
	<u>3,066</u>

On 30th September 2008, Community Solutions for Primary Care (Holdings) Limited acquired the rights to all future income attributable to JV UK Company Limited for £2,745,000. JV UK Company Limited is therefore recognised as a subsidiary as at the balance sheet date, due to the control that Community Solutions for Primary Care (Holdings) Limited has over JV UK Company Limited.

On 30th September 2008, JV UK Company Limited had net liabilities of £228,000. Goodwill recognised on acquisition was £2,973,000.

During the year, CSPC 3PD Limited and its wholly-owned subsidiary undertakings were acquired and accounted for using the group reconstruction method.

24 Ultimate controlling company

Community Solutions for Primary Care (Holdings) Limited is jointly owned by Barclays European Infrastructure Fund II LP and Morgan Sindall Investments (NHS Lift) Limited.

The Directors are of the opinion that there is no ultimate controlling party.