

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2008**



**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**DIRECTORS**

Mr. R. Borg  
Mr. R. Beney

**SECRETARY**

Mr. R. Borg

**REGISTERED OFFICE**

31a St James's Square  
London SW1Y 4JR

**REGISTERED NUMBER**

4556634

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers CI LLP  
National Westminster House  
Le Truchot  
St Peter Port  
Guernsey GY1 4ND

**PRINCIPAL BANKERS**

Bank of Scotland  
Bishopsgate Exchange  
155 Bishopsgate  
London EC2M 3YB

**HEALTHCARE PROPERTIES (OXFORD) LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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The directors present their annual report and the audited financial statements to the shareholders for the year ended 31 December 2008.

**PRINCIPAL ACTIVITY**

The Company's principal activity is that of an investment property holding company.

**RESULTS**

The result for the year is shown on page 5.

**DIVIDENDS**

The directors do not propose a dividend for the year ended 31 December 2008 (2007: nil).

**DIRECTORS**

The directors of the Company at 31 December 2008, all of whom have been directors for the whole of the year then ended, were:

Mr. R. Borg  
Mr. R. Beney

**SECRETARY**

The secretary of the Company at 31 December 2008 and for the whole year then ended is listed on page 1.

**DIRECTORS' INTERESTS**

The following directors' interests in the shares of the company were as stated below:

|              | Ordinary Shares of £1 each |      |
|--------------|----------------------------|------|
|              | 31 December<br>2008        | 2007 |
| Mr. R. Borg  | Nil                        | Nil  |
| Mr. R. Beney | Nil                        | Nil  |

**INDEPENDENT AUDITORS**

The independent auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office, and a resolution to reappoint them as auditors to the Company will be proposed at the annual general meeting.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 company and of the profit or loss of the company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.


**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

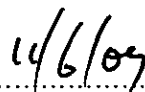
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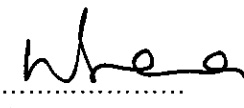
The directors confirm that they have complied with the above requirements in preparing the financial statements.

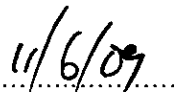
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

By order of the Board

  
.....  
Director

  
.....  
Date

  
.....  
Director

  
.....  
Date

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEALTHCARE PROPERTIES (OXFORD) LIMITED

We have audited the financial statements of Healthcare Properties (Oxford) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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 United Kingdom law and United Kingdom Accounting Standards 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 or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

### Basis of audit opinion

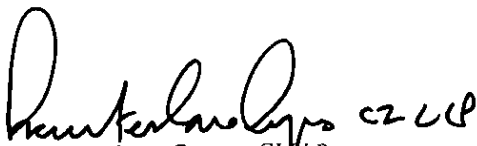
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 Accounting Standards, of the state of the Company's affairs as at 31 December 2008 and of its profit 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 CI LLP  
Chartered Accountants and Registered Auditors  
Guernsey, Channel Islands  
11 June 2009

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

|   | Notes | 2008<br>£        | 2007<br>£        |
|---|-------|------------------|------------------|
| Rent receivable   | 1,2   | 2,388,626        | 2,334,662        |
| Administrative expenses                                     |       | (368,534)        | (1,125,640)      |
| <b>Operating profit</b>                                     | 3     | <u>2,020,092</u> | <u>1,209,022</u> |
| Other interest receivable and similar income                |       | 57,981           | 32,497           |
| Amortisation of negative goodwill                           |       | 118,886          | 74,604           |
| Goodwill adjustment   | 8     | -                | (191,912)        |
| Write off of investment                                     | 7     | -                | (63,661)         |
| Interest payable and similar charges                        | 4     | (1,120,605)      | (1,201,856)      |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | <u>1,076,354</u> | <u>(141,306)</u> |
| Taxation  | 5     | (33,190)         | (71,070)         |
| <b>Profit/(loss) for the year after taxation</b>            |       | <u>1,043,164</u> | <u>(212,376)</u> |

There is no difference between the loss for the year as stated above and its historical cost equivalent.

The notes on pages 8 to 16 form part of these financial statements

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

|   | Notes | 2008<br>£      | 2007<br>£        |
|---|-------|----------------|------------------|
| <b>Profit/(loss) for the financial year</b>                 |       | 1,043,164      | (212,376)        |
| Movement in unrealised surplus on revaluation of properties | 6, 14 | (905,491)      | 2,461,530        |
| Refund of consideration for investments                     | 8     | -              | 310,011          |
| <b>Total recognised gains for the year</b>                  |       | <u>137,673</u> | <u>2,559,165</u> |

The notes on pages 8 to 16 form part of these financial statements.



**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

|   | Notes | 2008<br>£          | 2007<br>£          |
|---|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                                   |       |                    |                    |
| Investment property                                   | 6     | 33,570,045         | 34,475,536         |
| Investments   | 7     | 1,463,817          | 1,463,817          |
| Negative goodwill                                     | 8     | (396,295)          | (515,181)          |
| Accrued income  | 1     | 1,374,776          | 1,173,486          |
|   |       | <u>36,012,343</u>  | <u>36,597,658</u>  |
| <b>CURRENT ASSETS</b>                                 |       |                    |                    |
| Debtors   | 9     | 1,576,958          | 1,153,671          |
| Cash at bank and in hand                              |       | 206,093            | 338,422            |
|   |       | <u>1,783,051</u>   | <u>1,492,093</u>   |
| <b>CREDITORS: amounts falling due within one year</b> | 10    | (3,005,952)        | (3,517,793)        |
| <b>NET CURRENT LIABILITIES</b>                        |       | <u>(1,222,901)</u> | <u>(2,025,700)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>34,789,442</u>  | <u>34,571,958</u>  |
| <b>CREDITORS: amounts falling due after one year</b>  | 11    | (19,113,318)       | (19,066,697)       |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>         | 12    | (3,349,920)        | (3,316,730)        |
| <b>NET ASSETS</b>                                     |       | <u>12,326,204</u>  | <u>12,188,531</u>  |
| <b>CAPITAL AND RESERVES</b>                           |       |                    |                    |
| Share capital   | 13    | 1                  | 1                  |
| Revaluation reserve                                   | 14    | 10,623,009         | 11,528,500         |
| Profit and loss account                               | 14    | 1,703,194          | 660,030            |
| <b>TOTAL CAPITAL AND RESERVES</b>                     | 15    | <u>12,326,204</u>  | <u>12,188,531</u>  |

The financial statements on pages 5 to 16 were approved by the board of directors on // June 2009 and were signed on its behalf by:

Director .....

Director .....

The notes on pages 8 to 16 form part of these financial statements.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**1. PRINCIPAL ACCOUNTING POLICIES**

**1.1 Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

**1.2 Revenue recognition**

Revenue consists of minimum lease rentals payable over the terms of the operating leases, recognised on a straight line basis, and incremental lease rentals payable under rent escalation clauses in the leases recognised as they arise. Every investment property is accounted for individually. Operating lease agreements are based on long-term leasing contracts of 35 years.

**1.3 Accounting for leases and accrued income**

The Company currently treats all of its investment property leases as operating leases, however this classification is considered by the directors for each property on acquisition. An operating lease is a lease in which substantially all the risks and rewards of the asset (investment property) remain with the lessor and as such these assets remain in the Company's balance sheet. Lease payments from the lessee are recognised as rental income and as such disclosed in the income statement on a straight-line basis over the period of the lease.

Accrued income is provided to recognise guaranteed future income over the period of the lease. Accrued income is recognised under non-current assets for all amounts not released to the income statement within 12 months of the balance sheet date and not receivable within 12 months. Amounts due to be released within 12 months of the balance sheet date are recognised in receivables under current assets.

**1.4 Other income**

All other income is accounted for on an accruals basis.

**1.5 Deferred taxation**

Provision for deferred tax is made in respect of all timing differences that have originated but not reversed by the balance sheet date. Any provisions for deferred taxes are not discounted. Deferred tax assets are only recognised where there is a reasonable probability that the asset will crystallise in the foreseeable future.

**1.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand or deposits held at call with banks, other than short term highly liquid investments and bank overdrafts.

**1.7 Investment properties**

The investment properties are stated at market value. Increases in the carrying value of investment properties are credited to the revaluation reserve. Decreases that offset previous increases of the same investment property are charged against the revaluation reserve whilst all other decreases are charged to the profit and loss account.

On disposal, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account. Amounts in revaluation reserve relating to the investment are transferred to retained earnings and disclosed in the statement of total recognised gains and losses.

Acquisition and disposal of properties are considered to have taken place where, by the end of the accounting period, there is a legally binding, unconditional and irrevocable contract and legal completion has taken place subsequently.

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold properties or leasehold properties which have unexpired terms in excess of twenty years.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

Any subsequent expenditure is charged to the asset's carrying amount only when it is possible that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably. Until this point in time any non-cancellable contracts for work in progress are provided for with a corresponding deferred asset.

**1.8 Negative goodwill**

Negative goodwill arising on acquisitions is capitalised and amortised on a straight-line basis over the life of the lease.

**1.9 Borrowings**

Borrowings are initially recognised as the proceeds received, net of issue costs incurred. Debt arrangement fees which therefore qualify to be treated as issue costs are deducted from the gross amount of bank borrowings and are amortised to the profit and loss account over the period of the borrowings as a component of the interest payable. Other finance costs are written off as they are incurred.

**1.10 Investments**

Investments are stated at cost less provision for any permanent diminution in value.

**1.11 Cash flow statement**

Under Financial Reporting Standard No 1 (Revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

**1.12 Basis of non-consolidation**

These are separate financial statements which do not include the reported results and net assets of the Company's wholly owned subsidiary undertaking.

Under Financial Reporting Standard No. 2 the Company is exempt from the requirement to prepare consolidated financial statements on the grounds of the Group's size.

**2. TURNOVER**

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**3. OPERATING PROFIT**

|  | 2008<br>£ | 2007<br>£ |
|--|-----------|-----------|
| Operating profit is stated after charging: |           |           |
| Auditors' remuneration                     | 12,688    | 14,926    |
|  | <hr/>     | <hr/>     |

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

|   | 2008<br>£ | 2007<br>£ |
|---|-----------|-----------|
| On loans repayable between 2 to 5 years | 1,120,605 | 1,201,856 |
|   | <hr/>     | <hr/>     |

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**5. TAXATION**

|   | 2008<br>£        | 2007<br>£        |
|---|------------------|------------------|
| Current tax   | -                | -                |
| Deferred tax (Note 12)  | 33,188           | 71,070           |
|   | <u>33,188</u>    | <u>71,070</u>    |
| Profit/(loss) on ordinary activities before tax   | <u>1,076,354</u> | <u>(141,306)</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%) | 301,379          | (42,391)         |
| Effects of:   |                  |                  |
| Disallowed management charge  | 82,832           | 280,209          |
| Income not subject to tax   | -                | -                |
| Accelerated capital allowances  | (22,607)         | (51,460)         |
| Utilisation of tax losses   | (361,605)        | (186,358)        |
| Current tax charge for the year   | <u>-</u>         | <u>-</u>         |

**6. INVESTMENT PROPERTY**

|   | 2008<br>£         | 2007<br>£         |
|---|-------------------|-------------------|
| As at 1 January 2008  | 34,475,536        | 32,014,006        |
| Movement in unrealised surplus on revaluation of properties | (905,491)         | 2,461,530         |
| Valuation as at 31 December 2008                            | <u>33,570,045</u> | <u>34,475,536</u> |

A valuation of the property was made at 31 December 2008 by Colliers CRE, Chartered Surveyors and International Property Consultants ('Colliers'), on an investment value basis. CRE recommended that a capitalisation in the range of 6.0% to 6.6% should be used. It is the management's opinion that this valuation reflects the fair value of the investment properties as at the 31 December 2008. On a historical cost basis, the properties would be included at an original cost of £19,583,593 (2007 - £19,583,593). As disclosed in note 11, the Company has created a fixed charge over the properties.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**7. INVESTMENTS**

|                          | <b>2008</b>      | <b>2007</b>      |
|--------------------------|------------------|------------------|
|                          | <b>£</b>         | <b>£</b>         |
| Balance brought forward  | 1,463,817        | 1,527,478        |
| Write off of investments | -                | (63,661)         |
| Balance carried forward  | <u>1,463,817</u> | <u>1,463,817</u> |

The investments are in the Company's subsidiaries, The Manor House Nursing Home Limited and Hollygarth Care Homes Limited, which represent the aggregate of the share capital and share premium account of those subsidiaries, and in the preference share capital of European Care (England) Limited (see below).

**Holdings of more than 20%**

The Company holds more than 20% of the share capital of the following companies:

| <b>Company</b>                       | <b>Country of registration<br/>or incorporation</b> | <b>Shares held<br/>Class</b> | <b>%</b> |
|--------------------------------------|---|------------------------------|----------|
| <b>Subsidiary undertakings</b>       |   |                              |          |
| The Manor House Nursing Home Limited | England   | Ordinary                     | 100      |
| Hollygarth Care Homes Limited        | England   | Ordinary                     | 100      |
| <b>Other significant interests</b>   |   |                              |          |
| European Care (England) Limited      | England   | Preference                   | 100      |

The aggregate amount of capital and reserves and the results of the subsidiary undertakings for the last relevant financial year were as follows:

|                                      | <b>Capital<br/>and<br/>reserves<br/>2008<br/>£</b> | <b>Result<br/>for the<br/>year<br/>2008<br/>£</b> | <b>Capital<br/>and<br/>reserves<br/>2007<br/>£</b> | <b>Result<br/>for the<br/>year<br/>2007<br/>£</b> |
|--------------------------------------|--|---|--|---|
| The Manor House Nursing Home Limited | 482,476  | -   | 482,476  | -   |
| Hollygarth Care Homes Limited        | 606,330  | -   | 606,330  | -   |
|                                      | <u>1,088,806</u>                                   | <u>-</u>  | <u>1,088,806</u>                                   | <u>-</u>  |

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**7. INVESTMENTS (continued)**

The investments amounting to £1,463,817 (2007 - £1,463,817) comprised of:

- i) £482,476 (2007 - £482,476) representing 11,500 Ordinary A shares of 1p and 300 Ordinary B shares of 1p each in The Manor House Nursing Home Limited.
- ii) £606,330 (2007 - £606,330) representing 67,002 Ordinary shares of £1 in Hollygarth Care Homes Limited.
- iii) £375,000 (2007 - £375,000) representing 375,000 preference shares of £1 each in European Care (England) Limited.

During the year, Healthcare Properties (Oxford) Limited received £2,187,336 (2007 - £2,097,763) in rental income and business fees income from European Care (England) Limited under the terms of a long term lease.

**8. NEGATIVE GOODWILL**

|  | 2008           | 2007           |
|--|----------------|----------------|
|  | £              | £              |
| Balance brought forward                    | 515,181        | 397,873        |
| Amortisation                               | (118,886)      | (74,604)       |
| Adjustment: due to refund of consideration | -              | 191,912        |
| Balance carried forward                    | <u>396,295</u> | <u>515,181</u> |

On 5 May 2005, the Company acquired 100% of the share capital of Hollygarth Care Homes Limited. On the same day the assets and the business were leased to a third party operator under a 7 year lease. The negative goodwill is being amortised over the life of the lease.

During 2007, an amount of £310,011 was received by the Company as a refund of consideration in respect of the above investment. As such negative goodwill was recalculated and an adjustment to cumulative amortisation made.

**9. DEBTORS**

|  | 2008             | 2007             |
|--|------------------|------------------|
|  | £                | £                |
| Prepayments and accrued income         | 483,574          | 95,935           |
| Loans                                  | 692,810          | 648,460          |
| Amounts due from other group companies | 171,083          | 201,098          |
| Other debtors                          | <u>229,491</u>   | <u>208,178</u>   |
|  | <u>1,576,958</u> | <u>1,153,671</u> |

Amounts due from other group companies were £22,576 (2007 - £19,778) from Healthcare Properties (Ashlea) Limited, £31,956 (2007 - £31,956) from Healthcare Properties UK Limited, £300 (2007 - £300) from Public Service Properties Investments Limited, £1,224 (2007 - £1,224) from Healthcare Properties Etzelgut Limited and £115,027 (2007 - £147,840) from Healthcare Properties Stonelea Limited.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**10. CREDITORS: amounts falling due within one year**

|                                      | <b>2008</b>      | <b>2007</b>      |
|--------------------------------------|------------------|------------------|
|                                      | <b>£</b>         | <b>£</b>         |
| Bank loans and overdrafts            | 452,152          | 450,001          |
| Amounts due to other group companies | 2,450,595        | 2,955,011        |
| Other creditors                      | 7,811            | 525              |
| Accruals                             | 95,394           | 112,256          |
|                                      | <u>3,005,952</u> | <u>3,517,793</u> |

Amounts owed to other group companies were £362,476 (2007 - £362,476) to The Manor House Nursing Home Limited, £1,445,290 (2007 - £1,959,960) to Public Service Properties Investments Limited, £36,500 (2007 - £26,000) to Healthcare Properties Ashlea Limited and £606,329 (2007 - £606,329) to Hollygarth Care Homes Limited. These balances are repayable on demand and are subject to interest charges as agreed from time to time.

**11. CREDITORS: amounts falling due after one year**

|             | <b>2008</b>       | <b>2007</b>       |
|-------------|-------------------|-------------------|
|             | <b>£</b>          | <b>£</b>          |
| Bank loan   | 16,917,348        | 16,870,727        |
| Other loans | 2,195,970         | 2,195,970         |
|             | <u>19,113,318</u> | <u>19,066,697</u> |

In September 2007 the company renegotiated its facility agreements with the Bank of Scotland which are repayable in full after 5 years on an interest only basis.

The Company also has borrowings of £2,195,970 (2007 - £2,195,970) from its immediate holding company, Healthcare Properties (Ashlea) Limited, which is repayable on demand with the permission of the Bank of Scotland. This loan is unsecured and interest free.

The maturities of the bank loan facilities due after one year are as follows:

|  | <b>2008</b>       | <b>2007</b>       |
|--|-------------------|-------------------|
|  | <b>£</b>          | <b>£</b>          |
| Due after 1 year but before 2 years    | -                 | -                 |
| Due after 2 years but before 5 years   | 16,917,348        | 16,870,727        |
| Due after 5 years                      | -                 | -                 |
| Total bank borrowings due after 1 year | <u>16,917,348</u> | <u>16,870,727</u> |
| Total bank borrowings                  | <u>17,369,500</u> | <u>17,320,728</u> |

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**12. PROVISIONS FOR DEFERRED TAXATION**

|  | 2008<br>£        | 2007<br>£        |
|--|------------------|------------------|
| Balance brought forward                    | 3,316,730        | 3,245,660        |
| Deferred tax on straight line lease income | 33,190           | 71,070           |
| Balance carried forward                    | <u>3,349,920</u> | <u>3,316,730</u> |

Deferred taxation is provided on timing differences arising from the recognition of accrued income (see Note 1.3).

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the properties were sold. The total amount un-provided for is £2,653,335 (2007 - £3,093,115). At present, it is not envisaged that any tax will become payable in the foreseeable future. During 2008 an adjustment has been made to the deferred taxation provision to reflect the change in the rate of UK Corporation Tax from 30% to 28%.

**13. SHARE CAPITAL**

|  | 2008<br>£         | 2007<br>£         |
|--|-------------------|-------------------|
| <b>Authorised:</b>                         |                   |                   |
| <b>Equity interests:</b>                   |                   |                   |
| 100 Ordinary shares of £1 each             | 100               | 100               |
|  | <u>          </u> | <u>          </u> |
| <b>Allotted, called up and fully paid:</b> |                   |                   |
| <b>Equity interests:</b>                   |                   |                   |
| 1 Ordinary share of £1 each                | 1                 | 1                 |
|  | <u>          </u> | <u>          </u> |



**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**14. STATEMENT OF MOVEMENTS ON RESERVES**

|   | 2008                   | 2008                          | 2007                   | 2007                          |
|---|------------------------|-------------------------------|------------------------|-------------------------------|
|   | REVALUATION<br>RESERVE | PROFIT AND<br>LOSS<br>ACCOUNT | REVALUATION<br>RESERVE | PROFIT AND<br>LOSS<br>ACCOUNT |
|   | £                      | £                             |                        |                               |
| Balance brought forward                 | 11,528,500             | 660,030                       | 8,756,959              | 872,406                       |
| Retained profit/(loss) for the year     | -                      | 1,043,164                     | -                      | (212,376)                     |
| Revaluation during the year             | (905,491)              | -                             | 2,461,530              | -                             |
| Refund of consideration for investments | -                      | -                             | 310,011                | -                             |
| Balance carried forward                 | 10,623,009             | 1,703,194                     | 11,528,500             | 660,030                       |

**15. RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES**

|                                      | 2008       | 2007       |
|--------------------------------------|------------|------------|
|                                      | £          | £          |
| Profit for the financial year        | 1,043,164  | (212,376)  |
| Other recognised gains and losses    | (905,491)  | 2,771,541  |
| Net addition to capital and reserves | 137,673    | 2,559,165  |
| Opening capital and reserves         | 12,188,531 | 9,629,366  |
| Closing capital and reserves         | 12,326,204 | 12,188,531 |

**16. EMPLOYEES**

**Number of employees**

There were no employees during the year apart from the directors.

**17. IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

The immediate controlling company is Healthcare Properties (Ashlea) Limited, a company registered in Guernsey, Channel Islands. In the opinion of the directors, the ultimate controlling company is Public Service Properties Investments Limited; a company registered in the British Virgin Islands whose shares are listed on the AIM Stock Exchange.

Public Service Properties Investments Limited has issued a letter to the Company confirming that it has the means to continue to support the normal financial obligations of the Company.

**18. RELATED PARTY TRANSACTIONS**

The Company was charged management fees of £285,330 (2007 - £996,342) by Public Service Properties Investments Limited (formerly USI Group Holdings Limited) and £10,500 (2007 - £10,500) by Healthcare Properties (Ashlea) Limited, for services rendered during the course of the year ended 31 December 2008. The amounts remaining unpaid to and from Group companies at 31 December 2008 are detailed in Notes 9, 10 & 11.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
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**19. FINANCIAL COMMITMENTS**

In October 2008 the Company entered into an agreement with Pyeroy Construction Limited for design and construction work to be carried out at an investment property owned by the Company. The total value of the contract is £2,648,318 and the date for completion of the works is anticipated to be October 2009. As at 31 December 2008 the Company had paid £163,243 in respect of this contract, with £2,485,075 still payable subject to the successful completion of the work in accordance with the terms of the agreement.