

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2010**



**Company registered number: 4556634 (England and Wales)**

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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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  
Royal Bank Place  
1 Glatigny Esplanade  
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 2010**

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The directors present their annual report and the audited financial statements to the shareholders for the year ended 31 December 2010

The going concern basis of preparation has been adopted as the Company relies on a letter of support from its ultimate controlling party, Public Service Properties Investments Limited

**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 2010 (2009 nil)

**DIRECTORS**

The directors of the Company at 31 December 2010, 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 2010 was Mr R Borg who had been secretary for the whole year then ended

**DIRECTORS' INTERESTS**

The directors have no interests in the shares of the Company

**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 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 elected to prepare 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

**HEALTHCARE PROPERTIES (OXFORD) LIMITED  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

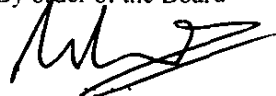
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**

In accordance with Section 418, each director at the date of the approval of the directors' report, confirms that

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) the directors have taken all steps necessary as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



Director

4/7/11

Date



Director

6/7/11

Date

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

We have audited the financial statements of Healthcare Properties (Oxford) Limited ( 'the Company' ) for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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 page 2, 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.

### 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 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### Opinion on other matter 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.

### 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.



John Roche (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Auditors  
Guernsey Channel Islands

6 July 2011

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

|   | Notes | 2010<br>£        | 2009<br>£        |
|---|-------|------------------|------------------|
| Rent receivable   | 1,2   | 2,483,262        | 2,393,446        |
| Administrative expenses                                     |       | (502,090)        | (417,562)        |
| <b>Operating profit</b>                                     | 3     | <u>1,981,172</u> | <u>1,975,884</u> |
| Other interest receivable and similar income                |       | 322,216          | 92,644           |
| Amortisation of negative goodwill                           |       | 118,884          | 118,884          |
| Interest payable and similar charges                        | 4     | (1,028,775)      | (1,084,410)      |
| Write off of accrued income                                 | 1     | (1,696,299)      | -                |
| <b>(Loss)/profit on ordinary activities before taxation</b> |       | <u>(302,802)</u> | <u>1,103,002</u> |
| Taxation  | 5     | 616,055          | (341,095)        |
| <b>Retained profit for the year</b>                         |       | <u>313,253</u>   | <u>761,907</u>   |

There are no differences between the loss on ordinary activities before taxation and the retained profit for the year as stated above and their historical cost equivalents

The results above are all in respect of continuing operations of the Company

The notes on pages 8 to 15 form part of these financial statements

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

|   | Notes | 2010<br>£        | 2009<br>£        |
|---|-------|------------------|------------------|
| Retained profit for the year                                |       | 313,253          | 761,907          |
| Movement in unrealised surplus on revaluation of properties | 6, 14 | (1,344,639)      | 320,477          |
| <b>Total recognised gains for the year</b>                  |       | <b>1,031,386</b> | <b>1,082,384</b> |

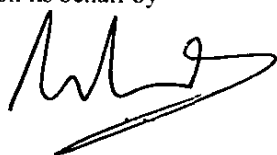
The notes on pages 8 to 15 form part of these financial statements

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

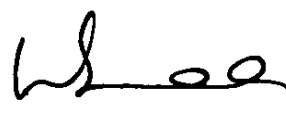
|   | Notes | 2010<br>£          | 2009<br>£          |
|---|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                                   |       |                    |                    |
| Investment properties                                 | 6     | 36,092,885         | 33,890,522         |
| Investments   | 7     | 1,463,806          | 1,463,806          |
| Assets under the course of construction               | 6     | 1,788,300          | 2,655,825          |
| Negative goodwill                                     | 8     | (158,527)          | (277,411)          |
| Accrued income  | 1     | -                  | 1,523,897          |
|   |       | <u>39,186,464</u>  | <u>39,256,639</u>  |
| <b>CURRENT ASSETS</b>                                 |       |                    |                    |
| Debtors   | 9     | 2,558,205          | 1,597,157          |
| Cash at bank and in hand                              |       | 332,494            | 15,968             |
|   |       | <u>2,890,699</u>   | <u>1,613,125</u>   |
| <b>CREDITORS: amounts falling due within one year</b> | 10    | (7,667,778)        | (4,909,563)        |
| <b>NET CURRENT LIABILITIES</b>                        |       | <u>(4,777,079)</u> | <u>(3,296,438)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>34,409,385</u>  | <u>35,960,201</u>  |
| <b>CREDITORS: amounts falling due after one year</b>  | 11    | (19,206,562)       | (19,159,940)       |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>         | 12    | (2,825,621)        | (3,391,673)        |
| <b>NET ASSETS</b>                                     |       | <u>12,377,202</u>  | <u>13,408,588</u>  |
| <b>SHAREHOLDERS' FUNDS</b>                            |       |                    |                    |
| Share capital   | 13    | 1                  | 1                  |
| Revaluation reserve                                   | 14    | 9,598,847          | 10,943,486         |
| Profit and loss account                               | 14    | 2,778,354          | 2,465,101          |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                      | 15    | <u>12,377,202</u>  | <u>13,408,588</u>  |

The financial statements on pages 5 to 15 were approved by the board of directors on 6 July 2011 and were signed on its behalf by

Director



Director



The notes on pages 8 to 15 form part of these financial statements

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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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 2006 and applicable accounting standards

The going concern basis of preparation has been adopted as the Company relies on a letter of support from its ultimate controlling party, Public Service Properties Investments Limited. The principal accounting policies are set out below

**1.2 Revenue recognition**

Revenue consists of minimum lease rentals and business licence fees 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 leasing contracts of either 7 or 35 years.

The Company treats all of its tenant leases as operating leases. 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 on the Company's balance sheet. Lease payments from the lessee are recognised as rental income and as such disclosed in the Profit and Loss Account 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 Profit and Loss Account 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.

Effective 31 December 2010 each of the leases relating to UK properties was amended to reflect that the rent on each lease increases on its anniversary by the annual increase in the UK Retail Price Index, subject to a maximum of 5% of the prior year's rent. In addition, each lease is subject to an upward only market rent review every five years from the start of the lease. Prior to the 31 December 2010, each lease was subject to a minimum increase of 1.5% and maximum of 5.0% per annum with no market reviews. In the event that a UK property is damaged or destroyed by any insured risk and is not reinstated by the Group within a period of 3 years, the lessee has the right to terminate the lease in respect of that UK property.

**1.3 Other income & expenses**

All other income and expenses are accounted for on an accruals basis.

**1.4 Taxation & deferred taxation**

Taxation represents the amount estimated to be payable or recoverable in respect of the taxable profit or loss for the period, along with adjustments to estimates in respect of previous periods. Deferred taxation has been recognised as a liability or asset if a transaction has occurred at the balance sheet date that gives rise to an obligation to pay more taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred taxation assets and liabilities recognised have not been discounted.

**1.5 Cash**

Cash comprises cash on hand and deposits repayable on demand with banks and other short term highly liquid investments repayable on demand and bank overdrafts.

**1.6 Investment properties**

The investment properties are stated at market value. Temporary changes in the carrying value of investment properties are credited to the revaluation reserve in shareholder's equity. Permanent decreases in the market value 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 the revaluation reserve relating to the property are transferred to retained earnings.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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

**1.6 Investment properties (continued)**

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 with unexpired lease terms in excess of 20 years

**1.7 Assets under the course of construction**

Assets under the course of construction represent the cost of purchasing, construction and installing tangible fixed assets or investment properties ahead of their productive use. This category of fixed asset is temporary in nature pending completion of the asset and its transfer to the appropriate and permanent category of tangible fixed assets. Unless exceptional circumstances apply, the Company will not normally charge depreciation on, or impair, an asset that is under the course of construction

**1.8 Negative goodwill**

Negative goodwill arising on acquisitions is capitalised and amortised on a straight line basis over its useful economic life

**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 as it is ultimately owned by Public Service Properties Investments Limited and included in its consolidated cash flow statements which are publicly available

**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 undertakings (Note 7)

Under Financial Reporting Standard No 2 the Company is exempt from the requirement to prepare consolidated financial statements as it is ultimately owned by Public Service Properties Investments Limited and is consolidated in the financial statements of this company which are publicly available

**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**

|   | 2010   | 2009   |
|---|--------|--------|
|   | £      | £      |
| Operating profit is stated after charging |        |        |
| Auditors' remuneration                    | 13,349 | 13,496 |

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

|   |                 |                 |
|---|-----------------|-----------------|
| <b>4. INTEREST PAYABLE AND SIMILAR CHARGES</b>  |                 |                 |
|   | <b>2010</b>     | <b>2009</b>     |
|   | <b>£</b>        | <b>£</b>        |
| Interest payable on bank borrowings   | 1,028,775       | 1,084,410       |
|   | <hr/>           | <hr/>           |
| <b>5. TAXATION</b>  |                 |                 |
|   | <b>2010</b>     | <b>2009</b>     |
|   | <b>£</b>        | <b>£</b>        |
| Current tax   | (50,003)        | 299,342         |
| Deferred tax (Note 12)  | (566,052)       | 41,753          |
|   | <hr/>           | <hr/>           |
|   | (616,055)       | 341,095         |
|   | <hr/>           | <hr/>           |
| (Loss)/profit on ordinary activities before tax   | <hr/> (302,802) | <hr/> 1,103,002 |
| (Loss)/profit on ordinary activities multiplied by<br>standard rate of corporation tax in the UK of 28%<br>(2009 28%) | (84,785)        | 308,841         |
| Effects of  |                 |                 |
| Accelerated capital allowances  | (20,971)        | (15,697)        |
| Adjustment relating to prior year   | (50,003)        | 50,000          |
| Disallowed charges  | (33,287)        | 63,008          |
| Utilisation of tax losses   | -               | (106,810)       |
| Carry forward of tax losses   | 139,043         | -               |
|   | <hr/>           | <hr/>           |
| Current tax charge for the year   | (50,003)        | 299,342         |
|   | <hr/>           | <hr/>           |
| <b>6. INVESTMENT PROPERTY</b>   |                 |                 |
|   | <b>2010</b>     | <b>2009</b>     |
|   | <b>£</b>        | <b>£</b>        |
| As at 1 January   | 33,890,522      | 33,570,045      |
| Additions   | 3,547,002       | -               |
| Movement in unrealised surplus on revaluation of<br>properties  | (1,344,639)     | 320,477         |
|   | <hr/>           | <hr/>           |
| Valuation as at 31 December   | 36,092,885      | 33,890,522      |
|   | <hr/>           | <hr/>           |

A valuation was made at 31 December 2010 by Colliers CRE, Chartered Surveyors and International Property Consultants ('Colliers'), on an investment value basis CRE recommended that a capitalisation rate in the range of 6.75% to 10% should be used. It is the director's opinion that this valuation reflects the fair value of the investment properties as at the 31 December 2010. On a historical cost basis, the properties would be included at an original cost of £26,404,038 (2009 - £22,947,036). 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 2010**

**6. INVESTMENT PROPERTY (continued)**

|  |                  |                  |
|--|------------------|------------------|
| Assets under the course of construction              |                  |                  |
|  | <b>2010</b>      | <b>2009</b>      |
|  | <b>£</b>         | <b>£</b>         |
| As at 1 January                                      | 2,655,825        | 653,940          |
| Additions to assets under the course of construction | 2,679,477        | 2,001,885        |
| Transferred to investment properties during the year | (3,547,002)      | -                |
| Valuation as at 31 December                          | <u>1,788,300</u> | <u>2,655,825</u> |

**7. INVESTMENTS**

|                          |                  |                  |
|--------------------------|------------------|------------------|
|                          | <b>2010</b>      | <b>2009</b>      |
|                          | <b>£</b>         | <b>£</b>         |
| As at 1 January          | 1,463,806        | 1,463,817        |
| Write off of investments | -                | (11)             |
| As at 31 December        | <u>1,463,806</u> | <u>1,463,806</u> |

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

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

|                                      | Capital and reserves<br>2010<br>£ | Result for the year<br>2010<br>£ | Capital and reserves<br>2009<br>£ | Result for the year<br>2009<br>£ |
|--------------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| 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 2010**

**7. INVESTMENTS (continued)**

The investments amounting to £1,463,806 (2009 - £1,463,806) comprised of

- i) £482,476 (2009 - £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 (2009 - £606,330) representing 67,002 Ordinary shares of £1 in Hollygarth Care Homes Limited
- iii) £375,000 (2009 - £375,000) representing 375,000 preference shares of £1 each in European Care (England) Limited These shares are non-voting and repayable between March 2036 and February 2037 or earlier on termination of leases with European Care (England) Limited

During the year, the Company received £2,310,860 (2009 - £2,244,325) in rental income and business fees income from European Care (England) Limited under the terms of a long term lease

**8. NEGATIVE GOODWILL**

|                   | 2010           | 2009           |
|-------------------|----------------|----------------|
|                   | £              | £              |
| As at 1 January   | 277,411        | 396,295        |
| Amortisation      | (118,884)      | (118,884)      |
| As at 31 December | <u>158,527</u> | <u>277,411</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

**9. DEBTORS**

|  | 2010             | 2009             |
|--|------------------|------------------|
|  | £                | £                |
| Prepayments                            | 1,326            | -                |
| Loans                                  | 693,484          | 770,397          |
| Amounts due from other group companies | 1,402,361        | 648,507          |
| Corporation tax                        | 210,197          | -                |
| Other debtors                          | 250,837          | 178,253          |
|  | <u>2,558,205</u> | <u>1,597,117</u> |

Amounts due from other group companies were £541,956 (2009 - £31,956) due from Healthcare Properties UK Limited, £500,300 (2009 - £500,300) due from Public Service Properties Investments Limited, £23,854 (2009 - £Nil) due from Healthcare Properties LDK Limited, £1,224 (2009 - £1,224) due from Healthcare Properties Etzelgut Limited, £70,000 (2009 - £Nil) due from HCP Wellcare Holdings Limited and £265,027 (2009 - £115,027) due from HCP Stonelea Limited These balances are repayable on demand, interest free and unsecured

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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

|                                      | <b>2010</b>      | <b>2009</b>      |
|--------------------------------------|------------------|------------------|
|                                      | <b>£</b>         | <b>£</b>         |
| Bank loans and overdrafts            | 451,511          | 451,402          |
| Amounts due to other group companies | 7,126,873        | 4,058,549        |
| Other creditors                      | 8,517            | 6,328            |
| Accruals                             | 80,877           | 93,942           |
| Corporation Tax                      | -                | 299,342          |
|                                      | <u>7,667,778</u> | <u>4,909,563</u> |

Amounts owed to other group companies were £362,476 (2009 - £362,476) due to The Manor House Nursing Home Limited, £5,980,806 (2009 - £2,972,839) due to Public Service Properties Investments Limited, £17,262 (2009 - £40,700) due to Healthcare Properties (Ashlea) Limited, £20,000 (2009 - £Nil) due to HCP Wellcare Limited, £140,000 (2009 - Nil) due to HCP Community Support Services Limited, £606,329 (2009 - £606,329) due to Hollygarth Care Homes Limited and £Nil (2009 - £100,246) due to Healthcare Properties LDK Limited. These balances are repayable on demand, interest free and unsecured.

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

|             | <b>2010</b>       | <b>2009</b>       |
|-------------|-------------------|-------------------|
|             | <b>£</b>          | <b>£</b>          |
| Bank loan   | 17,010,592        | 16,963,970        |
| Other loans | 2,195,970         | 2,195,970         |
|             | <u>19,206,562</u> | <u>19,159,940</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. As part of the financing the Company cross guaranteed the obligations of three affiliated companies up to a maximum of £83million. The loan is secured against the total assets of the three companies.

The Company had previously executed interest rate swap agreements to fix the interest over a twenty year term. At 31 December 2010 the principal balance outstanding under the swap agreements was £15,593,010 (2009 - £15,593,010). The loan may be repaid prior to maturity in accordance with the terms of the facility agreement at which point the swap agreement is cancelled.

The Company also has borrowings of £2,195,970 (2009 - £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>2010</b>       | <b>2009</b>       |
|--|-------------------|-------------------|
|  | <b>£</b>          | <b>£</b>          |
| Due after 1 year but before 2 years    | 17,010,592        | -                 |
| Due after 2 years but before 5 years   | -                 | 16,963,970        |
| Due after 5 years                      | -                 | -                 |
| Total bank borrowings due after 1 year | <u>17,010,592</u> | <u>16,963,970</u> |

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**12. PROVISIONS FOR DEFERRED TAXATION**

|   | <b>2010</b>      | <b>2009</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| As at 1 January   | 3,391,673        | 3,349,920        |
| Movement in deferred tax liability relating to straight line lease income | (427,009)        | 41,753           |
| Deferred tax on carry forward losses                                      | (139,043)        | -                |
| As at 31 December   | <u>2,825,621</u> | <u>3,391,673</u> |

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable in the UK only if the properties were sold. The total amount un-provided for is £2,601,338 (2009 - £2,765,762). At present, it is not envisaged that any tax will become payable in the foreseeable future.

**13. SHARE CAPITAL**

|  | <b>2010</b> | <b>2009</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| <b>Authorised:</b>                         |             |             |
| <b>Equity interests:</b>                   |             |             |
| 100 Ordinary shares of £1 each             | 100         | 100         |
| <b>Allotted, called up and fully paid:</b> |             |             |
| <b>Equity interests:</b>                   |             |             |
| 1 Ordinary share of £1 each                | 1           | 1           |

**14. RESERVES**

|                              | <b>2010</b>                | <b>2010</b>                    |
|------------------------------|----------------------------|--------------------------------|
|                              | <b>REVALUATION RESERVE</b> | <b>PROFIT AND LOSS ACCOUNT</b> |
|                              | <b>£</b>                   | <b>£</b>                       |
| As at 1 January              | 10,943,486                 | 2,465,101                      |
| Retained profit for the year | -                          | 313,253                        |
| Revaluation during the year  | (1,344,639)                | -                              |
| As at 31 December            | <u>9,598,847</u>           | <u>2,778,354</u>               |

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|  | <b>2010</b> | <b>2009</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Retained profit for the year               | 313,253     | 761,907     |
| Other recognised gains and losses (Note 6) | (1,344,639) | 320,477     |
| Net addition to capital and reserves       | (1,031,386) | 1,082,384   |
| Opening shareholders' funds                | 13,408,588  | 12,326,204  |
| Closing shareholders' funds                | 12,377,202  | 13,408,588  |

**16. EMPLOYEES & DIRECTORS REMUNERATION**

There were no employees during the year apart from the directors who waived their right to remuneration

**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 segment of the London Stock Exchange.

The going concern basis of preparation has been adopted as the Company relies on a letter of support from its ultimate controlling party, Public Service Investments Limited.

**18. RELATED PARTY TRANSACTIONS**

The Company was charged management fees of £439,758 (2009 - £371,634) by Public Service Properties Investments Limited (formerly USI Group Holdings Limited) and £4,200 (2009 - £4,200) by Healthcare Properties (Ashlea) Limited, for services rendered during the course of the year ended 31 December 2010. The amounts remaining unpaid to and from Group companies at 31 December 2010 are detailed in Notes 9, 10 & 11.

**19. POST BALANCE SHEET EVENTS**

There have been no circumstances or events subsequent to the year end which require adjustment of, or disclosure in, the financial statements.