

HEALTHCARE PROPERTIES (OXFORD) LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2011**

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Company registered number: 4556634 (England and Wales)

HEALTHCARE PROPERTIES (OXFORD) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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HEALTHCARE PROPERTIES (OXFORD) LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011**

The directors present their annual report and the audited financial statements to the shareholders for the year ended 31 December 2011

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

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

GOING CONCERN

In determining the appropriate basis of the preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. As discussed in note 10, the Company has an outstanding loan facility with Bank of Scotland of £17,513,681 which is due to expire and be repayable in September 2012. The directors are required to consider the renewal or repayment of this loan facility as part of their going concern assessment. Discussions are presently on-going to deal with the renewal or repayment of this bank debt and the directors expect a refinancing to be completed before the repayment date. While these discussions are on-going the directors are unable to determine the final outcome. If the term of the debt facility is not extended or if the facility cannot be substituted, the directors accept that there is a material uncertainty and significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis as the directors believe that a refinancing will be completed.

DIVIDENDS

The directors do not propose a dividend for the year ended 31 December 2011 (2010: nil)

DIRECTORS

The directors of the Company at 31 December 2011, 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 2011 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

HEALTHCARE PROPERTIES (OXFORD) LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

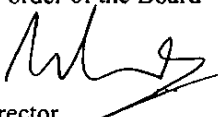
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

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

30/5/12
Date


Director

30/5/12
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 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 Directors' Report on page 2 and 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 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

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements which is not qualified, we have considered the adequacy of the disclosures made in the directors' report and in Notes 1 and 10 concerning the Company's ability to continue as a going concern. The Company's loan with Bank of Scotland of £17,513,681 expires and is due for repayment in September 2012 and at present the Company is in the process of dealing with the negotiations to either extend or refinance this loan. Therefore whilst the directors expect to resolve this situation in due course, there is at present some inevitable uncertainty as to the final outcome.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to be able to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the Company was unable to continue as a going concern.

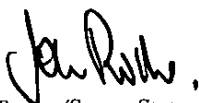
Opinion on other matter prescribed by the Companies Act 2006

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, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime and take advantage of the small companies' exemption in preparing the Directors' Report


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

30 May 2012

HEALTHCARE PROPERTIES (OXFORD) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	1,2	2,423,846	2,483,262
Administrative expenses		(342,766)	(2,198,389)
Operating profit	3	<u>2,081,080</u>	<u>284,873</u>
Other interest receivable and similar income		525,568	322,216
Amortisation of negative goodwill		118,884	118,884
Interest payable and similar charges	4	(980,475)	(1,028,775)
Profit/(loss) on ordinary activities before taxation		<u>1,745,057</u>	<u>(302,802)</u>
Taxation	5	(194,066)	616,055
Retained profit for the year		<u>1,550,991</u>	<u>313,253</u>

There are no differences between the profit 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 2011

	Notes	2011 £	2010 £
Retained profit for the year		1,550,991	313,253
Movement in unrealised surplus on revaluation of properties	6, 14	(5,844,768)	(1,344,639)
Total recognised losses for the year		<u>(4,293,777)</u>	<u>(1,031,386)</u>

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

HEALTHCARE PROPERTIES (OXFORD) LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Investment properties	6	30,745,030	36,092,885
Investments	7	1,463,806	1,463,806
Assets under the course of construction	6	4,949,646	1,788,300
Negative goodwill	8	(39,643)	(158,527)
		<u>37,118,839</u>	<u>39,186,464</u>
CURRENT ASSETS			
Debtors	9	1,688,657	2,558,205
Cash at bank and in hand		121,787	332,494
		<u>1,810,444</u>	<u>2,890,699</u>
CREDITORS: amounts falling due within one year	10	(25,685,224)	(7,667,778)
NET CURRENT LIABILITIES		<u>(23,874,780)</u>	<u>(4,777,079)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,244,059</u>	<u>34,409,385</u>
CREDITORS amounts falling due after one year	11	(2,195,970)	(19,206,562)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(2,964,664)	(2,825,621)
NET ASSETS		<u>8,083,425</u>	<u>12,377,202</u>
CAPITAL AND RESERVES			
Share capital	13	1	1
Revaluation reserve	14	3,754,079	9,598,847
Profit and loss account	14	4,329,345	2,778,354
TOTAL SHAREHOLDERS' FUNDS	15	<u>8,083,425</u>	<u>12,377,202</u>

The financial statements on pages 5 to 15 were approved by the board of directors on ³⁰May 2012 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 2011

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 in the United Kingdom

The directors recognise that there are on-going discussions to deal with an extension or refinancing of bank facilities which are due to expire in September 2012. The directors' report and note 10 deal with the relevant disclosures and the directors accept that material uncertainty exists which may cast significant doubt over the Company's ability to continue as a going concern. The directors, however, consider it appropriate to prepare the financial statements on a going concern basis in the expectation that there will be a successful conclusion to the extension or refinancing of the existing bank facilities

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. 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 2011

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 which will be accounted for at accumulated cost

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

	2011 £	2010 £
Operating profit is stated after charging		
Auditors' remuneration – auditing services	12,973	13,349
	<hr/>	<hr/>

HEALTHCARE PROPERTIES (OXFORD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Interest payable on bank borrowings	980,475	1,028,775

5. TAXATION

	2011	2010
	£	£
Current tax	55,023	(50,003)
Deferred tax (Note 12)	139,043	(566,052)
	<u>194,066</u>	<u>(616,055)</u>
Profit/(loss) on ordinary activities before tax	<u>1,745,057</u>	<u>(302,802)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	462,440	(84,785)
Effects of		
Accelerated capital allowances	(15,878)	(20,971)
Adjustment relating to prior year	-	(50,003)
Disallowed charges	(31,504)	(33,287)
Utilisation of tax losses	(360,035)	-
Carry forward of tax losses	-	139,043
Current tax charge/(credit) for the year	<u>55,023</u>	<u>(50,003)</u>

The tax for the period is lower (2010: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010: 28%). The differences are explained above.

6. INVESTMENT PROPERTY

	2011	2010
	£	£
As at 1 January	36,092,885	33,890,522
Additions	496,913	3,547,002
Movement in unrealised surplus on revaluation of properties	(5,844,768)	(1,344,639)
Valuation as at 31 December	<u>30,745,030</u>	<u>36,092,885</u>

A valuation was made at 31 December 2011 by Colliers CRE, Chartered Surveyors and International Property Consultants ('Colliers'), on an investment value basis. Colliers recommended that a capitalisation rate in the range of 7.0% to 13.5% 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 2011. On a historical cost basis, the properties would be included at an original cost of £26,900,951 (2010: £26,404,038). As disclosed in note 11, the Company has created a fixed charge over the properties.

Investment property is carried in the financial statements at market value which as at 31 December 2011 is stated net of purchaser's costs as determined by the external valuation performed by Colliers. In the prior year the carrying value of investment property in the financial statements was stated as inclusive of these purchaser's costs. The exclusion of these purchaser's costs in the current year is treated as a change in estimate of the valuation of investment property and not as a change of accounting policy as investment property is still accounted for at market value.

HEALTHCARE PROPERTIES (OXFORD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

6. INVESTMENT PROPERTY (continued)

Assets under the course of construction

	2011	2010
	£	£
As at 1 January	1,788,300	2,655,825
Additions to assets under the course of construction	3,658,259	2,679,477
Transferred to investment properties during the year	(496,913)	(3,547,002)
As at 31 December	<u>4,949,646</u>	<u>1,788,300</u>

7. INVESTMENTS

	2011	2010
	£	£
As at 1 January	1,463,806	1,463,806
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	%
Subsidiary undertakings				
The Manor House Nursing Home Limited	Dormant	England	Ordinary	100
Hollygarth Care Homes Limited	Dormant	England	Ordinary	100
Other significant interests				
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 2011	Result for the year 2011	Capital and reserves 2010	Result for the year 2010
	£	£	£	£
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 2011

7. INVESTMENTS (continued)

The investments amounting to £1,463,806 (2010 - £1,463,806) comprised of

- i) £482,476 (2010 - £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 (2010 - £606,330) representing 67,002 Ordinary shares of £1 in Hollygarth Care Homes Limited
- iii) £375,000 (2010 - £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 £2,423,846 (2010 - £2,310,860) in rental income and business fees income from European Care (England) Limited under the terms of a long term lease

In the opinion of the directors, no impairment is required in respect of the investments

8. NEGATIVE GOODWILL

	2011	2010
	£	£
As at 1 January	158,527	277,411
Amortisation	(118,884)	(118,884)
As at 31 December	<u>39,643</u>	<u>158,527</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

	2011	2010
	£	£
Prepayments	1,326	1,326
Loans	718,546	693,484
Amounts due from other group companies	583,099	1,402,361
Corporation tax	-	210,197
Other debtors	<u>385,686</u>	<u>250,837</u>
	<u>1,688,657</u>	<u>2,558,205</u>

Amounts due from other group companies were £446,848 (2010 - £541,956) due from Healthcare Properties UK Limited, £Nil (2010 - £500,300) due from Public Service Properties Investments Limited, £Nil (2010 - £23,584) due from Healthcare Properties LDK Limited, £1,224 (2010 - £1,224) due from Healthcare Properties Etzelgut Limited, £70,000 (2010 - £70,000) due from HCP Wellcare Holdings Limited and £65,027 (2010 - £265,027) due from HCP Stonelea Limited. These balances are repayable on demand, interest free and unsecured

All amounts due from other group companies are considered to be recoverable by the directors

HEALTHCARE PROPERTIES (OXFORD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

10. CREDITORS: amounts falling due within one year

	2011	2010
	£	£
Bank loan	17,513,681	451,511
Amounts due to other group companies	8,093,277	7,126,873
Other creditors	1,297	8,517
Accruals	76,969	80,877
Corporation Tax	-	-
	<u>25,685,224</u>	<u>7,667,778</u>

Amounts owed to other group companies were £362,476 (2010 - £362,476) due to The Manor House Nursing Home Limited, £6,641,438 (2010 - £5,980,806) due to Public Service Properties Investments Limited, £21,462 (2010 - £17,262) due to Healthcare Properties (Ashlea) Limited, £190,000 (2010 - £20,000) due to HCP Wellcare Limited, £200,000 (2010 - £140,000) due to HCP Community Support Services Limited, £606,329 (2010 - £606,329) due to Hollygarth Care Homes Limited and £71,572 (2010 - £nil) due to Healthcare Properties LDK Limited. These balances are repayable on demand, interest free and unsecured.

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 £83 million. 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 2011, the principal balance outstanding under the swap agreements was £13,194,236 (2010 - £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.

As is evident in the table above, the Company has bank borrowings of £17,513,681 which are due to expire and be repayable in September 2012. A refinancing of these debt facilities is expected to be completed before the repayment date, however, these discussions are on-going and therefore it is not possible to determine the final outcome. If the term of the debt facilities is not extended or if the financing cannot be substituted, then there is material uncertainty and significant doubt about the Company's ability to continue as a going concern.

11. CREDITORS: amounts falling due after one year

	2011	2010
	£	£
Bank loan	-	17,010,592
Other loans	2,195,970	2,195,970
	<u>2,195,970</u>	<u>19,206,562</u>

The Company also has borrowings of £2,195,970 (2010 - £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.

HEALTHCARE PROPERTIES (OXFORD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

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

	2011	2010
	£	£
Due after 1 year but before 2 years	2,195,970	17,010,592
Due after 2 years but before 5 years	-	-
Due after 5 years	-	-
Total borrowings due after 1 year	<u>2,195,970</u>	<u>17,010,592</u>

12. PROVISIONS FOR DEFERRED TAXATION

	2011	2010
	£	£
As at 1 January	2,825,621	3,391,673
Movement in deferred tax liability relating to straight line lease income	-	(427,009)
Deferred tax on carry forward losses	139,043	(139,043)
As at 31 December	<u>2,964,664</u>	<u>2,825,621</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 £930,688 (2010 - £2,601,338). At present, it is not envisaged that any tax will become payable in the foreseeable future.

13. SHARE CAPITAL

	2011	2010
	£	£
Authorised:		
Equity interests:		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
Equity interests:		
1 Ordinary share of £1 each	1	1

14. RESERVES

	2011	2011
	REVALUATION RESERVE	PROFIT AND LOSS ACCOUNT
	£	£
As at 1 January 2011	9,598,847	2,778,354
Retained profit for the year	-	1,550,991
Movement during the year	(5,844,768)	-
As at 31 December 2011	<u>3,754,079</u>	<u>4,329,345</u>

HEALTHCARE PROPERTIES (OXFORD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Retained profit for the year	1,550,991	313,253
Other recognised gains and losses (Note 6)	(5,844,768)	(1,344,639)
Net reduction to capital and reserves	(4,293,777)	(1,031,386)
Opening shareholders' funds	12,377,202	13,408,588
Closing shareholders' funds	8,083,425	12,377,202

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

18. RELATED PARTY TRANSACTIONS

The Company was charged management fees of £300,832 (2010 - £439,758) by Public Service Properties Investments Limited (formerly USI Group Holdings Limited) and £4,200 (2010 - £4,200) by Healthcare Properties (Ashlea) Limited, for services rendered during the course of the year ended 31 December 2011. The amounts remaining unpaid to and from Group companies at 31 December 2011 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. The company is still party to negotiations to the deal with the refinancing of the bank loan which is due to mature in September 2012. See Note 10