

SANDWELL LIFT COMPANY LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2011**

Registered Number 04730805

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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DIRECTORS AND ADVISORS

Directors

M G Heath	(resigned 31 December 2010)
S Murphy	
C A Reed	
T J Evans	(resigned 31 December 2010)
C H Dix	
J N Dicken	
A Fillis	(resigned 1 July 2010)
A S Williams	
S A Raper	(appointed 1 January 2011)
D Lane	(appointed 1 June 2011)

Company secretary and registered office

M Lewis
Allington House
150 Victoria Street
London
SW1E 5LB

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

Solicitors

Denton Wilde Sapte LLP
One Fleet Place
London
EC4M 7WS

Principal bankers

Bank of Scotland Corporate
New Ubenior House
11 Earl Grey Street
Edinburgh EH3 9BN

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 March 2011

The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 417 of the Companies Act 2006

The Company is a subsidiary of Primary Plus (Holdings) Limited

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company is a holding company for two businesses engaged in the provision of accommodation, and servicing of medical and social care centres. The company provides management services to its subsidiaries and is currently undertaking development activities for the Portway Lifestyle Centre. The Company's subsidiaries operate 4 medical and social care buildings with a 5th medical centre in construction. The Company also provides temporary accommodation in order to meet Sandwell Primary Care Trust's immediate demands. The Company will continue with this activity in the future.

GOING CONCERN

The Company will generate revenue from management services recharges and capital works projects to meet its day to day operating expenditures.

LPA schemes are subjected to an 'acid test' prior to any significant expenditure on development to ensure that any scheme development costs will be recoverable on a successful Financial Close that delivers a scheme that is affordable, value for money and which meets the client's needs.

Based upon current and ongoing forecasts, the directors believe that the business is able to manage any business risks despite the current economic situation and have the resources to operate in the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual accounts.

FUTURE DEVELOPMENTS

The Portway healthcare facility is expected to achieve financial close in the next 6 months and will recover the development costs incurred.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £147,729 (2010 - £234,506). After a taxation charge of £26,757 (2010 - £nil), profit for the year was £120,972 (2010 - £234,506).

The Directors do not propose the payment of an interim or final dividend (2010 - £nil).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 9

AUDITOR

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an AGM

On behalf of the Board



C H Dix
Director

27 June 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 year. 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, and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL LIFT COMPANY LIMITED

We have audited the financial statements of Sandwell Lift Company Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet, the related notes 1 to 17 and the list of principal subsidiaries. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 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 requirements of 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, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.



Mark Doleman, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom

28 June 2011

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	1,254,288	2,615,647
Cost of sales		<u>(898,348)</u>	<u>(2,000,682)</u>
Gross profit		355,940	614,965
Administrative expenses		<u>(209,289)</u>	<u>(359,818)</u>
Operating profit	3	146,651	255,147
Profit on ordinary activities before interest		146,651	255,147
Net interest receivable / (payable)	6	1,078	(20,641)
Profit on ordinary activities before taxation		147,729	234,506
Tax on profit on ordinary activities	7	(26,757)	-
Profit for the financial year	12	120,972	234,506

A reconciliation of movements in shareholders' funds is given in note 13

All items in the profit and loss account relate to continuing operations

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents

All gains and losses are recognised in the profit and loss account in both the current and preceding year, and therefore no separate statement of total recognised gains and losses has been presented

SANDWELL LIFT COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	8	10,001	10,001
Current assets			
Debtors - due within one year	9	325,376	121,580
Cash at bank and in hand		857,141	1,042,633
		<u>1,182,517</u>	<u>1,164,213</u>
Current liabilities			
Creditors amounts falling due within one year	10	(260,196)	(360,916)
Net current assets		<u>922,321</u>	<u>803,297</u>
Total assets less current liabilities		932,322	813,298
Creditors amounts falling due after more than one year	10	(3,895)	(5,843)
Net assets		<u>928,427</u>	<u>807,455</u>
Capital and reserves			
Called up share capital	11	854,995	854,995
Profit and loss account	12	73,432	(47,540)
Shareholders' funds	13	<u>928,427</u>	<u>807,455</u>

The financial statements of Sandwell LIFT Company Limited, registered number 04730805, were approved by the Board of Directors and authorised for issue on 27 June 2011. They were signed on its behalf by



C H Dix
Director
27 June 2011

Notes to the financial statements for the year ended 31 March 2011

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

The company will generate revenue from management services and capital works projects to meet its day to day operating expenditures

LPA schemes are subjected to an 'acid test' prior to any significant expenditure on development to ensure that any scheme development costs will be recoverable on a successful Financial Close that delivers a scheme that is affordable, value for money and which meets the client's needs

Based upon current and ongoing forecasts, the directors believe that the business is able to manage any business risks despite the current economic situation and have the resources to operate in the foreseeable future. Accordingly, they continue to adopt

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

The Company is exempt under FRS1 from preparing a cash flow statement on the basis that it qualifies as a small company

As the Company is majority owned by Primary Plus (Holdings) Limited, a company incorporated in Great Britain, the company is exempt from the requirement to prepare and deliver consolidated accounts under section 400 of the Companies Act 2006

b) Turnover

Turnover represents capital works and the recovery of operating and development costs incurred, net of VAT and arises in the United Kingdom. Capital works are recognised to match the costs incurred by the company. Recovery of operating costs and development costs is recognised to match the costs incurred by the Company.

c) Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any impairment in value

d) Taxation

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

In accordance with FRS19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the year in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are not discounted

e) Project Development Costs

Project development costs are charged to the profit and loss account until such time as the Company is virtually certain that it will enter into contracts for the relevant project. Virtual certainty is generally achieved at the time the Company achieves stage 1 approval for the project. From the point of virtual certainty, development costs are capitalised and held in the Company balance sheet as a debtor prior to achieving financial close. On financial close of project and financing agreements, the Company recovers capitalised development costs from the relevant project company. If the recovery of development costs exceeds the amount capitalised by the Company to financial close, the over-recovery is credited to the profit and loss account

Notes to the financial statements for the year ended 31 March 2011 (continued)

2 TURNOVER

	2011	2010
	£	£
Turnover in the year is analysed as follows		
Capital works	862,908	856,367
Cost recoveries	251,374	168,007
Development cost recovery	140,006	1,591,273
	<u>1,254,288</u>	<u>2,615,647</u>

3 OPERATING PROFIT

	2011	2010
	£	£
Operating profit is stated after charging		
Fees paid to the company's auditors for the audit of the Company's annual accounts	1,000	4,000
Fees paid to the company's auditors for the audit of the subsidiaries annual accounts	2,688	8,500
Operating lease payments	<u>842,470</u>	<u>842,470</u>

The audit fees for the Company amount to £4,000 (2010 - £4,000) Part of this cost has been borne by Primary Plus Limited (2011 - £3,000, 2010 - £nil) and has been recovered through the management services agreement between the parties

4 DIRECTORS' REMUNERATION

Fees of £12,000 (2010 - £12,000), were paid to the Chairman in the year No other director received any remuneration for services to the Company during the current or prior year The Company is managed by secondees from the shareholders The Company paid Directors' fees to the respective Directors' employing organisations of £5,000 (2010 - £5,000) These costs have been recovered from Sandwell LIFT Project Company (No 1) Limited as part of the wider management services recharges

5 STAFF NUMBERS

The Company had no employees during the year (2010 - nil) The Directors are shown on page 1

6 NET INTEREST RECEIVABLE / (PAYABLE)

	2011	2010
	£	£
Interest receivable and similar income		
Interest receivable on bank deposits	1,078	-
	<u>1,078</u>	<u>-</u>
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	-	(20,641)
	<u>-</u>	<u>(20,641)</u>
Net interest receivable / (payable)	<u>1,078</u>	<u>(20,641)</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011	2010
	£	£
<u>Analysis of tax charge for the year</u>		
Current tax		
Group relief payable	(26,757)	-
Total current tax	<u>(26,757)</u>	<u>-</u>
Total tax charge on profit on ordinary activities	<u>(26,757)</u>	<u>-</u>

Notes to the financial statements for the year ended 31 March 2011 (continued)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the current year

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

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>147,729</u>	<u>234,506</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 28%)	(41,364)	(65,662)
Expenses not deductible for tax purposes	(5)	(35)
Unrecognised deferred tax asset on losses in year	14,612	65,697
Total current tax charge for the year	<u>(26,757)</u>	<u>-</u>

A deferred tax asset of £nil (2010 14,814) arising from excess losses and short term timing differences has not been recognised

On 23rd March 2011 the Government announced that the main rate of Corporation Tax rate would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014

8 INVESTMENTS

	Subsidiary undertakings Total £
Cost	
At 1 April 2010	10,001
At 31 March 2011	<u>10,001</u>
Net book value	
At 31 March 2011	<u>10,001</u>
At 31 March 2010	<u>10,001</u>

The Company's principal subsidiary undertakings are listed on page 14

In the opinion of the Directors the aggregate value of the investment in subsidiary undertakings is not less than the amount stated in the balance sheet

9 DEBTORS

	2011 £	2010 £
Due within one year		
Trade debtors	8,326	11,970
Amounts owed by group undertakings	2,562	6,391
Other debtors	295,604	85,783
Other taxation and social security	8,934	3,519
Prepayments and accrued income	9,950	13,917
	<u>325,376</u>	<u>121,580</u>

Notes to the financial statements for the year ended 31 March 2011 (continued)

10 CREDITORS

	2011 £	2010 £
Amounts falling due within one year		
Amounts owed to group undertakings	132,522	202,499
Trade creditors	-	635
Accruals and deferred income	127,674	157,782
	<u>260,196</u>	<u>360,916</u>
 Amounts falling due after more than one year		
Accruals and deferred income	3,895	5,843
	<u>3,895</u>	<u>5,843</u>

11 CALLED UP SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
3,800 Ordinary "A" Shares at £1 each	170,999	170,999
3,800 Ordinary "B" Shares at £1 each	170,999	170,999
11,400 Ordinary "C" Shares at £1 each	512,997	512,997
	<u>854,995</u>	<u>854,995</u>
All shares rank pari passu		

12 MOVEMENT IN RESERVES

	Profit and loss account £
At 1 April 2010	(47,540)
Profit for the financial year	120,972
At 31 March 2011	<u>73,432</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	120,972	234,506
New shares issued	-	850,000
Net addition to shareholders' funds	<u>120,972</u>	<u>1,084,506</u>
Opening shareholders' funds / (deficit)	807,455	(277,051)
Closing shareholders' funds	<u>928,427</u>	<u>807,455</u>

14 OPERATING LEASE ARRANGEMENTS

At 31 March 2011, the Company was committed to annual commitments for land and buildings under non-cancellable operating leases, as follows

	2011 £	2010 £
The Company as a lessee		
Expiry		
Between two and five years	<u>842,470</u>	<u>842,470</u>

Notes to the financial statements for the year ended 31 March 2011 (continued)

15 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2011, the Company had no capital commitments or contingent liabilities requiring disclosure in the financial statements (2010 - £nil)

16 TRANSACTIONS WITH RELATED PARTIES

The following parties are related parties as they are shareholders of Sandwell LIFT Company Limited Community Health Partnerships Limited, Sandwell Primary Care Trust and Primary Plus (Holdings) Limited Sandwell LIFT Project Company (No 1) Limited, Sandwell LIFT Midco (No 2) Limited and Sandwell LIFT Project Company (No 2) Limited are subsidiaries and are also related parties Primary Plus Limited, which provides management services, is a subsidiary of Primary Plus (Holdings) Limited and is also a related party

The following are related parties as they are indirect shareholders of the ultimate parent company Bank of Scotland plc and John Laing Social Infrastructure Limited

There were related party transactions with the following parties

	2011 £	2010 £
Other Balances		
Intercompany creditor - Primary Plus Limited	(99,487)	(164,523)
Intercompany debtor - Sandwell LIFT Project Company (No 1) Limited	2,562	6,391
Intercompany creditor - Sandwell LIFT Project Company (No 1) Limited	(6,276)	(37,976)
Intercompany creditor - Sandwell LIFT Project Company (No 2) Limited	(1)	(1)
Trade debtor - Sandwell Primary Care Trust	8,326	11,909

Purchase of assets and services from related parties during the year

	2011 £	2010 £
Other Balances		
Primary Plus Limited		
Sandwell LIFT Project Company (No 1) Limited		
Community Health Partnerships		
Other Balances		
Services	1,305,350	1,466,610
Recharges	(9,661)	-
Services	3,500	3,500

17 ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent and controlling party, and the largest and smallest group in which its results are consolidated, is Primary Plus (Holdings) Limited, a company incorporated in Great Britain and registered in England and Wales Copies of the consolidated accounts of Primary Plus (Holdings) Limited are available from its registered offices at Allington House, 150 Victoria Street, London, SW1E 5LB

SANDWELL LIFT COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2011 (continued)

PRINCIPAL SUBSIDIARIES

Company name	Class and percentage	Principal activity	Country of incorporation
Sandwell LIFT Project Company (No 1) Limited	100% of ordinary shares	PFI accommodation operations	Great Britain
Sandwell LIFT Midco (No 2) Company Limited	100% of ordinary shares	Intermediate holding company	Great Britain
Sandwell LIFT Project Company (No 2) Limited	100% of ordinary shares	* PFI accommodation operations	Great Britain

* Indirect shareholding