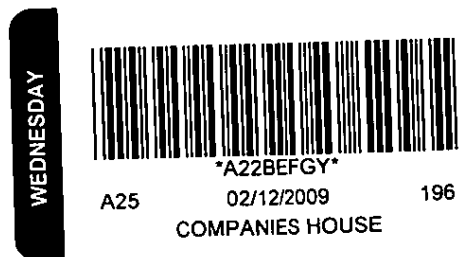


Sandwell LIFT Company Limited

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2009**



Registered Number: 04730805

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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DIRECTORS AND ADVISORS

Directors

| | |
|------------|---------------------------------------|
| J Cassidy | (Resigned 12/5/09) |
| M Findlay | (Resigned 11/3/09) |
| B Balfour | (Appointed 11/3/09, Resigned 11/9/09) |
| M G Heath | |
| P Jones | (Resigned 27/9/09) |
| S Murphy | |
| C A Reed | |
| R Price | (Resigned 1/5/09) |
| T J Evans | |
| C H Dix | |
| J N Dicken | (Appointed 1/5/09) |

Company secretary and registered office

| | |
|------------|--------------------|
| R K Miller | (Resigned 1/3/09) |
| M Lewis | (Appointed 1/3/09) |

Allington House
150 Victoria Street
London SW1E 5LB

Auditors

Deloitte LLP
Chartered Accountants
Nottingham

Solicitors

Denton Wilde Sapte
One Fleet Place
London EC4M 7WS

Principal bankers

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

DIRECTORS' REPORT

The Directors present the annual report and the audited financial statements for the year ended 31 March 2009.

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985.

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 a business engaged in the provision of accommodation, and servicing of medical and social care centres. The Company's subsidiary operates 4 medical and social care buildings. The Company also undertakes capital works including the refurbishment of existing Health Care facilities and the provision of 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

On the 14th May 2009, the company has received an equity injection of £850,000 from its shareholders to support the ongoing activities of the business.

The company will generate revenue from capital works projects to meet its day to day operating expenditures.

The development costs for 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. No commitment to significant development expenditure is made until the source of funding for that expenditure is secured. The company continues to test and monitor the funding markets to ensure that senior debt remains available to fund its schemes.

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 Company is currently developing the Glebefields healthcare facility and is expected to recover the development costs on financial close late in 2009.

RESULTS AND DIVIDENDS

The loss for the year before taxation amounted to £287,536 (2008 - profit £123). After a taxation charge of £nil (2008 - charge of £37), the loss for the year was £287,536 (2008 - profit £86).

The Directors do not recommend the payment of a dividend (2008 - £nil).

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables and investments. The company's credit risk is primarily attributable to its trade receivables. However, exposure is spread across a number of counterparties and customers so the risk is not significant.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company manages its day to day working capital funding and uses short term debt finance. In May 2009, an equity contribution has been received from the shareholders to improve the liquidity of the company.

AUDIT INFORMATION

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985

DIRECTORS

The Directors served throughout the period and to the date of the report, except as noted, are shown on page 1.

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 7.

AUDITORS

A resolution to re-appoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board


C Dix
Director

Allington House
150 Victoria Street
London, SW1E 5LB
Page 2

26 October 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' 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 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

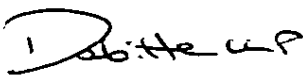
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


Deloitte LLP
Chartered Accountants and Registered Auditors
Nottingham, UK

30 October 2009

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2009

| | Notes | 2009 £ | 2008 £ |
|---|-------|------------------|------------|
| Turnover | 1 | 395,745 | - |
| Cost of sales | | (277,138) | - |
| Gross profit | | 118,607 | - |
| Administrative expenses | | (369,904) | - |
| (Loss)/ Profit on ordinary activities before interest | 2 | (251,297) | - |
| Net interest (payable) / receivable | 5 | (36,239) | 123 |
| Operating (loss) / profit on ordinary activities before taxation | | (287,536) | 123 |
| Tax on (loss) / profit on ordinary activities | 6 | - | (37) |
| (Loss)/ Profit for the financial year | 11 | (287,536) | 86 |

A reconciliation of the movement in shareholder's funds is given in note 12.

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 the current and prior periods, and therefore no separate statement of total recognised gains and losses has been presented.

Sandwell LIFT Company Limited

BALANCE SHEET AS AT 31 MARCH 2009

| | Notes | 2009 £ | 2008 £ |
|--|-------|------------------|---------------|
| Fixed assets | | | |
| Investments | 7 | 1 | 1 |
| Current assets | | | |
| Debtors - due within one year | 8 | 700,859 | 19,387 |
| - due after more than one year | 8 | 218,551 | 11,436 |
| Cash at bank and in hand | | 18,137 | 10,224 |
| | | <u>937,547</u> | <u>41,047</u> |
| Creditors: amounts falling due within one year | 9 | (1,214,599) | (30,563) |
| Net current (liabilities)/ assets | | <u>(277,052)</u> | <u>10,484</u> |
| Total assets less current liabilities | | <u>(277,051)</u> | <u>10,485</u> |
| Net (liabilities)/ assets | | <u>(277,051)</u> | <u>10,485</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 4,995 | 4,995 |
| Profit and loss account | 11 | (282,046) | 5,490 |
| Shareholder's (deficit)/ funds | 12 | <u>(277,051)</u> | <u>10,485</u> |

The financial statements of Sandwell LIFT Company Limited, registration number 04730805 were approved by the Board of Directors on ~~26 October~~ 2009 and were signed on its behalf by:



C Dix
Director

Notes to the financial statements for the year ended 31 March 2009

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.

On the 14th May 2009, the company has received an equity injection of £850,000 from its shareholders to support the ongoing activities of the business.

The company will generate revenue from capital works projects to meet its day to day operating expenditures.

The development costs for 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. No commitment to significant development expenditure is made until the source of funding for that expenditure is secured. The company continues to test and monitor the funding markets to ensure that senior debt remains available to fund its schemes.

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.

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 FRS 1 from preparing a cash flow statement on the basis that it qualifies as a small company.

The Company is exempt under the Company's Act 1985 S228A from preparing group accounts as it qualifies as the parent of a small group.

b) Turnover

Turnover represents capital works and recovery of operating costs incurred, net of VAT and arises in the United Kingdom.

Capital works is recognised on a project accounting basis based upon completed work. Recovery of operating 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 FRS 19 '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 period 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.

f) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account.

2 LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST

The auditors' remuneration for audit services for the sum of £4,000, has been borne by Sandwell LIFT Project Co (No 1) Ltd, another group company.

3 DIRECTORS' REMUNERATION

No Directors received any remuneration for services to the Company during the current or prior year. The Company is managed by secondees from the shareholders. The total directors fees have been borne by Sandwell LIFT Project Company (No.1) Ltd, as it is not appropriate to split the fees between the Company and Project Company.

4 STAFF NUMBERS

There are no employees in the current or prior year. The Directors are shown on page 1.

5 NET INTEREST (PAYABLE) / RECEIVABLE

| | 2009 | 2008 |
|--|-----------------|------------|
| | £ | £ |
| Interest receivable and similar income | | |
| Interest receivable on bank deposits | 2,114 | 123 |
| Interest receivable from bank loan | - | 8,902 |
| Interest payable and similar charges | | |
| Interest payable on bank loans | (38,363) | - |
| Interest payable to group undertakings | - | (8,902) |
| Net interest receivable | <u>(36,239)</u> | <u>123</u> |

Notes to the financial statements for the year ended 31 March 2009 (continued)

6 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

| | 2009 £ | 2008 £ |
|---|-----------|-------------|
| <u>Analysis of charge for the period</u> | | |
| Current tax | | |
| Group relief receivable | - | (37) |
| Total tax on profit on ordinary activities | <u>-</u> | <u>(37)</u> |

Factors affecting the tax charge for the current period

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 before tax are as follows:

| | 2009 £ | 2008 £ |
|---|------------------|-------------|
| (Loss) / Profit on ordinary activities before tax | <u>(287,536)</u> | <u>123</u> |
| (Loss) / Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%) | 80,510 | (37) |
| Effects of: | | |
| Unrecognised deferred tax asset on losses in period | <u>(80,510)</u> | <u>-</u> |
| Total current tax charge for the period | <u>-</u> | <u>(37)</u> |

There is an unprovided deferred tax asset on losses of £80,510 (2008 : £nil). The deferred tax asset is not provided for as there is uncertainty about the timing of taxable profits in the future, against which the asset may be utilised.

There has been a change in the corporation tax rate from 30% to 28% for the current year.

7 FIXED ASSET INVESTMENTS

| | 2009 £ | 2008 £ |
|--------------------------------------|-----------|-----------|
| Share in group undertaking | | |
| Cost and net book value | 1 | 1 |
| As at 1 April 2008 and 31 March 2009 | <u>1</u> | <u>1</u> |

The above investment represents 100% of the ordinary share capital of Sandwell LIFT Project Company (No.1) Limited, a company incorporated in Great Britain. Sandwell LIFT Project Company (No.1) Limited's nature of business is in the provision of accommodation, and servicing of medical and social care centres.

8 DEBTORS

| | 2009 £ | 2008 £ |
|---|----------------|---------------|
| <u>Due within one year:</u> | | |
| Trade Debtors | 88,202 | - |
| Amounts owed by fellow group undertakings | 77,435 | 9,000 |
| Other taxation and social security | 49,816 | 2,887 |
| Other debtors | 485,406 | - |
| Prepayments and accrued income | - | 7,500 |
| | <u>700,859</u> | <u>19,387</u> |
| <u>Due after more than one year:</u> | | |
| Amounts owed by fellow group undertakings | - | 11,436 |
| Other debtors | 218,551 | - |
| | <u>218,551</u> | <u>11,436</u> |

9 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2009 £ | 2008 £ |
|------------------------------------|------------------|---------------|
| Bank loans and overdrafts | 826,392 | - |
| Trade creditors | 1,805 | - |
| Amounts owed to group undertakings | 228,699 | 30,563 |
| Accruals and deferred income | 157,703 | - |
| | <u>1,214,599</u> | <u>30,563</u> |

Notes to the financial statements for the year ended 31 March 2009 (continued)

10 CALLED UP SHARE CAPITAL

| | 2009 £ | 2008 £ |
|--|--------------|--------------|
| Authorised: | | |
| 999 Ordinary "A" Shares at £1 each | 999 | 999 |
| 999 Ordinary "B" Shares at £1 each | 999 | 999 |
| 2,997 Ordinary "C" Shares at £1 each | 2,997 | 2,997 |
| | <u>4,995</u> | <u>4,995</u> |
| | £ | £ |
| Allotted, called up and fully paid: | | |
| 999 Ordinary "A" Shares at £1 each | 999 | 999 |
| 999 Ordinary "B" Shares at £1 each | 999 | 999 |
| 2,997 Ordinary "C" Shares at £1 each | 2,997 | 2,997 |
| | <u>4,995</u> | <u>4,995</u> |

All shares rank pari passu.

11 MOVEMENT IN RESERVES

| | Profit and loss account 2009 £ |
|---------------------|---|
| As at 1 April 2008 | 5,490 |
| Loss for the year | (287,536) |
| As at 31 March 2009 | <u>(282,046)</u> |

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS / (DEFICITS)

| | 2009 £ | 2008 £ |
|--|------------------|---------------|
| Opening shareholder's funds | 10,485 | 10,399 |
| (Loss)/ Profit for the year | (287,536) | 86 |
| Closing shareholder's (deficit)/ funds | <u>(277,051)</u> | <u>10,485</u> |

13 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2009, the Company had no capital commitments or contingent liabilities requiring disclosure in the financial statements (2008 - none).

14 RELATED PARTY TRANSACTIONS

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 is a subsidiary and is also a related party. 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.

| | 2009 £ | 2008 £ |
|---|---------------|----------------|
| Other Balances | | |
| Intercompany debtor - Sandwell LIFT Project Company (No.1) Limited | 77,435 | - |
| Intercompany creditor - Primary Plus Limited | (215,503) | - |
| Intercompany creditor - Sandwell LIFT Project Company (No.1) Limited | (13,196) | - |
| Intercompany debtor - Sandwell Primary Care Trust | 88,202 | - |
| Purchase of assets and services from related parties during the year | | |
| Related Party | Nature | |
| Primary Plus Limited | Services | 330,702 |
| Sandwell LIFT Project Company (No.1) Limited | Recharge | 9,000 |
| | | <u>505,801</u> |

15 ULTIMATE AND IMMEDIATE 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.