

SANDWELL LIFT COMPANY LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2010**



Registered Number 04730805

SANDWELL LIFT COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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SANDWELL LIFT COMPANY LIMITED

DIRECTORS AND ADVISORS

Directors

J Cassidy	(resigned 12 May 2009)
B Balfour	(resigned 11 September 2009)
M G Heath	
P Jones	(resigned 27 September 2009)
S Murphy	
C A Reed	
R Price	(resigned 1 May 2009)
T J Evans	
C H Dix	
J N Dicken	(appointed 1 May 2009)
A Fillis	(appointed 25 January 2010)
A S Williams	(appointed 27 September 2009)

Company secretary and registered office

M Lewis
Allington House
150 Victoria Street
London SW1E 5LB

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
Nottingham

Solicitors

Denton Wilde Sapte LLP
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 2010

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

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 is 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.

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

GOING CONCERN

The company will generate revenue from 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 13 months and will recover the development costs incurred.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £234,506 (2009 - loss £287,536). After a taxation charge of £nil (2009 - charge of £nil), the profit for the year was £234,506 (2009 - loss £287,536).

The Directors do not recommend the payment of a dividend (2009 - £nil).

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 provisions of section 418 of the Companies Act 2006.

DIRECTORS

The Directors who served throughout the year 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 8.

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 H Dix
Director
24 June 2010

Allington House
150 Victoria Street
London, SW1E 5LB

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 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 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 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 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 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

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 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 (APB'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.

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 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 requirements of the Companies Act 2006.

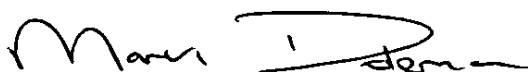
Opinion on other matter prescribed by the Companies Act 2006

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
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors report



27 June 2010

Mark Doleman, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants & Statutory Auditors
Nottingham, UK

SANDWELL LIFT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	1,2	2,615,647	395,745
Cost of sales		<u>(2,000,682)</u>	<u>(277,138)</u>
Gross profit		614,965	118,607
Administrative expenses		(359,818)	(369,904)
Operating profit / (loss)	3	255,147	(251,297)
Net interest payable	6	(20,641)	(36,239)
Profit / (loss) on ordinary activities before taxation		234,506	(287,536)
Tax on profit / (loss) on ordinary activities	7	-	-
Profit / (loss) for the financial year	13	234,506	(287,536)

A reconciliation of the movement in shareholders' funds is given in note 14

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 2010

	Notes	2010 £	2009 £
Fixed assets			
Investments	8	10,001	1
Current assets			
Debtors - due within one year	10	121,580	700,859
- due after more than one year	10	-	218,551
Cash at bank and in hand		<u>1,042,633</u>	<u>18,137</u>
		1,164,213	937,547
Creditors amounts falling due within one year	11	(360,916)	(1,214,599)
Net current assets / (liabilities)		<u>803,297</u>	<u>(277,052)</u>
Total assets less current liabilities		813,298	(277,051)
Creditors amounts falling due after more than one year	11	(5,843)	-
Net assets / (liabilities)		<u>807,455</u>	<u>(277,051)</u>
Capital and reserves			
Called up share capital	12	854,995	4,995
Profit and loss account	13	(47,540)	(282,046)
Shareholder's funds / (deficit)	14	<u>807,455</u>	<u>(277,051)</u>

The financial statements of Sandwell LIFT Company Limited, registration number 04730805 were approved and authorised for issue by the Board of Directors on 24 June 2010 and were signed on its behalf by



C H Dix
Director

Notes to the financial statements for the year ended 31 March 2010

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 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

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

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 recovery of operating costs incurred, net of VAT and arises in the United Kingdom. Capital works are 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 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 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

g) Operating Leases

Rental costs incurred and rentals received under operating leases, are recognised in the profit and loss account on a straight line basis over the life of the lease

2 TURNOVER

Turnover includes £859,319 (2009 - £nil) of rentals receivable in respect of operating leases

SANDWELL LIFT COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

3 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST

	2010	2009
	£	£
Profit / (loss) on ordinary activities before interest is stated after charging		
Operating lease rentals	842,470	-
Fees payable to the company's auditors for the audit of the company's annual accounts	4,000	-
Fees payable to the company's auditors for the audit of the subsidiaries annual accounts	8,500	-

The Company has incurred the audit fees of its subsidiary undertakings of £8,500 (2009 - £nil). These costs have been recovered from Sandwell LIFT Project Company (No 1) Limited and Sandwell LIFT Project Company (No 2) Limited as part of the wider management services recharges

4 DIRECTORS' REMUNERATION

Fees of £12,000 (2009 - £nil), were paid to the Chairman in the year, having been paid by Sandwell LIFT Project Company (No 1) Limited in the prior year. 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 Company paid Directors' fees to the respective Directors' employing organisations of £5,000 (2009 - £nil), having been paid by Sandwell LIFT Project Company (No 1) Limited in the prior year. These costs have been recovered from Sandwell LIFT Project Company (No 1) Limited as part of the wider management services recharges

5 STAFF NUMBERS

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

6 NET INTEREST PAYABLE

	2010	2009
	£	£
Interest receivable and similar income		
Interest receivable on bank deposits	-	2,114
Interest payable and similar charges		
Interest payable on bank loans	(20,641)	(38,353)
Net interest payable	<u>(20,641)</u>	<u>(36,239)</u>

7 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	2010	2009
	£	£
<u>Analysis of charge for the year</u>		
Current tax		
Group relief receivable	-	-
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting the 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 before tax are as follows

	2010	2009
	£	£
Profit/(Loss) on ordinary activities before tax	<u>234,506</u>	<u>(287,536)</u>
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(65,662)	80,510
Effects of		
Non allowable expenses	(35)	-
Unrecognised deferred tax asset on losses in year	65,697	(80,510)
Total current tax charge for the year	<u>-</u>	<u>-</u>

A deferred tax asset of £14,814 (2009 - £80,510) arising from excess losses has not been recognised

8 FIXED ASSET INVESTMENTS

Share in group undertaking	
Cost and net book value	£
As at 1 April 2009	1
Share capital investment in Sandwell LIFT Midco (No 2) Limited	10,000
As at 31 March 2010	<u>10,001</u>

The Company's shareholdings are shown in note 8

SANDWELL LIFT COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

9 PRINCIPAL SUBSIDIARIES

Company name	Class and percentage of shares held	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

10 DEBTORS

	2010 £	2009 £
<u>Due within one year</u>		
Trade debtors	11,970	88,202
Amounts owed by fellow group undertakings	6,391	77,435
Other taxation and social security	3,519	49,816
Other debtors	85,783	485,406
Prepayments and accrued income	13,917	-
	<u>121,580</u>	<u>700,859</u>
<u>Due after more than one year</u>		
Other debtors	-	218,551

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank loans and overdrafts	-	826,392
Trade creditors	635	1,805
Amounts owed to group undertakings	202,499	228,699
Accruals and deferred income	157,782	157,703
	<u>360,916</u>	<u>1,214,599</u>

CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2009 £
Accruals and deferred income	5,843	-
	<u>5,843</u>	<u>-</u>

12 CALLED UP SHARE CAPITAL

	2010 £	2009 £
Opening allotted and called up at £1 each		
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
Allotted and called up in the year		
170,000 Ordinary "A" Shares at £1 each	170,000	-
170,000 Ordinary "B" Shares at £1 each	170,000	-
510,000 Ordinary "C" Shares at £1 each	510,000	-
Closing allotted and called up at £1 each		
170,999 Ordinary "A" Shares at £1 each	170,999	999
170,999 Ordinary "B" Shares at £1 each	170,999	999
512,997 Ordinary "C" Shares at £1 each	512,997	2,997
	<u>854,995</u>	<u>4,995</u>

All shares rank *par passu*
850,000 ordinary £1 shares were issued for cash at par on 14th May 2009

13 MOVEMENT IN RESERVES

	Profit and loss account 2010 £
As at 1 April 2009	(282,046)
Profit for the year	234,506
As at 31 March 2010	<u>(47,540)</u>

SANDWELL LIFT COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2010 (continued)

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS / (DEFICIT)

	2010	2009
	£	£
Opening shareholders' (deficit) / funds	(277,051)	10,485
Profit / (loss) for the financial year	234,506	(287,536)
	(42,545)	(277,051)
New shares issued	850,000	-
Closing shareholders' funds / (deficit)	807,455	(277,051)

15 OPERATING LEASE ARRANGEMENTS

The Company as lessee

At 31 March 2010, the Company was committed to annual commitments for land and buildings under non-cancellable operating leases, as follows

	2,010	2,009
	£	£
Expiry date		
In the second to fifth years inclusive	842,470	-

16 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2010, the Company had no capital commitments or contingent liabilities requiring disclosure in the financial statements (2009 - none)

17 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, 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

	2010	2009
	£	£
Other Balances		
Intercompany creditor - Primary Plus Limited	(164,523)	(215,503)
Intercompany debtor - Sandwell LIFT Project Company (No 1) Limited	6,391	77,435
Intercompany creditor - Sandwell LIFT Project Company (No 1) Limited	(37,976)	(13,196)
Intercompany creditor - Sandwell LIFT Project Company (No 2) Limited	(1)	-
Trade debtor - Sandwell Primary Care Trust	11,909	88,202

Purchase of assets and services from related parties during the year

Related Party	Nature		
Primary Plus Limited	Services	1,466,610	330,702
Sandwell LIFT Project Company (No 1) Limited	Recharge	-	505,801
Community Health Partnerships	Services	3,500	-

18 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