Sandwell Estates Partnership Limited

Directors' Report and Financial Statements

Year Ended

31 March 2019

Company Number 04730805

Sandwell Estates Partnership Limited

Contents

Company Information

Directors	M W Grinonneau S F Murphy D M Vermeer C S Douglass J D Sutcliffe
Registered number	04730805
Registered office	9th Floor Cobalt Square 83-85 Hagley Road Birmingham B16 8QG
Independent auditors	BDO LLP Two Snowhill Birmingham B4 6GA

Sandwell Estates Partnership Limited

Directors' Report
For the Year Ended 31 March 2019

The directors present their annual report and the audited financial statements for the year ended 31 March 2019.

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption and the company has taken advantage of the exemption from the requirement to prepare a strategic report.

Principal activity

The principal activity of the company is to provide management services to its subsidiaries, Sandwell Fundco 1 Limited, Sandwell Fundco 2 Limited and Sandwell Fundco 3 Limited.

Dividends

The directors do not recommend the payment of a dividend (2018 - £Nil).

Directors

The directors who served during the year and to the date of this report were:

M W Grinonneau
G W Mackinlay (resigned 22 May 2019)
S F Murphy
D M Vermeer (appointed 24 April 2018)
C S Douglass
P J Sheldrake (resigned 23 April 2018)
R J Coates (appointed 1 October 2018, resigned 8 October 2018)
J D Sutcliffe (appointed 22 May 2019)

Going concern

The company has net assets of £823,000 (2018: £874,000) and net current assets of £262,000 (2018: £313,000), including cash of £336,000 (2018: £119,000), at 31 March 2019.

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the group. Based on this review and the future business prospects of the group, the directors believe the group will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Qualifying third party indemnity provisions

The directors of the company have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 28th October 2019 and signed on its behalf.

C S Douglass
Director

Independent Auditors' Report to the Members of Sandwell Estates Partnership Limited

Opinion

We have audited the financial statements of Sandwell Estates Partnership Limited ("the Company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. The description forms part of our auditor's report.

Independent Auditors' Report to the Members of Sandwell Estates Partnership Limited (continued)

Use of our report

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.

Stephen Hale (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom 4 November 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Sandwell Estates Partnership Limited

Statement of Comprehensive Income
For the Year Ended 31 March 2019

	Note	2019 £000	2018 £000
Revenue	3	**658**	698
Cost of sales		**(381)**	(320)
Gross profit		**277**	378
Administrative expenses		**(341)**	(400)
Operating loss	4	**(64)**	(22)
Interest receivable and similar income	6	**1**	1
Loss on ordinary activities before and after taxation		**(63)**	(21)
Tax on loss	7	**12**	2
Loss for the financial year		**(51)**	(19)

The results for the current and previous financial year derive from continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

Sandwell Estates Partnership Limited
Registered number: 04730805

Balance Sheet
As at 31 March 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Investments	8		561		561
			561		561
Current assets					
Debtors: due after more than one year	9	37		25	
Debtors: due within one year	9	231		382	
Cash at bank and in hand		336		119	
		604		526	
Creditors: amounts falling due within one year	10	(342)		(213)	
Net current assets			262		313
Total assets less current liabilities			823		874
Net assets			823		874
Capital and reserves					
Called up share capital	12		855		855
Profit and loss account			(32)		19
			823		874

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28 OCTOBER 2019

C S Douglass
Director

The notes on pages 9 to 16 form part of these financial statements.

Sandwell Estates Partnership Limited

Statement of Changes in Equity
For the Year Ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2018	855	19	874
Comprehensive income for the year			
Loss for the year	-	(51)	(51)
Total comprehensive income for the year	-	(51)	(51)
At 31 March 2019	855	(32)	823

Statement of Changes in Equity
For the Year Ended 31 March 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2017	855	38	893
Comprehensive income for the year			
Loss for the year	-	(19)	(19)
Total comprehensive income for the year	-	(19)	(19)
At 31 March 2018	855	19	874

The notes on pages 9 to 16 form part of these financial statements.

1. General information

Sandwell Estates Partnership Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office of the company is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. However, there has not been deemed any critical accounting estimates or significant judgements in these financial statements.

The functional currency is pounds sterling and rounded to the nearest £'000.

In preparing the separate financial statements, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the company;
- The company has taken advantage of exemption, not to disclose related party transactions between members wholly owned members of the group.

2.2 Basis of consolidation

Consolidated financial statements have not been prepared for the company and its subsidiaries under the exemption granted by Section 398 of the Companies Act 2006. Accordingly, these financial statements present information about the company and not about its group.

2.3 Going concern

The company has net assets of £823,000 (2018: £874,000) and net current assets of £262,000 (2018: £313,000), including cash of £336,000 (2018: £119,000), at 31 March 2019.

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the group. Based on this review and the future business prospects of the group, the directors believe the group will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2. Accounting policies (continued)

2.4 Revenue

Revenue represents income received in the ordinary course of business for services provided and excludes value added tax.

Revenue is recognised over the period to which the service relates.

2.5 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have been originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Investments

Investments are recorded at cost less amounts written off or provided to reflect impairment losses.

2.7 Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors and amounts owed by group undertakings.

2.8 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and related parties and accruals.

2. Accounting policies (continued)

2.9 Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

3. Revenue

An analysis of revenue by class of business is as follows:

	2019 £000	2018 £000
Management services	**193**	186
Cost recoveries	**110**	176
Recovery of development costs	**355**	336
	658	698

All revenue arose within the United Kingdom.

4. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Fees payable to the company's auditor for the audit of the company's annual financial statements	**2**	2

The company had no employees during the year or the prior year.

5. Directors' remuneration

The chairman received a fee of £12,375 (2018: £12,301) for his services.

The company incurred directors' fees to the respective directors' employing organisations of £60,000 (2018: £42,000).

6. Interest receivable

	2019 £000	2018 £000
Bank interest receivable	**1**	1

7. Taxation

	2019 £000	2018 £000
Deferred tax		
Origination and reversal of timing differences	**(12)**	(2)
Total deferred tax	**(12)**	(2)
Taxation on loss on ordinary activities	**(12)**	(2)

Factors affecting tax credit for the year

The tax assessed for the year is the same as (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	**(63)**	(21)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**(12)**	(4)
Effects of:		
Change in tax rate	**-**	2
Total tax credit for the year	**(12)**	(2)

Factors that may affect future tax charges

The Finance Act 2016, enacted on 15 September 2016, reduced the main rate of Corporation tax to 17% for the year commencing 1 April 2020. These changes have been reflected in the carrying value of the deferred tax liability at the balance sheet date.

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 April 2018 and 31 March 2019	**561**

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Nature of business	Class of shares	Holding
Sandwell Fundco 1 Limited*	To design, build, finance and manage premises under the Government's LIFT initiative	Ordinary	100%
Sandwell Fundco 2 Limited*	To design, build, finance and manage premises under the Government's LIFT initiative	Ordinary	100%
Sandwell Midco 2 Limited	Intermediate holding company	Ordinary	100%
Sandwell Fundco 3 Limited*	To design, build, finance and manage premises under the Government's LIFT initiative	Ordinary	100%
Sandwell Midco 3 Limited	Intermediate holding company	Ordinary	100%

The registered office of the subsidiaries of the company are the same as the registered address of this company.

Subsequent to the year end, the 100% holding in Sandwell Fundco 1 Limited is to be transferred to Sandwell Midco 1 Limited.

* Indirect shareholding.

The aggregate of the share capital and reserves as at 31 March 2019 and the total comprehensive income/(loss) for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Total comprehensive income £000
Sandwell Fundco 1 Limited	(390)	13
Sandwell Fundco 2 Limited*	(2,252)	(139)
Sandwell Midco 2 Limited	10	-
Sandwell Fundco 3 Limited*	(29)	(90)
Sandwell Midco 3 Limited	1	-

9. Debtors

	2019 £000	2018 £000
Due after more than one year		
Deferred tax asset	**37**	25

	2019 £000	2018 £000
Due within one year		
Trade debtors	**208**	301
Amounts owed by group undertakings	**18**	4
Other taxation and social security	**-**	19
Prepayments and accrued income	**5**	58
	231	382

The deferred tax asset relates to tax losses carried forward. The only movement in the year is the credit to the income statement.

10. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**95**	49
Amounts owed to group undertakings	**43**	14
Amounts owed to related parties	**14**	-
Other taxation and social security	**7**	-
Accruals and deferred income	**183**	150
	342	213

11. Financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets measured at amortised cost	**562**	482
Financial liabilities		
Financial liabilities measured at amortised cost	**207**	163

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings, related parties and accruals.

12. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
170,999 Ordinary 'A' shares of £1.00 each	**171**	171
170,999 Ordinary 'B' shares of £1.00 each	**171**	171
512,997 Ordinary 'C' shares of £1.00 each	**513**	513
	855	855

All three share classes rank pari passu.

13. Ultimate parent company and controlling party

The company is owned by Primary Plus Holdings Limited (60%) and Community Health Partnerships Limited (40%), which are both registered in England and Wales.

The directors are of the opinion that there is no ultimate parent undertaking or controlling party by virtue of the company's joint ownership and control.

14. Related party transactions

Key management personnel include all directors who together have authority for planning, directing and controlling the activities of the company. See note 5 for details of directors' remuneration.

The directors consider the material transactions undertaken by the company during the year with related parties were as follows:

	Transaction amount during the year ended 31 March 2019 £000	Amounts owed (to)/by related parties at 31 March 2019 £000	Transaction amount during the year ended 31 March 2018 £000	Amounts owed (to)/by related parties at 31 March 2018 £000
Community Health Partnership Limited	**(37)**	**Nil**	(17)	Nil
Equitix Healthcare 2 Limited	**(72)**	**Nil**	(25)	Nil

Equitix Healthcare 2 Limited is part of the group that controls Primary Plus Holdings Limited.