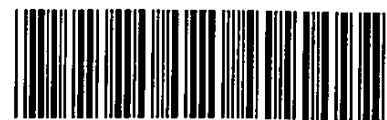


# **SANDWELL LIFT PROJECT COMPANY (NO.1) LIMITED**

**DIRECTORS' REPORT  
AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 2012**

**Registered Number 04772219**

**WEDNESDAY**



**\*A1ED3NND\***

**A24**

**01/08/2012**

**#96**

**COMPANIES HOUSE**

---

**SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED**

---

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

<b>CONTENTS</b>	<b>Page</b>
Directors and advisors	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report to the members of Sandwell LIFT Project Company (No 1) Limited	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 13

---

**SANDWELL LIFT PROJECT COMPANY (NO.1) LIMITED**

---

**DIRECTORS AND ADVISORS**

**Directors**

S F Murphy	
C A Reed	(resigned 30 June 2011)
C H Dix	(resigned 18 October 2011)
J N Dicken	(resigned 31 October 2011)
A S Williams	(resigned 31 October 2011)
S A Raper	
D Lane	(appointed 01 June 2011, resigned 18 October 2011)
P J Sheldrake	(appointed 18 October 2011)
R W Christie	(appointed 18 October 2011)
S Green	(appointed 18 October 2011)
J D Wood	(appointed 21 October 2011)
A M Lawley	(appointed 1 November 2011)

**Company secretary and registered office**

AMS (appointed 18 October 2011)  
46 Charles Street  
Cardiff  
CF10 2GE

M Lewis (resigned 18 October 2011)

**Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cardiff, UK

**Solicitors**

SNR Denton UK LLP  
One Fleet Place  
London  
EC4M 7WS

**Principal bankers**

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

## **SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED**

---

### **DIRECTORS' REPORT**

The Directors present the annual report and the audited financial statements for the year ended 31 March 2012

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 wholly owned subsidiary of Sandwell LIFT Company Limited

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The principal activity of the Company is the provision of primary healthcare accommodation and the servicing thereof under the NHS Local Improvement Finance Trust agreements with the local NHS Primary Care Trusts and Councils. The Company has three operational Tranche 1A schemes and one operational Tranche 1B scheme. Subsequent to the completion of the buildings, the Company receives lease plus rental income from tenants under commercial agreements for 25 years.

### **GOING CONCERN**

All schemes within the company are fully operational and will generate revenue to cover the company's operating costs and repay senior and shareholder debt over the concession period.

The Company's forecasts are based upon the half yearly financial models which are submitted to and approved by the company's funders in accordance with the company's senior debt facility agreements. These generate a positive return for shareholders over the concession period, with costs and revenues that are mainly determined by long term contractual commitments. RPI swaps are in place for the majority of costs and revenues, meaning variability of returns is limited provided that the company manages its operating budgets in accordance with the Financial Close models. The company does not have exposure to movements in interest rates on its debt due to the use of interest rate swap contracts.

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 will receive lease plus rental income on a monthly basis from tenants, under arm's length commercial agreements for the remaining period of 19 years.

### **RESULTS AND DIVIDENDS**

The loss for the year before taxation amounted to £73,828 (2011 - loss £191,339). After a taxation credit of £87 (2011 - credit of £26,757), the loss for the year was £73,741 (2011 - loss £164,582).

The Directors do not recommend the payment of a dividend (2011 - £nil).

### **INDEPENDENT AUDITOR AND DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report was approved:

- So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is aware, and
- Each 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**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor annually and Deloitte LLP will therefore continue in office

On behalf of the Board



P J Sheldrake  
Director

20 July 2012

**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 PROJECT COMPANY (NO 1) LIMITED**

We have audited the financial statements of Sandwell LIFT Project Company (No 1) Limited for the year ended 31 March 2012 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 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 2012 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.

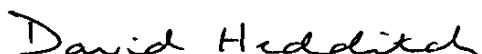
### **Opinion on other matter prescribed by the Companies Act 2006**

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.



David Hedditch (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cardiff, United Kingdom  
20 July 2012

**SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012 £	2011 £
Turnover	2	<b>1,898,025</b>	1,776,604
Cost of sales		<b>(271,302)</b>	(238,005)
<b>Gross profit</b>		<b>1,626,723</b>	1,538,599
Administrative expenses		<b>(641,904)</b>	(685,258)
<b>Operating profit</b>	3	<b>984,819</b>	853,341
Net interest payable	6	<b>(1,058,647)</b>	(1,044,680)
<b>Loss on ordinary activities before taxation</b>		<b>(73,828)</b>	(191,339)
Tax on loss on ordinary activities	7	<b>87</b>	26,757
<b>Loss for the financial year</b>	15	<b>(73,741)</b>	(164,582)

A reconciliation of movements in shareholder's deficit is given in note 16

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

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 PROJECT COMPANY (NO 1) LIMITED**

**BALANCE SHEET AS AT 31 MARCH 2012**

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible fixed assets	8	12,095,252	12,468,230
<b>Current assets</b>			
Debtors - due within one year	9	100,906	78,899
Cash at bank and in hand	10	<u>556,264</u>	<u>810,888</u>
		657,170	889,787
<b>Current liabilities</b>			
<b>Creditors</b> amounts falling due within one year	11	(716,136)	(1,079,539)
<b>Net current liabilities</b>		<u>(58,966)</u>	<u>(189,752)</u>
<b>Total assets less current liabilities</b>		12,036,286	12,278,478
<b>Creditors</b> amounts falling due after more than one year	11	(13,855,744)	(14,024,195)
<b>Net liabilities</b>		<u>(1,819,458)</u>	<u>(1,745,717)</u>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account	15	(1,819,459)	(1,745,718)
<b>Shareholder's deficit</b>	16	<u>(1,819,458)</u>	<u>(1,745,717)</u>

The financial statements of Sandwell LIFT Project Company (No 1) Limited, registered number 04772219, were approved by the Board of Directors and authorised for issue on 20 July 2012. They were signed on its behalf by



P J Sheldrake  
Director

20 July 2012

Notes to the financial statements for the year ended 31 March 2012

1 ACCOUNTING POLICIES

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

Going Concern

All schemes within the company are fully operational and will generate revenue to cover the company's operating costs and repay senior and shareholder debt over the concession period

The Company's forecasts are based upon the half yearly financial models which are submitted to and approved by the company's funders in accordance with the company's senior debt facility agreements. These generate a positive return for shareholders over the concession period, with costs and revenues that are mainly determined by long term contractual commitments. RPI swaps are in place for the majority of costs and revenues, meaning variability of returns is limited provided that the company manages its operating budgets in accordance with the Financial Close models. The company does not have exposure to movements in interest rates on its debt due to the use of interest rate swap contracts

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

b) Turnover

Turnover is net of VAT and arises in the United Kingdom, represented by the following

Lease plus rentals and third party rentals receivable for periods of tenancy are recognised on a straight line basis over the lease term, subject to RPI indexation, and

Income from the recovery of operating costs and variations is recognised so as to match against costs incurred by the company

c) Interest and fees

Interest costs and fees on borrowings used to fund the construction of the facilities are included within assets in the course of construction during the construction period

Following practical completion, interest and fees are charged to the profit and loss account

d) Operating costs

Operating costs incurred during the construction of the accommodation are included within assets in the course of construction during the construction period. Following practical completion, operating costs are charged to the profit and loss account

e) Tangible fixed assets and depreciation

Tangible fixed assets comprise land and buildings and assets in the course of construction. Assets in the course of construction are not depreciated until practical completion is reached. All relevant costs (land, construction cost, operating costs, interest and fees) are capitalised at practical completion of each facility, and are depreciated on a straight line basis over 25 years to the expected residual value

f) 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

g) 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 accruals basis in the profit and loss account

h) Derivative Financial Instruments

The Company uses derivative financial instruments to reduce exposure in interest rate movements. Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument. The Company does not hold or issue derivative financial instruments for speculative purposes

Interest rate instruments are not recorded at fair value as the Company has not adopted FRS 26 Financial Instruments - Recognition and Measurement. However, fair values of interest rate instruments are disclosed in the notes to the financial statements

**SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED**

**Notes to the financial statements for the year ended 31 March 2012 (continued)**

**2 TURNOVER**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Turnover in the year is analysed as follows		
Cost recoveries	<b>242,016</b>	236,190
Operating lease rental	<b>1,622,111</b>	1,539,560
Variations	<b>33,898</b>	854
	<b>1,898,025</b>	<b>1,776,604</b>

**3 OPERATING PROFIT**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging		
Depreciation	<b>372,978</b>	372,978

The audit fees for the Company amount to £2,500 (2011 - £5,250) These have been borne by Community Solutions Partnership Services Limited (formerly Primary Plus Limited) These have been recovered through the management services agreement between the parties

**4 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 Company paid Directors' fees to Sandwell LIFT Company Limited of £5,124 (2011 - £5,124) during the year 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**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Interest receivable and similar income</b>		
Interest receivable on bank deposits	<b>5,801</b>	4,025
Other interest receivable	<b>-</b>	25
	<b>5,801</b>	4,050
<b>Interest payable and similar charges</b>		
Interest payable on bank loans and overdrafts	<b>(761,563)</b>	(745,398)
Interest payable on shareholder loans	<b>(296,852)</b>	(297,170)
Finance costs	<b>(6,033)</b>	(6,162)
	<b>(1,064,448)</b>	(1,048,730)
Net interest payable	<b>(1,058,647)</b>	(1,044,680)

**7 TAX ON LOSS ON ORDINARY ACTIVITIES**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<u>Analysis of tax credit for the year</u>		
<b>Current tax</b>		
Group relief receivable	<b>-</b>	26,757
Adjustments in respect of previous periods	<b>87</b>	-
Total current tax	<b>87</b>	26,757
<b>Total tax credit on loss on ordinary activities</b>	<b>87</b>	26,757

**SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED**

**Notes to the financial statements for the year ended 31 March 2012 (continued)**

**7 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

*Factors affecting tax credit 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 loss before tax are as follows

	2012 £	2011 £
Loss on ordinary activities before taxation	<u>(73,828)</u>	<u>(191,339)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	<b>19,195</b>	53,575
<b>Effects of.</b>		
Non-qualifying depreciation	<b>(64,350)</b>	(69,299)
Adjustments in respect of previous years	<b>87</b>	-
Accelerated capital allowances	<b>10,357</b>	22,410
Tax losses recognised for deferred tax purposes	-	(22,410)
Capitalised Revenue expenses	<b>21,208</b>	22,839
Unrecognised deferred tax asset on losses in period	<b>13,590</b>	19,642
<b>Total current tax credit for the year</b>	<u><b>87</b></u>	<u><b>26,757</b></u>

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses and accelerated capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £143,701 (2011 £179,703). The asset would be recovered if sufficient future taxable profits were to arise against which the asset could be offset.

The UK Government announced a reduction in the standard rate of UK corporation tax from 28% to 26% effective 1 April 2011 and to 24% effective 1 April 2012. These rate reductions became substantively enacted in March 2011 and March 2012, respectively. Accordingly, the company's profits for this financial year are taxed at an effective rate of 26% and deferred tax provided at 24%.

The UK Government also proposed changes to further reduce the standard rate of UK corporation tax by 1% per annum to 22% by 1 April 2014. As these rates were not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

**8 TANGIBLE FIXED ASSETS**

	Land and buildings - freehold £	Total £
<b>Cost</b>		
At 1 April 2011	14,664,496	14,664,496
<b>At 31 March 2012</b>	<u><b>14,664,496</b></u>	<u><b>14,664,496</b></u>
<b>Depreciation</b>		
At 1 April 2011	(2,196,266)	(2,196,266)
Charge for the year	(372,978)	(372,978)
<b>At 31 March 2012</b>	<u><b>(2,569,244)</b></u>	<u><b>(2,569,244)</b></u>
<b>Net book value</b>		
<b>At 31 March 2012</b>	<u><b>12,095,252</b></u>	<u><b>12,095,252</b></u>
At 31 March 2011	<u>12,468,230</u>	<u>12,468,230</u>

Tangible fixed assets consist of payments, including capitalised interest and other finance costs of £1,133,844 (2011 - £1,133,844) for the construction of buildings on sites which are the property of the company.

Land and buildings - freehold are held for use in operating leases.

**SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED**

**Notes to the financial statements for the year ended 31 March 2012 (continued)**

**9 DEBTORS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	<b>63,087</b>	34,509
Amounts owed by parent undertaking	<b>27,397</b>	33,033
Prepayments and accrued income	<b>10,422</b>	11,357
	<b><u>100,906</u></b>	<b><u>78,899</u></b>

**10 CASH**

Of the cash balance at the end of the year, £457,051 (2011 - £343,527) is restricted by loan covenants and cannot be used by Sandwell LIFT Project Company (No 1) Limited for purposes other than as specified in the senior debt arrangements

**11 CREDITORS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Bank loans	<b>269,315</b>	266,300
Subordinated debt	<b>125,309</b>	57,417
Mezzanine debt	<b>99,571</b>	565,744
Trade creditors	<b>78,454</b>	44,334
Amounts owed to parent undertaking	<b>8,916</b>	2,562
Amounts owed to group undertaking	<b>-</b>	333
Other taxation and social security	<b>76,820</b>	60,711
Other creditors	<b>11,704</b>	11,704
Accruals and deferred income	<b>46,047</b>	70,434
	<b><u>716,136</u></b>	<b><u>1,079,539</u></b>

**Amounts falling due after more than one year**

Bank loans	<b>11,401,604</b>	11,670,919
Subordinated debt	<b>1,698,160</b>	1,637,243
Mezzanine debt	<b>755,980</b>	716,033
	<b><u>13,855,744</u></b>	<b><u>14,024,195</u></b>

Debt (including amounts owed to parent undertaking) can be analysed as falling due

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Analysis of debt</b>		
Debt can be analysed as falling due		
In one year or less	<b>509,491</b>	904,067
Between one and two years	<b>451,782</b>	487,883
Between two and five years	<b>1,159,903</b>	1,220,917
In five years or more	<b>12,309,163</b>	12,380,868
	<b><u>14,430,339</u></b>	<b><u>14,993,735</u></b>
Less arrangement fees	<b>(71,484)</b>	(77,517)
	<b><u>14,358,855</u></b>	<b><u>14,916,218</u></b>

# SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 12 LOANS

Interest on the senior loan facilities from Bank of Scotland plc of £21 million is charged at LIBOR plus margins ranging from 1.00% to 1.15%. The Company does not hold or issue derivative financial instruments for speculative purposes.

The loans with repayment due beyond five years currently attract interest between 1.00% above LIBOR and 12%, the final repayment will be made in July 2032. The repayment profile involves payments every six months based on an increasing percentage of the original loan as the age of the loan increases.

The senior bank loans are secured by a first floating charge over the assets of the company under a debenture agreement dated 15 January 2004 and a floating charge over the other assets both current and future. The mezzanine debt is secured by a second floating charge over the assets of the Company under a debenture agreement dated 15 January 2004, as amended and restated. The subordinated debt is unsecured.

The company has entered into fixed interest rate swaps at rates of 5.18%, 5.23%, 5.20%, 5.21% and 5.25% to mitigate its interest exposure which have a negative fair value at 31 March 2012 of £3,163,036 (2011 - £1,486,681).

In addition, the company has entered into RPI swap agreements at of 2.60% and 2.86% to mitigate its risk in respect of inflation linked income which have a negative fair value at 31 March 2012 of £1,875,981 (2011 - £1,995,711).

### 13 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

#### Capital commitments

At 31 March 2012, the Company is committed to remaining design and construction costs of £11,704 (2011 - £11,704) payable to Laing O'Rourke Midlands Limited under Design and Construction Contracts relating to the Sandwell LIFT Project between Sandwell LIFT Project Company (No 1) Limited and Laing O' Rourke Midlands Limited.

At 31 March 2012, the Company is committed to an amount of £1,635,108 (2011 - £1,722,608) payable to John Laing Integrated Services Limited, under Facilities Provision Contracts dated 15 January 2004 (as amended on 1 April 2008) relating to the Sandwell LIFT project between Sandwell LIFT Project Company (No 1) Limited and John Laing Integrated Services Limited.

#### Contingent Liabilities

At 31 March 2012, there were no known contingencies which required disclosure (2011 - £nil).

### 14 CALLED UP SHARE CAPITAL

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
Ordinary share of £1 each	<u>1</u>	<u>1</u>

### 15 MOVEMENT IN RESERVES

	Profit and loss account £
<b>At 1 April 2011</b>	(1,745,718)
Loss for the financial year	(73,741)
<b>At 31 March 2012</b>	<u>(1,819,459)</u>

### 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2012 £	2011 £
Loss for the financial year	(73,741)	(164,582)
Net addition to shareholder's deficit	<u>(73,741)</u>	<u>(164,582)</u>
Opening shareholder's deficit	(1,745,717)	(1,581,135)
<b>Closing shareholder's deficit</b>	<u>(1,819,458)</u>	<u>(1,745,717)</u>

# SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED

Notes to the financial statements for the year ended 31 March 2012 (continued)

## 17 TRANSACTIONS WITH RELATED PARTIES

The following party is a related party as it is the shareholder of Sandwell LIFT Project Co (No 1) Limited Sandwell LIFT Company Limited

The following are related parties as they are indirect shareholders or fellow subsidiary undertakings Community Solutions Partnership Services Limited (formerly Primary Plus Limited) (up to 18th October 2011), John Laing Integrated Services Limited (up to 18th October 2011), Sandwell LIFT Project Company (No 2) Limited, Sandwell LIFT Midco (No 2) Limited, Primary Plus (Holdings) Limited, Community Health Partnerships Limited and Sandwell Primary Care Trust

The following are related parties as they are indirect shareholders of Primary Plus (Holdings) Limited Equitix Limited and Equitix Healthcare 2 Limited

There were related party transactions with the following parties

	2012 £	2011 £
<b>Subordinated Debt</b>		
Community Health Partnerships Limited	364,694	338,932
Sandwell Primary Care Trust	364,694	338,932
Primary Plus (Holdings) Limited	1,094,081	1,016,796
	<u>1,823,469</u>	<u>1,694,660</u>
<b>Mezzanine Debt</b>		
Community Health Partnerships Limited	174,170	259,680
Sandwell Primary Care Trust	174,170	259,680
Primary Plus (Holdings) Limited	622,509	779,042
	<u>870,849</u>	<u>1,298,402</u>

	2012 £	2011 £
Trade debtor - Sandwell Primary Care Trust	38,811	18,068
Trade debtor - Sandwell Mental Health Trust	17,633	-
Trade creditor - John Laing Integrated Services Limited (up to 18th October 2011)	(10,522)	(331)
Trade creditor - Community Solutions Partnership Services Limited (formerly Primary Plus Limited) (up to 18th October 2011)	-	(333)
Intercompany debtor - Sandwell LIFT Company Limited	27,397	3,714
Intercompany creditor - Sandwell LIFT Company Limited	(8,916)	-

## Purchase of assets and services from related parties during the year

Related Party	Nature	2012	2011
Sandwell LIFT Company Limited	Management services	120,643	159,146
Community Solutions Partnership Services Limited (formerly Primary Plus Limited) (up to 18th October 2011)	Management services	333	-
South Derbyshire Project Company (No 1) Limited	Recharges	812	-
John Laing Integrated Services Limited (up to 18th October 2011)	FM services	102,419	187,403
Bank of Scotland plc (up to 18th October 2011)	Interest / repayments/ fees/swaps	527,142	858,431

## 18 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Sandwell Lift Company Limited, a company incorporated in Great Britain The Company's ultimate parent and controlling party is Aghoco 1063 Ltd, a company incorporated in Great Britain Aghoco 1063 Ltd is a joint venture between Equitix Fund II LLP and Equitix Ltd The largest and smallest group in which the Company's 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 office at Boundary House, 91-93 Charterhouse Street, London EC1M 6HR