REGISTRAR OF
COMPANIES

SANDWELL LIFT PROJECT COMPANY (NO.1) LIMITED

Company Registration No. 04772219

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED
COMPANY REGISTRATION NUMBER - 04772219

Report and Financial Statements
For the year ended 31 March 2013

Contents **Page**

COMPANY INFORMATION	**1**
DIRECTORS' REPORT	**2**
INDEPENDENT AUDITOR'S REPORT	**4**
PROFIT AND LOSS ACCOUNT	**6**
BALANCE SHEET	**7**
PRINCIPAL ACCOUNTING POLICIES	**8**
NOTES TO THE FINANCIAL STATEMENTS	**10**

SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED
COMPANY REGISTRATION NUMBER - 04772219

Company Information

Directors	S F Murphy R W Christie P J Sheldrake S D Green J E Haan (appointed 14 August 2012) A M Lawley (appointed 02 May 2012, resigned 12 April 2013) S A Raper (appointed 02 May 2012) J D Wood (appointed 02 May 2012)
Secretary	Asset Management Solutions Limited
Head Office	Chancery Exchange 10 Furnival Street London EC4A 1AB
Registered Office	46 Charles Street Cardiff CF10 2GE
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Cardiff, UK

Directors' Report
For the year ended 31 March 2013

The directors present their annual report and the audited financial statements for the year ended 31 March 2013 This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption

Principal activities
The company manages two health centres under the Government's LIFT Initiative Both properties are fully operational in line with the directors' expectations

Results and dividends
The directors cannot recommend the payment of a dividend (2012 £nil) The loss before tax for the year amounted to £101,000 (2012 £74,000) After a taxation credit of £14,000 (2012 £nil), the loss after taxation was £87,000 (2012 £74,000) The results are shown on page 6

Going concern
The company has net liabilities of £1,907,000 (2012 £1,820,000) and cash of £2,410,000 (2012 £556,000) at 31 March 2013

On 1st April 2013 Sandwell Primary Care Trust, the principal tenant of the company, was abolished under the provisions of the Health and Social Care Act 2012 Under a statutory property transfer scheme, the head leases were transferred to Community Health Partnerships Limited, a company whose entire share capital is owned by the Secretary of State for Health The directors note there are on-going discussions between the Department of Health and a number of funders to ensure the covenant strength of the tenant has not diminished by the transfer At the time of signing the accounts these discussions have not been concluded The directors do not consider there to be significant uncertainty in connection with this and expect the matter to be successfully resolved in the near future

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company Based on this review and the future business prospects of the company, despite the current economic conditions the directors believe the company 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 company has 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

Directors
The current directors of the company, who served throughout the financial year unless stated otherwise, are as shown on page 1

A Lawley resigned as a director on the 12 April 2013

Directors' Report (continued)
For the year ended 31 March 2013

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 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

Auditor and disclosure of information to auditor

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

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves 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 provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to continue in office as the company's auditor

By order of the board

P J Sheldrake
Director

30 July 2013

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 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Principal Accounting Policies and the related notes 1 to 17 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 2013 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL LIFT PROJECT COMPANY (NO.1) LIMITED (continued)

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

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

31 July 2013

Profit and Loss Account
For the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Turnover	1	**2,074**	1,898
Cost of sales		**(558)**	(392)
Gross profit		**1,516**	1,506
Administrative expenses		**(564)**	(521)
Operating profit	2	**952**	985
Interest receivable and similar income	5	**4**	6
Interest payable and similar charges	6	**(1,057)**	(1,065)
Loss on ordinary activities before taxation		**(101)**	(74)
Tax on loss on ordinary activities	7	**14**	-
Loss for the financial year	15	**(87)**	(74)

A reconciliation of the movement in shareholders' funds is given in note 15

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

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

SANDWELL LIFT PROJECT COMPANY (NO 1) LIMITED
COMPANY REGISTRATION NUMBER - 04772219

Balance Sheet
31 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	8	11,722	12,095
Current assets			
Debtors – due within one year	9	248	101
Cash at bank and in hand	10	2,410	556
		2,658	657
Creditors			
Amounts falling due within one year	11(a)	(2,519)	(716)
Net current assets / (liabilities)		139	(59)
Total assets less current liabilities		11,861	12,036
Creditors			
Amounts falling due after more than one year	11(b)	(13,768)	(13,856)
Net liabilities		(1,907)	(1,820)
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	(1,907)	(1,820)
Shareholders' deficit	15	(1,907)	(1,820)

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 30 July 2013

Signed on behalf of the Board of Directors

Director

P J Sheldrake

Principal Accounting Policies
For the year ended 31 March 2013

The principal accounting policies are summarised below They have been applied consistently throughout the current and preceding year

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

Going concern
The company has net liabilities of £1,907,000 (2012 £1,820,000) and cash of £2,410,000 (2012 £556,000) at 31 March 2013

On 1st April 2013 Sandwell Primary Care Trust, the principal tenant of the company, was abolished under the provisions of the Health and Social Care Act 2012 Under a statutory property transfer scheme, the head leases were transferred to Community Health Partnerships Limited, a company whose entire share capital is owned by the Secretary of State for Health The directors note there are on-going discussions between the Department of Health and a number of funders to ensure the covenant strength of the tenant has not diminished by the transfer At the time of signing the accounts these discussions have not been concluded The directors do not consider there to be significant uncertainty in connection with this and expect the matter to be successfully resolved in the near future

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company Based on this review and the future business prospects of the company, despite the current economic conditions the directors believe the company 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 company has 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

Cash flow statement
A cash flow statement is not presented since the company satisfies the definition of a small company and is therefore exempt from the requirement in accordance with Financial Reporting Standard No 1 (revised)

Tangible fixed assets
Land and buildings are stated at historic cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets except freehold land at rates calculated to write off the cost, less estimated residual value, on a straight-line basis over their expected useful lives as follows

Freehold buildings – 25 years

Residual value is calculated on prices prevailing at the date of acquisition No depreciation is provided in the month of acquisition or during construction

Principal Accounting Policies (continued)
For the year ended 31 March 2013

Finance costs
Finance costs that are directly attributable to the cost of construction of fixed assets are capitalised as part of the costs of those assets The commencement of capitalisation begins when both finance costs and expenditure for the assets are being incurred and activities that are necessary to get the asset ready for use are in progress Capitalisation ceases when substantially all the activities that are necessary to get the assets ready for use are complete

Bank borrowings
Interest bearing 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

Derivative financial instruments
The company holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract The company holds a swap to hedge adverse movements in the retail price index Derivative financial instruments are not held for speculative purposes

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

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

Turnover is respect of services provided is recognised in line with the period to which it relates and is recorded at the value of consideration due

Rental revenue is recognised on a straight line basis over the term of the relevant lease

Notes to the Financial Statements
For the year ended 31 March 2013

1. Turnover

Turnover in the year is analysed as follows

	2013 £'000	2012 £'000
Operating lease rentals	**1,690**	1,622
Variations	**96**	34
Cost recoveries	**288**	242
	2,074	1,898

2. Operating profit

	2013 £'000	2012 £'000
This is stated after charging		
Depreciation	**373**	373

The audit fee for the company amounts to £3,200 (2012 £2,500) This cost has been borne by Community Solutions Partnership Services Limited and has been recharged to the company through the management services agreement between the two parties

3. Emoluments of directors

The directors did not receive any remuneration from the company for their services to the company during the year or the previous year The directors are remunerated by the shareholding companies for their services to the group as a whole It is not practicable to apportion their remuneration for their services to this company The company paid directors' fees to Sandwell LIFT Company Limited of £5,000 (2012 £5,000)

4. Staff numbers and costs

The company had no employees during the current or prior period

5 Interest receivable and similar income

	2013 £'000	2012 £'000
Bank interest receivable	**4**	6

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

6. Interest payable and similar charges

	2013 £'000	2012 £'000
Bank interest payable and similar fees	-	6
Interest payable on shareholder loans	268	297
Bank loan interest payable	789	762
	1,057	1,065

7. Tax on loss on ordinary activities

	2013 £'000	2012 £'000
Analysis of tax credit for the year		
a) Current tax		
Adjustments in respect of previous periods	14	-
Total current tax	14	-
b) Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax credit on loss on ordinary activities	**14**	-

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

	2013 £'000	2012 £'000
b) Factors affecting tax credit for the year		
Loss on ordinary activities before tax	(101)	(74)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	24	19
Effects of		
Expenses not deductible for tax purposes	(59)	(64)
Accelerated capital allowances	(2)	10
Capitalised revenue expenses	20	21
Losses brought forward	31	14
Total current tax credit for the year	**14**	-

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

7. Tax on loss on ordinary activities (continued)

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses as there is insufficient evidence that the asset will be recovered The amount of the asset not recognised is £110,000 (2012 £144,000) The asset would be recovered if sufficient future taxable profits were to arise against which the asset could be offset

The Finance Act 2012 was enacted on 17 July 2012 and included provisions, which reduced the main rate of corporation tax to 24% from 1 April 2012 and 23% from 1 April 2013 Current tax has been calculated at 24% and deferred tax at 23%

During the 2013 Budget, The UK Government announced reductions of the main rate of corporation tax to 20% by 1 April 2015, which are expected to be substantively enacted in the Finance Act 2013

As these rates were not substantively enacted at the balance sheet date, the rate reduction is not 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

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

8. Tangible fixed assets

	Land & buildings £'000
Cost	
As at 1 April 2012 and **31 March 2013**	14,664
Depreciation	
As at 1 April 2012	2,569
Charge for year	373
As at 31 March 2013	**2,942**
Net book value	
As at 31 March 2013	**11,722**
As at 31 March 2012	12,095

Tangible fixed assets consist of payments, including capitalised interest and other finance costs of £1,133,000 (2012 £1,133,000) for the construction of buildings, which are the property of the company

Land and buildings – freehold are held for use in operating leases

Land with a cost of £1,720,000 (2012 £1,720,000) is not depreciated

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

9. Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade debtors	**70**	63
Amounts owed by parent undertaking	**14**	27
Other debtors	**38**	-
Prepayments and accrued income	**126**	11
	248	101

10 Cash at bank and in hand

Included in cash at bank and in hand is an amount of £521,000 (2012 £457,000), which is restricted by loan covenants and cannot be used by the company for purposes other than specified in the senior debt arrangements

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

11. Creditors

	2013 £'000	2012 £'000
(a) Amounts falling due within one year		
Bank loans	**264**	269
Subordinated debt	**108**	125
Mezzanine debt	**43**	100
Trade creditors	**219**	78
Amounts owed to parent undertaking	**1,541**	9
Other taxation and social security	**75**	77
Other creditors	**105**	12
Accruals and deferred income	**164**	46
	2,519	716

	2013 £'000	2012 £'000
(b) Amounts falling due after more than one year		
Bank loans	**11,139**	11,402
Subordinated debt	**1,828**	1,698
Mezzanine debt	**801**	756
	13,768	13,856

12. Loans

	2013 £'000	2012 £'000
(a) Bank loans		
The bank loans are repayable as follows		
Within one year	**264**	269
Between one and two years	**211**	264
Between two and five years	**805**	678
After more than five years	**10,123**	10,460
	11,403	11,671

	£'000	£'000
Arrangement fees have been offset against the bank loans as follows		
Bank loans	**11,455**	11,727
Arrangement fees	**(52)**	(56)
	11,403	11,671

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

12 Loans (continued)

Bank borrowings relate to a Senior Debt Facility of £21 million granted by Bank of Scotland and interest is charged at LIBOR plus margins of 1 0% to 1 15% The company does not hold or issue derivative financial instruments for speculative purposes

The amounts drawn under the Senior Debt Facility are repayable on an agreed repayment profile of 6 monthly instalments, which are due to end in July 2032

Interest charges on amounts borrowed are based on floating LIBOR The company has entered into an interest rate swap agreement whereby it pays a fixed rate of 5 18%, 5 23%, 5 20%, 5 21% and 5 25% per annum in respect of amounts drawn under the Senior Debt Facility

The swap expires in July 2032 The fair value of the swap at 31 March 2013 was a negative value of £3,752,000 (2012 £3,163,000)

The Senior Debt Facility is 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 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 also entered into RPI swap agreements at a rate of 2 6% and 2 86% to mitigate its risk in respect of inflation linked income, which have a negative fair value of £2,567,000 (2012 £1,876,000)

In accordance with FRS4 "Capital Instruments" debt issue costs have been offset against the bank loans and will be amortised over the duration of the facility

(b) Mezzanine loans owed to parent undertaking	**2013**	2012
	£'000	£'000
The loans are repayable as follows·		
Within one year	**43**	100
Between one and two years	**22**	100
Between two and five years	**81**	299
After more than five years	**698**	357
	844	856

	£'000	£'000
Arrangement fees have been offset against the loan as follows		
Loan	**858**	871
Arrangement fees	**(14)**	(15)
	844	856

The loans carry a coupon of 4 75% and are repayable in predetermined 6 monthly instalments commencing on 30 September 2004 and ending on 30 June 2030

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

12. Loans (continued)

(c) Subordinated loans owed to parent undertaking	**2013**	2012
	£'000	£'000
The loans are repayable as follows:		
Within one year	**108**	125
Between one and two years	**-**	87
Between two and five years	**-**	178
After more than five years	**1,828**	1,433
	1,936	1,823

The loans carry a coupon of 12% and are repayable in predetermined 6 monthly instalments commencing on 30 September 2004 and ending on 31 December 2030

13. Capital commitments, contingent liabilities and financial commitments

At 31 March 2013, the company is committed to remaining design and construction costs of £12,000 (2012 £12,000) 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 2013, the company is committed to an amount of £1,547,000 (2012 £1,635,000) payable to John Laing Integrated Services Limited, under Facilities Provision Contracts dated 15 January 2004 (as amended 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 2013, there were no known contingencies which required disclosure (2012 £nil)

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

14 Called up share capital

	2013 £	2012 £
Authorised		
Ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
Ordinary shares of £1 each	1	1

All the shares rank pari passu

15. Combined statement of movement in shareholders' deficit and statement of movements on reserves

	Issued share capital £'000	Profit and loss account £'000	Total 2013 £'000	Total 2012 £'000
At beginning of year	-	(1,820)	(1,820)	(1,746)
Loss for the year	-	(87)	(87)	(74)
At the end of the year	-	(1,907)	(1,907)	(1,820)

Notes to the Financial Statements (continued)
For the year ended 31 March 2013

16. Ultimate parent company

This company is a wholly owned subsidiary of Sandwell LIFT Company Limited, a company registered in England and Wales Sandwell LIFT Company Limited is owned by Primary Plus Holdings Limited (60%), which is registered in England and Wales, Sandwell Primary Care Trust (20%) and Community Health Partnerships (20%)

On 1st April 2013 Sandwell Primary Care Trust was abolished by the Secretary of State for Health, with its entire shareholding in the company transferring to Community Health Partnerships Limited 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

17. Related party transactions

The company has taken advantage of the exemption under FRS 8 not to provide information of related party transactions with other undertakings within the Sandwell LIFT Company Limited group of companies The company considers the following as the material transactions during the current and prior year with related parties

Name of party	Relationship	Nature of transaction	Transaction amount 2013	Amount owed (to)/by related party at 31 March 2013	Transaction amount 2012	Amount owed (to)/by related party at 31 March 2012
			£'000	£'000	£'000	£'000
Sandwell Primary Care Trust	Indirect Shareholder	Debtor/ Income/ Debt/ interest	1,895 (52)	49 (556)	1,738 (52)	39 (539)
Community Health Partnerships Limited	Indirect Shareholder	Debt/ interest	(52)	(556)	(52)	(539)
Primary Plus Holdings Limited	Indirect Shareholder	Debt/ income	(157)	(1,668)	(157)	(1,617)
Sandwell Mental Health Trust	Indirect Shareholder	Debtor/ income	93	9	93	18