GRT NOTTINGHAM LIFT PROJECT COMPANY (NO. 2) LIMITED

Company Registration No. 04928314

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

GRT NOTTINGHAM LIFT PROJECT COMPANY (NO. 2) LIMITED
COMPANY REGISTRATION NUMBER - 04928314

Report and Financial Statements
For the year ended 31 March 2014

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Company Information

Directors	T K Allen (resigned 27 June 2013) R W Christie (resigned 5 August 2013) J E Haan G W MacKinlay L Scull (resigned 4 March 2014) S Raper (appointed 28 August 2013 and resigned 24 October 2013) P J Sheldrake P Tipping J D Wood (resigned 28 August 2013) M J Chambers (appointed 24 June 2013 and resigned 7 October 2013) M Grinonneau (appointed 7 October 2013)
Secretary	Asset Management Solutions Limited
Head Office	Chancery Exchange 10 Furnival Street London EC4A 1AB
Registered Office	46 Charles Street Cardiff CF10 2GE
Auditor	BDO LLP 55 Baker Street London W1U 7EU

Directors' Report
For the year ended 31 March 2014

The directors present their annual report and the audited financial statements for the year ended 31 March 2014. This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.

Principal activities
The principal activity of the Company is the provision and management of primary and social healthcare accommodation under the Government LIFT Initiative.

Dividends
The ability of the company to pay dividends is restricted by the funding obligations placed on it. The directors do not therefore recommend the payment of a dividend (2013: £nil).

Going concern
At 31 March 2014, the company has net liabilities of £1,263,000 (2013: £874,000) and cash of £2,470,000 (2013: £2,029,000).

On 1 April 2013, Nottingham City 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 lease was transferred to Community Health Partnerships Limited, a company whose entire share capital is owned by the Secretary of State for Health. The directors are satisfied that the transfer will not have a material impact on the business.

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.

Directors' Report (continued)
For the year ended 31 March 2014

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;
- 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.

Directors' Report (continued)
For the year ended 31 March 2014

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.

During the year, Deloitte LLP resigned as auditors and BDO LLP were appointed as auditors in their place. BDO LLP have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors

Director
J E Haan

30/7/14

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRT NOTTINGHAM LIFT PROJECT COMPANY (NO. 2) LIMITED

We have audited the financial statements of Grt Nottingham LIFT Project Company (No. 2) Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Principal Accounting Policies 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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 GRT NOTTINGHAM LIFT PROJECT COMPANY (NO. 2) 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 and to the exemption from the requirement to prepare a strategic report.

BDO LLP

Alexander Tapp (Senior statutory auditor)
For and on behalf of BDO LLP, Statutory auditor
55 Baker Street
London
W1U 7EU

31 July 2014

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

Profit and Loss Account
For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Turnover	1	**2,922**	3,003
Cost of sales		**(680)**	(798)
Gross profit		**2,242**	2,205
Administrative expenses		**(722)**	(749)
Operating profit	2	**1,520**	1,456
Interest receivable and similar income	5	**2**	10
Interest payable and similar charges	6	**(2,016)**	(1,998)
Loss on ordinary activities before taxation		**(494)**	(532)
Tax on loss on ordinary activities	7	**105**	21
Loss for the financial year	15	**(389)**	(511)

A reconciliation of the movements in shareholders' deficit 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.

Balance Sheet
31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	**24,219**	24,871
Current assets			
Debtors – due within one year	9(a)	**82**	397
Debtors – due in after more than one year	9(b), 10	**105**	-
Cash at bank and in hand	11	**2,470**	2,029
		2,657	2,426
Creditors			
Amounts falling due within one year	12(a)	**(942)**	(2,235)
Net current assets		**1,715**	191
Total assets less current liabilities		**25,934**	25,062
Creditors			
Amounts falling due after more than one year	12(b)	**(27,197)**	(25,936)
Net liabilities		**(1,263)**	(874)
Capital and reserves			
Called up share capital	15	**1**	1
Profit and loss account	16	**(1,264)**	(875)
Shareholders' deficit	16	**(1,263)**	(874)

The financial statements of Grt Nottingham LIFT Project Company (No. 2) Limited, registered number 04928314, were approved by the Board of Directors and authorised for issue on 30/7/14.

Signed on behalf of the Board of Directors

J E Haan
Director

30/7/14

Principal Accounting Policies
For the year ended 31 March 2014

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 as modified by the revaluation of land and buildings and in accordance with applicable United Kingdom accounting standards.

Going concern
At 31 March 2014, the company has net liabilities of £1,263,000 (2013: £874,000) and cash of £2,470,000 (2013: £2,029,000).

On 1 April 2013, Nottingham City 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 lease was transferred to Community Health Partnerships Limited, a company whose entire share capital is owned by the Secretary of State for Health. The directors are satisfied that the transfer will not have a material impact on the business.

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 as the company satisfies the definition of a small company and therefore is exempt in accordance with Financial Reporting Standard No. 1 (revised).

Tangible fixed assets
Land and buildings are stated at 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 2014

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 2014

1. Turnover

Turnover in the year is analysed as follows:	**2014**	2013
	£'000	£'000
Cost recoveries	**291**	402
Operating lease rental	**2,644**	2,525
Variations	**(13)**	76
	2,922	3,003

2. Operating profit

	2014	2013
	£'000	£'000
This is stated after charging:		
Depreciation	**652**	652

The audit fee for the company amounted to £2,500 (2013: £2,800). This has been borne by Community Solutions Partnership Services Limited and has been recharged to the company as part of 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.

4. Staff numbers and costs

The company had no employees during either period. The directors are shown on page 1.

5. Interest receivable and similar income

	2014	2013
	£'000	£'000
Bank interest receivable	**2**	10

Notes to the Financial Statements (continued)
For the year ended 31 March 2014

6. Interest payable and similar charges

	2014	2013
	£'000	£'000
Bank interest payable and similar fees	**29**	29
Loan note interest payable	**351**	352
Bank loan interest payable	**1,636**	1,617
	2,016	1,998

7. Tax on loss on ordinary activities

	2014	2013
	£'000	£'000
a) Current tax		
Adjustment in respect of previous periods	-	21
Current tax	-	21
Deferred tax		
Origination and reversal of timing differences	**105**	-
Total deferred tax	**105**	-
Tax on loss on ordinary activities	**105**	21

The tax assessed for the year is at the standard rate of corporation tax in the UK of 23% (2013: 24%) The differences are explained below:

	2014	2013
	£'000	£'000
b) Factors affecting tax credit for the year		
Loss on ordinary activities before tax	**(494)**	(532)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	**114**	128
Effects of:		
Expenses not deductible for tax purposes	**(79)**	(83)
Tax losses carried forward	**(125)**	(165)
Adjustment to tax in respect of prior years		21
Capital allowances in the year in excess of depreciation	**90**	120
Total current tax for the year	-	21

Notes to the Financial Statements (continued)
For the year ended 31 March 2014

7. Tax on loss on ordinary activities (continued)

The company has recognised deferred tax assets of £105,154 (2013: £nil) relating to unused tax losses. The tax losses have arisen in the company and can be carried forward to future periods for use against part of future profits.

The Finance Act 2013 was enacted on 17 July 2013 and included provisions which reduced the main rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. Current tax has been calculated at 23% and deferred tax at 21%.

The reductions in the corporation tax rate to 21% from 1 April 2014 and 20% from 1 April 2015 are not anticipated to materially affect the future tax charge.

8. Tangible fixed assets

	Land & buildings £'000
Cost	
As at 1 April 2013 and 31 March 2014	**25,794**
Depreciation	
As at 1 April 2013	923
Charge for year	652
As at 31 March 2014	**1,575**
Net book value	
As at 31 March 2014	**24,219**
As at 31 March 2013	24,871

Tangible fixed assets consist of payments, including capitalised interest and other finance costs of £2,743,000 (2013: £2,743,000) for the construction of buildings on sites, which are the property of the company.

Land and buildings are held for use in operating leases.

Notes to the Financial Statements (continued)
For the year ended 31 March 2014

9. Debtors

	2014 £'000	2013 £'000
(a) Amounts falling due within one year		
Trade debtors	47	357
Prepayments	1	19
Amounts owed by related parties	34	-
Other debtors	-	21
	82	397
(b) Amounts falling due after more than one year		
Deferred tax	105	-
	105	-

10. Deferred tax

Deferred tax is provided as follows:

	2014 £'000	2013 £'000
Balance at 1 April	-	-
Charge in the year	105	-
Balance at 31 March	105	-

An analysis of deferred taxation provided in the financial statements is as follows:		
Accelerated capital allowances	496	-
Short term timing differences	(89)	-
Capitalised interest	532	-
Trade and non-trade losses	(1,042)	-
	105	-

11. Cash at bank and in hand

Of the cash balance at the end of the year, £2,470,000 (2013: £2,029,000) is restricted by loan covenants and cannot be used by the company for purposes other than as specified in the senior debt arrangements.

Notes to the Financial Statements (continued)
For the year ended 31 March 2014

12. Creditors

	2014 £'000	2013 £'000
(a) Amounts falling due within one year		
Bank loans	**177**	1,466
Subordinated debt	**374**	362
Trade creditors	**171**	73
Amounts owed to group undertakings	**24**	13
Other tax and social security	**120**	121
Other creditors	**35**	-
Accruals and deferred income	**41**	200
	942	2,235

	2014 £'000	2013 £'000
(b) Amounts falling due after more than one year		
Bank loans	**23,960**	22,831
Subordinated debt	**2,787**	2,627
Accruals and deferred income	**450**	478
	27,197	25,936

13. Loans

	2014 £'000	2013 £'000
Analysis of debt:		
The bank loans are repayable as follows		
Within one year	**177**	1,466
Between one and two years	**197**	1,592
Between two and five years	**820**	5,438
After more than five years	**22,943**	15,801
	24,137	24,297

	£'000	£'000
Arrangement fees have been offset against the bank loans as follows:		
Bank loans	**24,598**	24,787
Arrangement fees	**(461)**	(490)
	24,137	24,297

Notes to the Financial Statements (continued)
For the year ended 31 March 2014

13. Loans (continued)

Bank borrowings relate to a Senior Debt Facility granted by Bank of Scotland Plc amounting to £28.5 million.

The amounts drawn under the Senior Debt Facility are repayable on an agreed repayment profile of quarterly instalments that commenced on 31 March 2012 and are due to end in November 2036.

Interest charges on amounts borrowed are between a floating rate of 0.54% above LIBOR to 12.5%. The company has entered into fixed interest rate swap agreements whereby it pays a fixed rate of 4.53% and 4.82% per annum in respect of amounts drawn under the Senior Debt Facility (Amortising) and Senior Debt Facility (Bullet).

The swaps expire on 30 November 2036. The fair value of the swaps at 31 March 2014 was a liability of £4,784,000 (2013: £7,201,000).

The Senior Debt Facility is secured by a first floating charge over the assets of the company under a debenture agreement dated 5 March 2010.

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.

In addition, the company has entered into RPI swap agreements at a rate of 3.2% to mitigate its risk in respect of inflation linked income, which have a negative fair value at 31 March 2014 of £1,572,000 (2013: £2,350,000).

(b) Subordinated loans owed to parent undertaking	**2014**	2013
	£'000	£'000
The loans are repayable as follows:		
Within one year	**374**	362
Between one and two years	**38**	366
Between two and five years	**83**	1,113
After more than five years	**2,666**	1,148
	3,161	2,989

Notes to the Financial Statements (continued)
For the year ended 31 March 2014

14. Capital commitments

At 31 March 2014, the company is committed to the remaining design and construction costs of £35,000 (2013: £135,000) payable to Laing O'Rourke Construction Limited under the Design and Construction Contract relating to the Greater Nottingham LIFT Project between Grt Nottingham LIFT Project Company (No. 2) Limited and Laing O'Rourke Construction Limited.

At 31 March 2014, the company is committed to an amount of £5,826,000 (2014: £5,928,000) payable to Carillion Integrated Services Limited, under Facilities Provision contracts dated 5 March 2010 relating to Greater Nottingham LIFT project between the company and John Laing Integrated Services Limited.

15. Called up share capital

	2014	2013
	£	£
Authorised		
Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**1,000**	1,000

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

	Issued share capital £'000	**Profit and loss account £'000**	**Total 2014 £'000**	**Total 2013 £'000**
At beginning of year	**1**	**(875)**	**(874)**	(363)
Loss for the year	-	**(389)**	**(389)**	(511)
At the end of the year	**1**	**(1,264)**	**(1,263)**	(874)

Notes to the Financial Statements (continued)
For the year ended 31 March 2014

17. Ultimate controlling party

This company is a wholly owned subsidiary of Grt Nottingham LIFT Midco (No. 2) Company Limited, which is in turn a wholly owned subsidiary of Grt Nottingham LIFT Company Limited, companies registered in England and Wales. As at 31 March 2014, Grt Nottingham LIFT Company Limited was owned by Primary Plus Holdings Limited (60%), which is registered in England and Wales, Nottingham City Council (4%) and Community Health Partnerships (36%).

On 1 April 2013, Nottingham City Primary Care Trust and Nottinghamshire County Primary Care Trust were abolished by the Secretary of State for Health, with their 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.

Grt Nottingham LIFT Company Limited is the largest and smallest group for which consolidated financial statements are prepared. Copies of the group financial statements are available from its registered office.

Notes to the Financial Statements (continued)
For the year ended 31 March 2014

18. Transactions with related parties

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

The directors have taken advantage of the exemption under FRS 8 not to provide information of related party transactions with other undertakings within the Grt Nottingham LIFT Company Limited group of companies.

Name of party	Relationship	Nature of transaction	Transaction amount 2014 £'000	Amount owed (to)/by related party at 31 March 2014 £'000	Transaction amount 2013 £'000	Amount owed (to)/by related party at 31 March 2013 £'000
Nottingham City Primary Care Trust	Shareholder of Parent	Income			778	
		Debtors				112
		Interest			(31)	
		Loan				(213)
Nottingham County Primary Care Trust	Shareholder of Parent	Interest			(33)	
		Loan				(282)
Nottingham City Council	Shareholder Utimate Parent	Income	**1,525**		1,897	
		Debtors		**46**		228
		Interest	**(39)**		(39)	
		Loan		**(354)**		(335)
Primary Plus Holdings Limited	Shareholder Utimate Parent	Interest	**(211)**		(211)	
		Loan		**(1,896)**		(1,793)
Community Health Partnership	Shareholder Utimate Parent	Income	**1,060**		(70)	
		Debtors		**36**		
		Interest	**(101)**			
		Loan		**(910)**		(598)