Registered number: 06480421

GHG 2008 3A PROPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

GHG 2008 3A PROPCO LIMITED

COMPANY INFORMATION

Directors	K N Gibson A PH Jammine M J Kuscus B J Sacks L K C Sebastian G Hughes (appointed 11 March 2019)
Registered number	06480421
Registered office	10 Queen Street Place London United Kingdom EC4R 1AG

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

Introduction

The directors present their Strategic report on the affairs of the Company for the year ended 30 September 2019.

The directors do not consider it necessary to include any further key performance indicators, other than the current year and prior year results shown below, in order to understand the business, due to its straightforward activity.

Results and dividends

The Company's principal activity is property investment in the United Kingdom.

The Company's turnover for the year ended 30 September 2019 was £993,000 (2018 - £978,000).

The Company's (loss)/profit after taxation for the year ended 30 September 2019 was £(79,000) (2018 - Profit £225,000) and will be transferred to reserves.

The Company's net assets at 30 September 2019 was £898,000 (2019 - £977,000).

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

Principal risks and uncertainties

The Companies Act 2006 requires all companies to disclose and discuss the principal risks and uncertainties that they face which, in most cases, are normal business risks. The Company is exposed to business risk in the form of fluctuations in property market values and also to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, currency risk, liquidity risk, cash flow risk, credit risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the financial risks the directors consider relevant to this Company are interest rate risk, liquidity risk and credit risk. The directors do not consider there to be any sources of estimation uncertainty requiring disclosure.

The Company attempts, where appropriate, to mitigate interest rate risk through the use of derivative hedging instruments. The Company does not speculate in the trading of derivative instruments.

As the Company has a single tenant, credit risk arises in the event that the entity to which the property is let (being BMI Healthcare Limited), is unable to meet its obligations to the Company or satisfy the financial covenants within the Company's facility agreement and the financial covenants in its own group's facility agreement. The operational risks faced by BMI Healthcare Limited are set out in their financial statements.

The directors are of the opinion that Brexit does not pose any significant risk or uncertainty to the Company's operations.

Going concern

Since the year end, the property held in the Company has been sold, with a completion date of 30 January 2020. This disposal has allowed the Company to fully repay its debts and the disposal has left the Company with no trading assets.

It is anticipated that the Company will be wound up in the next 12 months, and therefore the financial statements have been prepared on a basis other than going concern.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

This report was approved by the board on 12 February 2020 and signed on its behalf.

K N Gibson
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

Details of events affecting the Company since the financial year end, credit risk, a statement of going concern and proposed dividends have been included in the Strategic report and form part of the Directors' report by reference.

Incorporation and principal activity

The Company was incorporated on 22 January 2008 in the United Kingdom. The Company is one of a number of companies which were formed in 2008 to each acquire a single UK private hospital property which were simultaneously all leased to a tenant on long-term leases expiring in 2033, with the tenant having the right to extend for a further 10 years. Collectively these companies are referred to as the "Magnolia Propco".

The Company's principal activity is property investment in the United Kingdom. The property was let to a third party, for the period of these financial statements. Since the year end, the property held in the Company has been sold, further details can be found in the Strategic Report.

During the year on 21 February 2019, the Magnolia PropCo loan facililty was refinanced via an Amend & Extend arrangement for a further four years on substantially similar terms as the original loan facility.

The interest on the facility as at 30 September 2019 is 8.27% (2018 - 7.25%).

Under the terms of the debt facility, the Company received an allocated amount of the debt and became, and continues to be, a joint guarantor under those financing arrangements. The assets of each Company are pledged to guarantee and secure the entire debt of the Magnolia Propco.

Directors

The directors who served during the year were:

K N Gibson
A PH Jammine
M J Kuscus
B J Sacks
L K C Sebastian
G Hughes (appointed 11 March 2019)
S L Dyson (resigned 11 March 2019)

Directors' and officers' insurance

The Company has directors' and officers' insurance for the benefit of, amongst others, the directors of the Company, which is in place at the date of this report.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- 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.

This report was approved by the board on 12 February 2020 and signed on its behalf.

K N Gibson
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHG 2008 3A PROPCO LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of GHG 2008 3A Propco Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

Emphasis of matter – Financial statements prepared other than on a basis of going concern
We draw attention to note 2.2 in the financial statements, which indicate that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, 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 respect of these matters.

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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHG 2008 3A PROPCO LIMITED

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

Richard Howe FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

12 February 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £000	2018 £000
Turnover	5	993	978
Administrative expenses		(187)	(198)
Operating profit	6	806	780
Impairment of the financial asset		(288)	-
Interest receivable and similar income		-	3
Interest payable and expenses	7	(497)	(477)
Profit before tax		21	306
Tax on profit	8	(100)	(81)
(Loss)/profit for the financial year		(79)	225

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 11 to 23 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Investment property	9		-		5,449
Current assets					
Fixed assets held for sale	10	5,286		-	
Debtors: amounts falling due within one year	11	1,336		2,024	
		6,622		2,024	
Creditors: amounts falling due within one year	12	(2,105)		(6,384)	
Net current assets/(liabilities)			4,517		(4,360)
Total assets less current liabilities			4,517		1,089
Creditors: amounts falling due after more than one year	13		(3,490)		-
			1,027		1,089
Provisions for liabilities					
Deferred taxation	15		(129)		(112)
Net assets			898		977
Capital and reserves					
Called up share capital	16		-		-
Profit and loss account			898		977
			898		977

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 February 2020.

K N Gibson
Director

The notes on pages 11 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 30 September 2017	-	752	752
At 1 October 2017	-	752	752
Comprehensive income for the year			
Profit for the year	-	225	225
At 30 September 2018	-	977	977
At 1 October 2018	-	977	977
Comprehensive income for the year			
Loss for the year	-	(79)	(79)
At 30 September 2019	-	898	898

The notes on pages 11 to 23 form part of these financial statements.

1. General information

GHG 2008 3A Propco Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is 10 Queen Street Place, London, United Kingdom, EC4R 1AG. The registration number is 06480421.

The principal activity of the Company is that of property investment in the United Kingdom. The property was let to a third party, for the period of these financial statements, and the directors expect activity to continue at current levels for the foreseeable future.

The Company's functional and presentational currency is GBP.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of General Healthcare Mixer Partnership LLP.

The following principal accounting policies have been applied:

2.2 Going concern

Since the year end, the property held in the Company has been sold, with a completion date of 30 January 2020. This disposal has allowed the Company to fully repay its debts and the disposal has left the Company with no trading assets.

It is anticipated that the Company will be wound up in the next 12 months, and therefore the financial statements have been prepared on a basis other than going concern.

2. Accounting policies (continued)

2.3 Impact of new international reporting standards, amendments and interpretations

IFRS 9

The Company adopted IFRS 9: Financial Instruments effective 1 October 2018. In accordance with the transition provisions in the Standard, comparatives have not been restated.

Impairment of financial assets
IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The ECL model requires the Company to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date.

Hedge accounting
The Company has not been impacted by changes associated with hedge accounting.

IFRS 15

From 1 October 2018, the Company has applied IFRS 15 using the cumulative effect method.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 1 October 2018.

2.4 Revenue

Company revenue comprises rental income received in the normal course of the business net of all refunds, allowances and value added tax. Rental income recognition is based on an accruals basis. Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term.

2.5 Operating leases: the Company as lessor

Rental income from operating leases is credited to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.8 Current and deferred taxation

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- 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 tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2. Accounting policies (continued)

2.10 Investment property

The Company has taken the choice to adopt the cost model as allowed under IAS 40 Investment Properties. The cost model is specified in IAS 16 and requires investment property to be measured after initial measurement at depreciated cost (less any accumulated impairment losses).

Investment properties are shown at cost net of depreciation and any provision for impairment. Investment properties are considered for impairment if there is any reason to believe that impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of the unit. Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows is computed using an appropriate discount rate to determine the value in use.

Where appropriate, the fair value of assets less cost to sell is used in the impairment assessment. For property assets, this is determined using an estimate of fair market value taking into account advice from external professional valuers. Key judgements in determining the fair market value include the fair market rental amount and the effective yield. The higher of fair value less costs to sell or value in use is compared to the current asset (or related cash generating unit) carrying value, and, if lower, the assets are impaired to that value.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings and fixed plant (longer life)	- 50 years
Freehold buildings and fixed plant (shorter life)	- 10 years

No depreciation is provided on freehold land.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The

2. Accounting policies (continued)

2.14 Financial instruments (continued)

effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, judgements, estimates and assumptions are required to be made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The directors do not consider there to be any sources of estimation uncertainty that require to be disclosed.

There are no significant critical judgements that have been made in the process of applying the Company's accounting policies in the financial statements.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).

5. Turnover

The Company leases its property to BMI Healthcare Limited. The lease was amended as part of the refinancing completed in January 2015. Following this amendment the rental income will increase annually based on RPI, with a cap of 4% and a minimum increase of 1%. In line with the Company's accounting policies the fixed rental income is required to be recoginsed over the term of the lease. A corresponding straight-line asset has been recognised, as disclosed in note 9. The lease expires in 2033, with the tenant having the right to extend for a further ten years.

	2019 £000	2018 £000
Rental income	944	924
Straight-lining of lease rentals	49	54
	993	978

All turnover arose within the United Kingdom.

6. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Auditor's remuneration	7	4
Depreciation - freehold property	163	163
Impairment of financial asset	288	-

7. Interest payable and similar expenses

	2019 £000	2018 £000
Interest on loans	344	418
Amortisation of debt arrangement fees	27	59
Loss on modification of debt	126	-
	497	477

8. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	83	81
Deferred tax		
Current year	17	-
Taxation on profit	100	81

Factors affecting tax charge for the year

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

	2019 £000	2018 £000
Profit before tax	21	306
Profit multiplied by standard rate of corporation tax in the UK of 19%	4	58
Effects of:		
Expenses not deductible for tax purposes	55	23
Depreciation for year in excess of capital allowances	24	-
Short term timing difference leading to an increase in taxation	17	-
Total tax charge for the year	100	81

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Investment property

	2019 £000	2018 £000
Cost	7,188	7,188
Accumulated depreciation	(1,902)	(1,739)
Investment property reclassified as Held for Sale	(5,286)	-
	-	5,449

The fair value of the property at 30 September 2019 was £12.2m (2018 - £10.1m) based on the latest formal valuation provided by Collier International, international property valuation firm, in October 2018. The difference between the fair value of the property and the historical cost is £5m.

The property has been reclassified as Held for Sale as at 30 September 2019.

10. Non-current asset held for sale

The directors agreed to pursue the disposal of the investment property held in the Company. The disposal of the property was completed on 30 January 2020.

	2019 £000	2018 £000
Non-current asset held for sale	5,286	-

11. Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings	1,052	1,500
Other financial asset held at fair value	-	288
Straight-line lease asset	282	234
Prepayments and accrued income	2	2
	1,336	2,024

11. Debtors (continued)

The straight-line lease asset relates to the annual fixed uplift of rental income.

Amounts due from group undertakings do not bear interest and are repayable on demand.

12. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Bank loans	-	5,844
Amounts owed to group undertakings	1,923	317
Corporation tax	41	40
Accruals and deferred income	141	183
	2,105	6,384

Amounts due to group undertakings do not bear interest and are repayable on demand.

The following liabilities were secured:

	2019 £000	2018 £000
Secured loans	-	5,857
Arrangement fees	-	(13)
	-	5,844

Details of security provided:

The loan is secured by land and buildings with a net book value of £5.3 million (2018 - £5.4 million).

13. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Bank loans	3,490	-

The following liabilities were secured:

	2019 £000	2018 £000
Secured loans	3,574	-
Arrangement fees	(84)	-
	3,490	-

Details of security provided:

The loan is secured by land and buildings with a net book value of £5.3 million (2018 - £5.4 million).

The loan is repayable as a lump sum on 24 February 2023 and the interest rate at the year end is 8.27%.

14. Loans

Analysis of the maturity of loans is given below:

	2019 £000	2018 £000
Amounts falling due within one year		
Secured loans	-	5,844
Amounts falling due 2-5 years		
Secured loans	3,490	-
	3,490	5,844

15. Deferred taxation

	2019 £000	2018 £000
At 1 October 2018	(112)	(112)
Charged to profit or loss	(17)	-
At end of year	(129)	(112)

The provision for deferred taxation is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(131)	(115)
Derivatives	1	3
	(130)	(112)

16. Share capital

	2019 £	2018 £
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	1,000	1,000
Allotted, called up and fully paid		
1 (2018 - 1) Ordinary share of £1.00	1	1

17. Contingent liabilities

The debt of the Company is secured by land and building assets with a net book value of £5.3 million (2018 - £5.4 million). As part of the debt funding, the Company cross-collateralised its land and buildings with the debt held by all companies within the Magnolia Propco and is therefore a guarantor of all of the debt.

At 30 September 2019 the total amount of debt held by all companies within the Magnolia Propco is £32.75 million (2018 - £42.3 million) and the aggregate net book value of the land and buildings secured against that debt is £36.6 million (2018 - £37.9 million).

18. Operating leases

The Company leases its property to BMI Healthcare Limited. The lease term is until January 2033. The rental agreement is linked to inflationary increases. The Company entered into the lease in 2008. There is no contingent rental income.

At 30 September 2019 the minimum lease payments due to be received under non-cancellable operating leases are as follows:

	2019 £000	2018 £000
Not later than 1 year	959	928
Later than 1 year and not later than 5 years	3,836	3,788
Later than 5 years	7,913	10,519
	12,708	15,235

19. Post balance sheet events

Since the year end, the property held in the Company has been sold, with a completion date of 30 January 2020. This disposal has allowed the Company to fully repay its debts and the disposal has left the Company with no trading assets.

It is anticipated that the Company will be wound up in the next 12 months.

20. Controlling party

The Company is a subsidiary undertaking of GHG 2008 3A (BVI Property Holdings) Limited. The ultimate parent and controlling party is General Healthcare Mixer Partnership LLP, a UK limited liability partnership. The largest and smallest group into which the financial statements of the Company are consolidated is General Healthcare Mixer Partnership LLP.