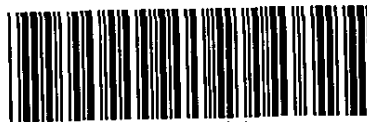


REGISTERED NUMBER: 07123364 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

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**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

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for the Year Ended 31 December 2012**

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**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**COMPANY INFORMATION
for the Year Ended 31 December 2012**

DIRECTORS:

R Laing
R G E Williams
J R Taylor
M Dyer
J E Keyte
Dr S A Raper
Dr A Pursey
Mrs R Hardy

REGISTERED OFFICE:

5 The Triangle
Wildwood Drive
Worcester
Worcestershire
WR5 2QX

REGISTERED NUMBER:

07123364 (England and Wales)

AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
West Midlands
B3 2DT

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2012**

The directors present their report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of investing in property and property development. It acquires land and designs and constructs facilities for rent in the Birmingham and Solihull area as part of the government sponsored Local Improvement Finance Trust (LIFT) initiative.

REVIEW OF BUSINESS

The company invests in primary healthcare infrastructure properties in the Birmingham and Solihull area.

During the year the company completed construction on both of the properties which were under the course of construction at the prior year end. At the point they became operational, the properties started receiving rental income.

At 31 December 2012, the company had three properties receiving rental income, which meant the company made a profit for the year. This is in comparison to the loss made in 2011, when only one property was receiving rental income from August 2011.

Profit is expected to increase in 2013 as all three properties will receive a full year of rental income.

2012 saw an increase in the value of investment properties, which is reflected in the value reported in the financial statements.

The risks and uncertainties of the business relate predominantly to tenant default on rental payments. As tenants are predominantly NHS Trusts, the risk of tenant default is considered to be low.

The company performs to key performance indicators as set by its parent company.

Potential exists for additional properties to be added in the future.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012 (2011 - £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

R Lang
R G E Williams
J R Taylor
M Dyer
J E Keyte
Dr S A Raper
Dr A Pursey
Mrs R Hardy

Other changes in directors holding office are as follows:

Mrs R Hardy - resigned 31 March 2013

Directors were not remunerated by Birmingham and Solihull LIFT (Fundco 3) Limited, but by their respective employing entities.

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2012**

FINANCIAL RISK MANAGEMENT

The company's financial risk management objective is broadly to seek to make neither a profit nor a loss from exposure to interest rate risk. Its policy is to finance working capital through retained earnings and to finance fixed assets through fixed rate borrowings for the term of the first lease of each of the assets.

The company's hedging strategy is to enter into financial instruments in the form of interest rate swaps and RPI revenue swaps in order to manage its exposure to interest rate and inflation rate risk as required. These financial instruments are held for the purposes of hedging through the entire term of the relevant loan or lease and are not intended to be traded, so that the company's exposure to price risk of financial instruments is minimal. Further as the counterparties to all financial instruments are its bankers and its parent company, the company is also exposed to minimal credit risk or liquidity risk in respect of these instruments.

The company's lease revenues and most of its costs were linked to inflation at the inception of projects. The financing structures which include a portion of the lease income being subject to a RPI revenue swap and senior loan repayment profiles were structured such that the company would continue to meet its covenants in a low inflation environment, resulting in the company being largely but not wholly insensitive to inflation.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 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 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.

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2012**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF:

A handwritten signature in black ink, appearing to be 'R G E Williams', written over a horizontal line.

R G E Williams - Director

22 May 2013

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BIRMINGHAM AND SOLIHULL LIFT (FUNDCO 3)
LIMITED**

We have audited the financial statements of Birmingham and Solihull LIFT (Fundco 3) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Report of the Directors 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 December 2012 and of its profit 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

22 May 2013

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2012**

	Notes	31 12 12 £	31 12 11 £
TURNOVER		1,934,973	296,690
Administrative expenses		<u>356,225</u>	<u>59,809</u>
OPERATING PROFIT	3	1,578,748	236,881
Interest receivable and similar income		<u>2,961</u>	<u>1,087</u>
		1,581,709	237,968
Interest payable and similar charges	4	<u>1,354,173</u>	<u>274,476</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		227,536	(36,508)
Tax on profit/(loss) on ordinary activities	5	<u>52,295</u>	<u>(10,041)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>175,241</u></u>	<u><u>(26,467)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 December 2012**

	31 12 12 £	31 12 11 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	175,241	(26,467)
Revaluation in the year (Note 6)	<u>6,767,641</u>	<u>2,089,678</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>6,942,882</u></u>	<u><u>2,063,211</u></u>

The notes form part of these financial statements

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED (REGISTERED NUMBER: 07123364)**

**BALANCE SHEET
31 December 2012**

	Notes	31 12 12 £	£	31 12 11 £	£
FIXED ASSETS					
Investments	6		37,860,000		28,016,812
CURRENT ASSETS					
Debtors	7	985,897		326,140	
Cash at bank		2,212,828		2,233,279	
		<u>3,198,725</u>		<u>2,559,419</u>	
CREDITORS					
Amounts falling due within one year	8	<u>1,895,611</u>		<u>1,813,268</u>	
NET CURRENT ASSETS			<u>1,303,114</u>		<u>746,151</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			39,163,114		28,762,963
CREDITORS					
Amounts falling due after more than one year	9		(30,118,423)		(26,703,408)
PROVISIONS FOR LIABILITIES	12		<u>(42,254)</u>		<u>-</u>
NET ASSETS			<u><u>9,002,437</u></u>		<u><u>2,059,555</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Revaluation reserve	14		8,857,319		2,089,678
Profit and loss account	14		<u>145,117</u>		<u>(30,124)</u>
SHAREHOLDERS' FUNDS	18		<u><u>9,002,437</u></u>		<u><u>2,059,555</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 22 May 2013 and were signed on its behalf by



R Laing - Director

The notes form part of these financial statements

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2012**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with the Companies Act 2006, applicable accounting standards in the United Kingdom and on a going concern basis

Cashflow exemption

The company, being a small company in accordance with section 384 of the Companies Act 2006, is exempt from the requirement to draw up a cashflow statement

Turnover

Turnover represents revenue recognised by the company in respect of rental income falling due during the year, excluding value added tax. Rental income is recognised in the period to which it relates

The whole of the turnover is attributable to one class of business and arose in the United Kingdom

Sales and purchase pass-through transactions for which the company does not have significant risk and reward are shown net in the profit and loss account

Deferred tax

As required by Financial Reporting Standard Number 19 "Deferred Tax", full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

Debt finance costs

Debt finance costs are netted off the relevant debt balance and are amortised over the life of the loan

Interest

Interest on junior loans from the parent company is charged on quarterly basis

During the construction period, the company capitalises the interest charged on the respective property specific loan within the cost of construction and does not make payment to the parent company for the interest charged

Once the property becomes operational, the company begins to make payment for the interest charged by the parent company on a semi-annual basis

Interest on senior loans is charged on a quarterly basis and accrued for on the balance sheet. Interest payments are made to the funder on a semi-annual basis

Fixed asset investments

Fixed Asset Investments represent both properties presently under the course of construction and completed investment properties

Properties presently under the course of construction are valued at cost. Finance costs directly attributable to the construction of properties are capitalised as part of the cost of those properties

Completed investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 (SSAP 19) and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company

Investment properties are revalued annually by an independent surveyor

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

1 ACCOUNTING POLICIES - continued

Financial instruments

Interest rate swaps are used to hedge the company's exposure to movements in interest rates. The interest payable on such swaps is accrued in the same way as interest arising on the related borrowings.

RPI swaps are used to hedge the company's exposure to movements in inflation by fixing a portion of the lease revenue which is inflation linked. Amounts payable and receivable are recognised within turnover on an accruals basis.

2 STAFF COSTS

There were no employees for the year ended 31 December 2012 nor for the year ended 31 December 2011.

3 OPERATING PROFIT

The operating profit is stated after charging

	31 12 12	31 12 11
	£	£
Auditors' remuneration	3,855	3,715
	<u> </u>	<u> </u>
Directors' remuneration	-	-
	<u> </u>	<u> </u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 12	31 12 11
	£	£
Amortisation of finance costs	25,820	6,438
Senior loan interest	1,632,310	1,262,976
Loan stock interest	341,294	320,206
Interest capitalised	(645,251)	(1,315,144)
	<u>1,354,173</u>	<u>274,476</u>

Interest of £341,294 (2011 - £320,206) was payable on the loan stock from Birmingham and Solihull Local Improvement Finance Trust Limited.

5 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows

	31 12 12	31 12 11
	£	£
Deferred tax	52,295	(10,041)
	<u> </u>	<u> </u>
Tax on profit/(loss) on ordinary activities	52,295	(10,041)
	<u> </u>	<u> </u>

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

5 TAXATION - continued

Factors affecting the tax charge/(credit)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 12 £	31 12 11 £
Profit/(loss) on ordinary activities before tax	<u>227,536</u>	<u>(36,508)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.500% (2011 - 26.500%)	55,746	(9,675)
Effects of Capitalised interest	(158,086)	(348,516)
Losses brought forward utilised	(380,468)	(68,150)
Losses carried forward	<u>482,808</u>	<u>426,341</u>
Current tax charge/(credit)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Finance Act 2011, which was enacted on 19 July 2011, included legislation reducing the main rate of corporation tax from 27% to 26% from 1 April 2011 and also reducing the main rate of corporation tax from 26 per cent to 25% from 1 April 2012. Further reductions to the main rate were proposed to reduce the rate by 1 per cent per annum to 23% by 1 April 2014.

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax system were announced in the Budget statement 2013. This includes a further reduction to the main rate to reduce the rate to 20% from 1 April 2015. These further changes had not been substantially enacted at the balance sheet date and are therefore not included in these Financial Statements.

Based on the enacted changes to the main rate of corporation tax at the reporting date, current tax has been calculated at a blended rate of 24.5%, and closing balances on deferred taxes have been measured at 23% (2011 - 25%).

6 FIXED ASSET INVESTMENTS

	Properties under the course of construction £	Investment properties £	Totals £
COST OR VALUATION			
At 1 January 2012	18,356,812	9,660,000	28,016,812
Additions	3,075,547	-	3,075,547
Transfers	(21,432,359)	21,432,359	-
Revaluations	-	6,767,641	6,767,641
	<u>-</u>	<u>37,860,000</u>	<u>37,860,000</u>
At 31 December 2012	-	37,860,000	37,860,000
NET BOOK VALUE			
At 31 December 2012	<u>-</u>	<u>37,860,000</u>	<u>37,860,000</u>
At 31 December 2011	<u>18,356,812</u>	<u>9,660,000</u>	<u>28,016,812</u>

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

6 FIXED ASSET INVESTMENTS - continued

Cost or valuation at 31 December 2012 is represented by

	Investment properties £
Valuation in 2011	2,089,678
Valuation in 2012	6,767,641
Cost	29,002,681
	<hr/>
	37,860,000
	<hr/>

Fixed asset investments represent properties under the course of construction, which are valued at cost and investment properties at valuation

The amount of finance costs capitalised within the cost of properties under the course of construction during the period was £645,251 (2011 - £1,315,144). The balance of capitalised finance costs included in properties under the course of construction at 31 December 2012 is £Nil (2011 - £1,228,414).

Included in the cost of Investment Properties at 31 December 2012 £1,873,665 is (2011 - £466,624) of finance costs capitalised since the company's incorporation.

Statement from the Valuers:

We refer to our Valuation Report dated 18 February 2013 (the "Valuation Report")

We confirm that all properties were valued as at 31 December 2012, by qualified professional valuers working for the company of GVA Property Consultants acting in the capacity of External Valuers. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors.

All properties were valued on the basis of Market Value subject to the following assumption:

For investment property that the property would be sold subject to the existing leases.

The Market Value of each of the properties was primarily derived using comparable recent market transactions on arm's length terms. All valuations were carried out in accordance with the RICS Valuation Professional Standards, Global and UK edition, March 2012.

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 12	31 12 11
	£	£
Trade debtors	962,265	123,829
Amounts owed by participating interests	3,162	-
Other debtors	-	74,635
VAT	-	116,260
Deferred tax asset	-	10,041
Prepayments and accrued income	20,470	1,375
	<hr/>	<hr/>
	985,897	326,140
	<hr/>	<hr/>

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 12	31 12 11
	£	£
Bank loans and overdrafts (see note 10)	567,748	65,960
Trade creditors	205,420	948,360
Amounts owed to participating interests	4,800	44,683
VAT	94,361	-
Other creditors	2,000	500
Deferred income	25,757	4,038
Accrued expenses	995,525	749,727
	<u>1,895,611</u>	<u>1,813,268</u>

Balances with participating interests are payable on demand and attract no interest

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 12 12	31 12 11
	£	£
Bank loans (see note 10)	27,118,827	23,850,407
Amounts owed to group undertakings	2,999,596	2,853,001
	<u>30,118,423</u>	<u>26,703,408</u>

Amounts owed to parent undertaking represent debt with a fixed interest rate of 12% and are repayable in more than 5 years

10 LOANS

An analysis of the maturity of loans is given below

	31 12 12	31 12 11
	£	£
Amounts falling due within one year or on demand		
Bank loans	604,271	103,108
Unamortised finance costs	(36,523)	(37,148)
	<u>567,748</u>	<u>65,960</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	148,435	169,420
Unamortised finance costs - 1-2 years	(36,329)	(37,054)
	<u>112,106</u>	<u>132,366</u>
Amounts falling due between two and five years		
Bank loans - 2-5 years	500,628	459,513
Unamortised finance costs - 2-5 years	(107,750)	(109,988)
	<u>392,878</u>	<u>349,525</u>

Amounts falling due in more than five years

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

10 LOANS - continued

	31 12 12 £	31 12 11 £
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans - more than 5 years	27,119,705	23,917,948
Unamortised finance costs - more than 5 years	(505,862)	(549,432)
	<u>26,613,843</u>	<u>23,368,516</u>

Interest rate swaps are held on all bank loans which convert the borrowings from rates linked to LIBOR to a fixed rate in the range of 3.8% to 4.2%. The fair value of interest rate swaps at 31 December 2012 is a liability of £6,969,351 (2011 - £6,182,813)

The company also holds RPI swaps which convert a portion of the inflation linked lease revenue to a fixed inflation rate. The fair value of RPI swaps at 31 December 2012 is a liability of £1,216,821 (2011 - £2,627,983)

These financial instruments are held for the purposes of hedging through the entire term of the relevant loan or lease and are not intended to be traded, so that the company's exposure to price risk of financial instruments is minimal

11 SECURED DEBTS

The following secured debts are included within creditors

	31 12 12 £	31 12 11 £
Bank loans	<u>28,373,039</u>	<u>24,649,989</u>

The loans are secured by fixed and floating charges over the company's investment properties and other assets

12 PROVISIONS FOR LIABILITIES

	31 12 12 £	
Deferred tax	<u>42,254</u>	
		Deferred tax £
Balance at 1 January 2012		(10,041)
Tax rate change to prior year		802
Capitalised interest		148,408
Unutilised losses		(96,915)
Balance at 31 December 2012		<u>42,254</u>

13 CALLED UP SHARE CAPITAL

Number	Class	Nominal value £1	31 12 12 £	31 12 11 £
1	Ordinary		<u>1</u>	<u>1</u>

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

14 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2012	(30,124)	2,089,678	2,059,554
Profit for the year	175,241		175,241
Revaluation in the year	-	6,767,641	6,767,641
	<u>145,117</u>	<u>8,857,319</u>	<u>9,002,436</u>
At 31 December 2012	<u>145,117</u>	<u>8,857,319</u>	<u>9,002,436</u>

15 ULTIMATE PARENT COMPANY

The immediate parent company is Birmingham and Solihull Local Improvement Finance Trust Limited Prime LIFT Investments Limited is the ultimate parent Company There is no ultimate controlling party

16 CAPITAL COMMITMENTS

The company had no capital commitments at the year end (2011 - £2,404,086 representing the building contract sum remaining properties under the course of construction)

**BIRMINGHAM AND SOLIHULL LIFT (FUNDCO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

17 RELATED PARTY DISCLOSURES

Infrastructure Investments Holdings Limited became a 50% shareholder in Prime LIFT Investments Limited, the company's ultimate parent company, on 17 October 2012

Prior to this Barclays European Infrastructure II Limited (BEIL), a company that Barclays Bank Plc has an interest in was the 50% shareholder in Prime LIFT Investments Limited. As at the 31 December 2012 BEIL was no longer a related party but remains the main funder of the company

Birmingham and Solihull Local Improvement Finance Trust Limited (BaS LIFT) is the immediate parent company of Birmingham and Solihull LIFT (Fundco 3) Limited. Interest of £341,294 (2011 - £320,206) was payable on the loan stock from BaS LIFT

BaS LIFT also has a 100% interest in Birmingham & Solihull Lift (Fundco 1) Limited and Birmingham & Solihull Lift (Fundco 2) Limited. Prime LIFT Investments holds a 60% share in Prima 200 Limited, which in turn holds 100% interest in Prima 200 Fundco No 1 Limited, Prima Fundco No 2 Limited and Prima Fundco No 3 Limited

Birmingham East & North Primary Care Trust, Heart of Birmingham Teaching Primary Care Trust, South Birmingham Primary Care Trust and Solihull Primary Care Trust collectively own 20% of the voting rights of BaS LIFT, the immediate parent company. Community Health Partnerships own 20% of the voting rights of BaS LIFT

Prime (UK) Developments Limited and One Creative Environments Limited are both subsidiaries of Prime Operations Limited, which is in turn a subsidiary of Prime Plc

Prime (UK) Investments, which is also a 100% subsidiary of Prime Plc, has a 50% shareholding in Prime LIFT Investments Limited. Prime (UK) Investments Limited also has a 100% shareholding in PPP Leasing Limited and Prime Public Partnerships Limited

Company name	Nature	2012	2011
Loans to / (from) related parties at 31 December 2012			
		£	£
Barclays Bank Plc	Senior debt	-	(24,649,989)
BaS LIFT	Loan stock	(2,999,596)	(2,853,001)

Other trading debtor / (creditor) balances at 31 December 2012

Birmingham East & North Primary Care Trust	155,073	123,709
Birmingham East & North Primary Care Trust	-	(97)
Heart of Birmingham Teaching Primary Care Trust	805,095	(280)
Prime Plc	-	-
Prime (UK) Investments Limited	-	-
Prime (UK) Developments Limited	(4,800)	(41,083)
One Creative Environments Limited	-	(3,600)
PPP Leasing Limited	3,162	-
Birmingham & Solihull Lift (Fundco 1) Limited	-	-
Birmingham & Solihull Lift (Fundco 2) Limited	-	-
Prima 200 Fundco 3 Limited	-	-
Prime Public Partnerships Limited	-	-

**BIRMINGHAM AND SOLIHULL LIFT (FUND CO 3)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

Sales to / (Purchases from) related parties during 2012

Birmingham East & North Primary Care Trust	Rent & disbursements	971,101	356 110
Birmingham East & North Primary Care Trust	Rent & disbursements	-	(97)
Heart of Birmingham Teaching Primary Care Trust	Rent & disbursements	1,461,377	-
Prime Plc	Services & disbursements	(251,164)	(1,464)
Prime Plc	Services & disbursements	312	-
Prime (UK) Investments Limited	Services & disbursements	-	(353,001)
Prime (UK) Developments Limited	Services & disbursements	(5,327)	(611)
One Creative Environments Limited	Services & disbursements	(11,400)	(8,000)
PPP Leasing Limited	Rent & disbursements	44,404	14,410
Birmingham & Solihull LIFT (Fundco 1) Limited	Disbursements	1,131	-
Birmingham & Solihull LIFT (Fundco 2) Limited	Disbursements	12,197	-
Prima 200 Fundco No 3 Limited	Disbursements	3,120	-
Prime Public Partnerships Limited	Disbursements	(645)	-

The sales and purchase transactions with related parties are all stated inclusive of VAT

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 12	31 12 11
	£	£
Profit/(loss) for the financial year	175,241	(26,467)
Other recognised gains and losses relating to the year (net)	6,767,641	2,089,678
Net addition to shareholders' funds	6,942,882	2,063,211
Opening shareholders' funds	2,059,555	(3,656)
Closing shareholders' funds	9,002,437	2,059,555