

Registered number: OC366986

UK Healthcare Property 1 LLP
Annual report and financial statements
for the year ended 31 March 2017

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UK Healthcare Property 1 LLP

Annual report and financial statements for the year ended 31 March 2017

Contents

	Page
Information	1
Members' report for the year ended 31 March 2017	2
Members' responsibilities statement for the year ended 31 March 2017	3
Independent auditors' report to the members of the UK Healthcare Property 1 LLP	4
Income Statement for the year ended 31 March 2017	6
Statement of Financial Position as at 31 March 2017	7
Statement of Changes in Equity for the year ended 31 March 2017	8
Notes to the financial statements for the year ended 31 March 2017	9

UK Healthcare Property 1 LLP

Information

Designated members

The CarePlaces (Investments) Limited

The CarePlaces Limited Partnership

Independent auditors

PricewaterhouseCoopers LLP

One Kingsway

Cardiff

CF10 3PW

Registered office

38 Seymour Street

London

W1H 7BP

Registered number

OC366986

UK Healthcare Property 1 LLP

Members' report for the year ended 31 March 2017

The members present their report and the audited financial statements for the year ended 31 March 2017. A list of the members can be found on page 1.

Review of the business and future developments

The Partnership owned three care home developments at Castleton, Five Ash Down and Tewkesbury, each care home was leased to Barchester Healthcare Limited under a long term lease. All three developments had purchase options on them that have been exercised. The Castleton care home was sold in May 2017, and the care homes at Five Ash Down and Tewkesbury were both sold in June 2017.

Events after the reporting period

The three investment properties held in these financial statements were sold after the reporting period. The Castleton care home was sold on 11 May 2017 for £11.4m, the Tewkesbury care home on 16 June 2017 for £9.4m, and the Five Ash Down care home on 21 June 2017 for £8.9m. Any financial debt held against the investment properties was repaid in full from the sale proceeds.

Designated members

The designated members during the year and up to the date of signing the financial statements were:

The CarePlaces (Investments) Limited
The CarePlaces Limited Partnership

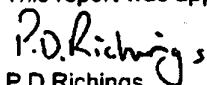
Members' capital and interests

Members will determine the annual drawings payable by the Partnership and are permitted to make drawings in anticipation of profits which will be allocated to them. Profits/(losses) are allocated on the basis as set out in the partnership agreement entered into by the members. No member is entitled to draw out or receive back any part of its capital contribution except on the winding up of the Partnership.

Results for the year and allocation to members

The Partnership's profit for the financial year available for discretionary division among members is £1,966,770 (2016: loss of £9,692,192).

This report was approved by the members and signed on their behalf by:



P D Richings
on behalf of The CarePlaces Limited Partnership
Designated member
20 December 2017

UK Healthcare Property 1 LLP

Members' responsibilities statement for the year ended 31 March 2017

Registered number: OC366986

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

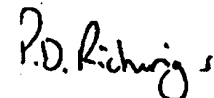
- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting standards, including FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information for auditors

So far as each Designated Member is aware there is no relevant information of which the LLP's auditors are unaware. Relevant information is defined as information needed by the LLP's auditors in connection with preparing their report. Each Designated Member has taken all the steps (such as making inquiries of other members of the LLP and the auditors and any other steps required by their duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.



P D Richings
on behalf of The CarePlaces Limited Partnership
Designated member
20 December 2017

UK Healthcare Property 1 LLP

Independent auditors' report to the members of UK Healthcare Property 1 LLP

Report on the financial statements

Our opinion

In our opinion, UK Healthcare Property 1 LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2017 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 March 2017;
- the income statement for the year then ended;
- the statement of changes in equity for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in preparation of the Financial Statements is United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland", (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

UK Healthcare Property 1 LLP

Independent auditors' report to the members of UK Healthcare Property 1 LLP (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Members' Responsibilities statement, the members 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jason Clarke (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

December 2017

UK Healthcare Property 1 LLP

Income Statement for the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover		2,016,076	2,100,465
Administrative expenses		(89,906)	(118,772)
Changes in value of investment property		2,174,139	1,083,569
Other operating income		13,248	18,105
Operating profit	3	4,113,557	3,083,367
Exceptional items:			
Profit on the disposal of tangible fixed assets		40,132	2,738,326
		4,153,689	5,821,693
Interest receivable		-	44
Interest payable and similar charges		(441,176)	(429,924)
Changes in value of financial instruments		99,828	129,450
Profit for the financial year before members' remuneration and profit share		3,812,341	5,521,263
Members' remuneration charged as an expense	5	(1,845,571)	(15,213,455)
Profit/(loss) for the financial year available for discretionary division among members		1,966,770	(9,692,192)

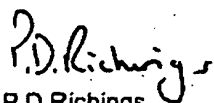
UK Healthcare Property 1 LLP

Statement of Financial Position as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	6	29,779,139	27,605,000
Current assets			
Debtors	7	279,056	294,782
Cash at bank and in hand		888,285	947,748
		1,167,341	1,242,530
Creditors: amounts falling due within one year	9	(11,587,192)	(992,403)
Net current (liabilities)/assets		(10,419,851)	250,127
Total assets less current liabilities		19,359,288	27,855,127
Creditors: amounts falling due after more than one year	10	-	(10,462,609)
Net assets attributable to members		19,359,288	17,392,518
Represented by:			
Members' other interests			
Members' capital		35,498,307	35,498,307
Other reserves		(16,139,019)	(18,105,789)
Total members' interests		19,359,288	17,392,518

These financial statements have been delivered in accordance with the provisions of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) applicable to LLPs subject to the small LLPs regime.

The financial statements on page 6-15 were approved by all designated members on 20 December 2017 and signed on their behalf by:



P D Richings
on behalf of The CarePlaces Limited Partnership
Designated member

UK Healthcare Property 1 LLP

Statement of Changes in Equity for the year ended 31 March 2017

	Members' capital £	Other reserves £	Total of members' interests £
Members' interests balance as 1 April 2015	34,495,307	(8,413,597)	26,081,710
Members' remuneration charged as an expense	-	(15,213,455)	(15,213,455)
Profit for the year available for discretionary division among members	-	5,521,263	5,521,263
Capital contribution by members	1,003,000	-	1,003,000
Balance at 31 March 2016 and 1 April 2016	35,498,307	(18,105,789)	17,392,518
Members remuneration charged as an expense	-	(1,845,571)	(1,845,571)
Profit for the year available for discretionary division among members	-	3,812,341	3,812,341
Members' interests after profit for the year	35,498,307	(16,139,019)	19,359,288
Repaid to members	-	-	-
Balance at 31 March 2017	35,498,307	(16,139,019)	19,359,288

UK Healthcare Property 1 LLP

Notes to the financial statements for the year ended 31 March 2017

1 Accounting policies

General information

UK Healthcare Property 1 LLP ("the Partnership") develops and leases out care homes and assisted living apartments. The limited liability partnership is incorporated in England, and the registered office is at 38 Seymour Street, London. W1H 7BP.

Statement of compliance

The individual financial statements of UK Healthcare Property 1 LLP have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 (as it is applied to Limited Liability Partnerships) and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (the "SORP"). A summary of the accounting policies is set out below:

Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Partnership has adopted FRS 102 in these financial statements.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been applied:

Going concern

The Partnership's forecasts and projections show that it should be able to operate within the level of its current facilities. After making enquiries, the members have a reasonable expectation that the Partnership has adequate resources to continue in operation in the foreseeable future. The Partnership therefore continues to adopt the going concern basis in preparing its financial statements.

Related party transactions

The Partnership has taken advantage of the exemption, under FRS 102 paragraph 33.2, from disclosing transactions with members of the same group that are wholly owned.

Cash flow

The financial statements do not include a Cash Flow Statement because the Partnerships, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Companies Act 2006 (as it applies to Limited Liability Partnerships).

Revenue Recognition

Revenue consists of gross rental income calculated on an accruals basis and excluding value added tax. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of the lease commencement to the lease end date.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews, are recorded as income in the periods in which they are earned.

UK Healthcare Property 1 LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Functional and presentation currency

The functional and presentation currency is the pound sterling.

Taxation

Income tax payable on the Partnership's profits is solely the liability of the individual members and consequently is not dealt with in these financial statements. The Partnership is not taxed as a corporate entity.

Allocation of profits and drawings

Members will determine the annual drawings payable by the Partnership and are permitted to make drawings in anticipation of profits which will be allocated to them. Profits/(losses) are allocated on the basis as set out in the partnership agreement entered into by the members.

Assets under construction

Assets under construction are not depreciated until they are ready for use, when they are transferred to the relevant asset class.

Investment property

Investment property is carried at fair value as determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

Financial instruments

The Partnership has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

UK Healthcare Property 1 LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Financial Instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, in which case the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

UK Healthcare Property 1 LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Critical accounting judgements and key sources of estimation uncertainty:

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions:

The Partnership makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of the investment property:

The Partnership assesses the value of investment properties on an annual basis in accordance with the accounting policy stated in note 1. This valuation follows the principles of FRS 102 Section 16; investment properties are measured at fair value, at each reporting date, using an open market value for existing use basis. This approach requires estimation of the future income streams, length of the leasehold and a number of other market based assumptions. Any changes in these assumptions will impact the carrying value of the investment property. See Note 1 for the accounting policy relating to the investment property.

3 Operating profit

	2017 £	2016 £
Operating profit is stated after charging:		
Services provided by the partnership's auditor		
Auditors' remuneration	12,663	12,997

4 Employee information

The partnership had no employees during the year (2016: none).

5 Members' remuneration

	2017 £	2016 £
Paid under the terms of the LLP agreement	1,845,571	15,213,455

UK Healthcare Property 1 LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

6 Tangible assets

	Investment Properties £	Total £
Cost or valuation		
At 1 April 2016	27,605,000	27,605,000
Surplus on revaluation	2,174,139	2,174,139
At 31 March 2017	29,779,139	29,779,139

Investment properties were revalued at 31 March 2016, in accordance with the Partnership's accounting policy, by external valuers Knight Frank LLP, chartered surveyors. The valuation was carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. All three properties held by the Partnership were subject to options by the tenant. The tenant served notice under each option during the year. The properties have been revalued in line with the option price.

7 Debtors

	2017 £	2016 £
Trade debtors	26,959	28,275
Amounts owed by group undertakings	7,095	100
Other debtors	245,002	266,407
	279,056	294,782

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

8 Assets available for sale

	2017 £	2016 £
Cost		
At 1 April	-	685,161
Disposals		(685,161)
At 31 March	-	-

Assets available for sale represent the transfer of assisted living facilities previously classified as tangible fixed assets to assets held for sale. The amount represents the cost of construction associated with the units.

UK Healthcare Property 1 LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

9 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	10,250,000	-
Financial derivatives	112,781	-
Trade creditors	631,156	295,850
Other creditors	593,255	696,553
	11,587,192	992,403

The Partnership held a number of interest rate swaps which are detailed below at the reporting date:

Swap Date	Notional Value	Maturity Date	Fair value at reporting date	
			2017	2016
September 2011	2,422,500	2017	(25,803)	(52,269)
January 2012	3,300,000	2017	(26,381)	(54,967)
June 2015	3,720,000	2017	(60,597)	(105,373)
			(112,781)	(212,609)

10 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Financial derivatives	-	212,609
Bank loans and overdrafts	-	10,250,000
	-	10,462,609

The financial derivatives held by the Partnership were due to expire on sale of the respective properties that they were held against, this occurred in the financial year ended 31 March 2018. A breakdown of the values of each derivative is shown in note 9.

11 Bank Borrowings

	2017 £	2016 £
Secured		
Amounts payable:		
Within one year	10,250,000	-
Within two to five years	-	10,250,000
	10,250,000	10,250,000

The Partnership had three bank loans which were each repayable in one instalment in August 2017, September 2017 and December 2017. The loans carried interest at LIBOR plus a margin. The loans were secured against the assets of the Partnership and were repaid after the reporting date.

12 Events after the reporting period

The three investment properties reported in these financial statements were sold after the reporting period. The Castleon care home was sold on 11 May 2017 for £11.4m, the Tewkesbury care home on 16 June 2017 for £9.4m and the Five Ash Down care home on 21 June 2017 for £8.9m. Any financial debt held against the investment properties was repaid in full from the sale proceeds.

UK Healthcare Property 1 LLP

Notes to the financial statements for the year ended 31 March 2017 (continued)

13 Average number of members

The average number of members in the financial year was two (2016: two).

14 Controlling party

The ultimate controlling party is The CarePlaces Limited Partnership, a partnership registered in the United Kingdom.