

ReSound (Derriford) Limited

**Directors' report and financial
statements**

Registered number 07018708

Period ended 31 March 2010

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Directors' report

The directors present their report and the audited financial statements for the period ended 31 March 2010

Principal activities

The company was incorporated on 15 September 2009. The principal activity of the company in the period under review was that of a Local Improvement Finance Trust 'LIFT' venture company. This includes the development and ongoing management of primary healthcare facilities under the government LIFT initiative.

Business review

The results for the period and financial position of the company are as shown in the financial statements.

Dividends

No dividends will be distributed for the period ended 31 March 2010.

Directors and directors' interests

The directors who held office during the period were as follows:

Kenneth Gill	(appointed 29 September 2009)
Nigel Godefroy	(appointed 28 September 2009)
Alan Hope	(appointed 28 September 2009)
Douglas Joss	(appointed 28 September 2009)
Murdo Mace	(appointed 28 September 2009)
Robert McClatchey	(appointed 28 September 2009)
Stephen Rickwood	(appointed 28 September 2009)
Lindsey Wild	(appointed 28 September 2009)
James Short	(appointed 24 August 2009)

Political and charitable donations

The company made no political or charitable donations during the year.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board



N Gadsdon
Secretary

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

20 September 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 its profit and loss for that period, in preparing the financial statements the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc
Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Independent auditors' report to the members of ReSound (Derriford) Limited

We have audited the financial statements of Resound (Derriford) Limited for the period ended 31 March 2010 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors Responsibilities Statement set out on page 2, 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 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 Boards' (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web site at www.frc.org/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Resound (Derriford) Limited
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company 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 explanation we require for our audit

I J Brokenshire

I J Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Plym House
3 Longbridge Road
Plymouth
PL6 8LT

22 October 2010

Profit and loss account
for the period ended 31 March 2010

	<i>Note</i>	2010 £
Turnover	<i>1</i>	-
Cost of sales		-
Gross profit		-
Administrative expenses		(5,274)
Operating loss		(5,274)
Interest receivable	<i>3</i>	10
Interest payable and similar charges		-
Loss on ordinary activities before taxation	<i>2</i>	(5,264)
Tax on loss on ordinary activities	<i>4</i>	1,477
Loss for the financial year		<u>(3,787)</u>

All of the company's activities related to continuing operations

The company has no recognised gains or losses for the current period other than the result for the year

Reconciliation of movements in shareholder's deficit

	2010 £
Share capital issued	1
Retained loss for the financial period	(3,787)
Net reconciliation in equity shareholder's funds	(3,786)
Opening equity shareholder's fund	-
Closing equity shareholder's deficit	<u>(3,786)</u>

Balance sheet
 at 31 March 2010

	Note	£	2010	£
Fixed assets				
Tangible fixed assets	5		2,137,214	
Current assets				
Debtors	6	245,042		
Cash at bank		156,476		
		<u>401,518</u>		
Creditors, amounts falling due within one year	7	<u>(374,676)</u>		
			26,842	
Total assets less current liabilities			2,164,056	
Creditors, amounts falling due after more than one year	8		<u>(2,167,842)</u>	
Net liabilities			<u>(3,786)</u>	
Capital and reserves				
Called up share capital	11		1	
Profit and loss account	12		<u>(3,787)</u>	
Shareholder's deficit	13		<u>(3,786)</u>	

The notes on pages 7 to 14 form an integral part of the financial statements

These financial statements were approved by the board of directors on 20 September 2010 and were signed on its behalf by



D. Joss
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Going Concern

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

Turnover

Turnover represents rentals receivable. Rental income is taken to the profit and loss account on a straight line basis over the life of the lease.

Fixed assets and depreciation

Tangible fixed assets comprise land and buildings. Assets in the course of construction are not depreciated until commissioned. Once commissioned, assets are depreciated over the concession, which is deemed to be the useful economic life.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	25 years
Freehold land	-	no depreciation

Finance costs on borrowings used to fund the construction of the accommodation are included within assets in the course of construction during the construction period. This treatment ceases on completion of the construction of the assets.

Notes (continued)

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. If the rate change from 28% to 27% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at that date by £14. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax assets accordingly.

2 Loss on ordinary activities before tax

The loss on ordinary activities is stated after charging/(crediting)

	2010 £
Rental income	-
Depreciation of owned tangible fixed assets	-

Auditors' remuneration

	2010 £
Audit of these financial statements	2,380

The directors received no emoluments in respect of their services to the company.

The company had no employees during the period.

Notes (continued)

3 Interest receivable

	2010
<i>Interest receivable</i>	
Bank interest receivable	10
	<u> </u>

4 Taxation

	2010 £
UK corporation tax charge (current tax)	-
Deferred tax (see note 10)	
Current period	1,477
	<u> </u>
Tax credit on ordinary activities	1,477
	<u> </u>

Factors affecting the tax credit for the current period

The current tax credit for the period is lower than the standard rate. The standard rate of corporation tax in the UK is 28%. The differences are explained below

	2010 £
Current tax reconciliation	
Loss on ordinary activities before tax	(5,264)
	<u> </u>
Current tax at 28%	(1,474)
<i>Effects of</i>	
Origination of timing differences	1,477
Group relief	(3)
	<u> </u>
Total current tax charge (see above)	-
	<u> </u>

Notes (continued)

5 Fixed assets

	Assets in the course of construction £	Total £
<i>Cost</i>		
At start of period	-	-
Additions	2,137,214	2,137,214
At 31 March 2010	2,137,214	2,137,214
<i>Depreciation</i>		
At start of period	-	-
Charge for the year	-	-
At 31 March 2010	-	-
Net book value		
At 31 March 2010	2,137,214	2,137,214

Included within assets in the course of construction is £43,019 in relation to capitalised finance costs all of which was capitalised in the period. The overall capitalisation rate used to determine the amount of interest capitalised during the period was 11% on the subordinated debt and LIBOR plus 2.5% on the bank loans.

6 Debtors

	2010 £
Other debtors	243,565
Deferred tax asset (note 10)	1,477
	245,042

7 Creditors amounts falling due within one year

	2010 £
Bank loans and overdraft	213,532
Trade creditors	8,453
Other creditors	5,180
Intercompany creditor	129,961
Accruals	17,550
	374,676

Notes (continued)

8 Creditors, amounts falling due after more than one year

	2010 £
Bank loans	1,504,217
Subordinated debt	663,625
	2,167,842

The bank loans are secured by fixed and floating charge over all company assets. These are subject to interest at the LIBOR rate prevailing at the time of the advance plus 2.5% and are repayable by instalments. The subordinated debt is due to the shareholders of the immediate holding company and is subject to interest at 11%.

9 Loans

An analysis of the maturity of loans and overdrafts is given below

	2010 £
<i>Bank loans</i>	
Amounts falling due within one year	213,532
Amounts falling due between one and two years	12,390
Amounts falling due between two and five years	125,694
Amounts falling due in over five years	1,366,133
	1,717,749
<i>Subordinated debts</i>	
Amounts falling due within one year	-
Amounts falling due between one and two years	2,185
Amounts falling due between two and five years	1,867
Amounts falling due in over five years	659,573
	663,625

Notes (continued)

10 Deferred tax

	2010 £
Asset at start of period	-
Credit to the profit and loss account during the year	1,477
Undiscounted Asset at 31 March	1,477

The elements of deferred tax are as follows

	2010 £
Origination of timing differences	1,477
Undiscounted deferred tax asset	1,477

11 Called up share capital

	2010 £
<i>Authorised</i> 1,000 ordinary shares of £1 each	1,000
<i>Allotted, issued and fully paid</i> One ordinary shares of £1 each	1

12 Reserves

	Profit and loss account £
At beginning of period	-
Retained loss for the period	(3,787)
At end of year	(3,787)

Notes (continued)

13 Capital commitments

As at 31 March 2010 the company has committed to design and build on acquired sites. The current estimate of cost to complete is £3,524,000 as at 31 March 2010.

14 Fair value of assets and liabilities

The company has derivative financial instruments that it has not recognised at fair value in accordance with FRS25 'Financial instruments: presentation and disclosure' as follows:

Product	Start Date	Maturity Date	Pay or Receive	Fixed or Floating	Notional Value £	Valuation at 31/03/10 £
RPI Swap	01/12/2009	31/12/2040	Receive	Fixed	84,714	(52,165)
RPI Swap	01/09/2009	31/12/2040	Receive	Fixed	165,745	(446,006)
Basis Swaps	11/12/2009	31/12/2040	Pay	Fixed	437,664	(111,639)
Basis Swaps	11/12/2009	31/07/2040	Pay	Fixed	1,006,773	(202,772)

15 Related party disclosures

The following are related parties as they are shareholders of the immediate parent undertaking:

Lift Investments Limited
 Community Health Partnerships Limited
 Plymouth Teaching Primary Care Trust

The following are related parties as they are indirect shareholders of the immediate parent undertaking:

Community Solutions for Primary Care (Holdings) Limited
 JV UK Company Limited
 Midas Group Limited
 Cyril Sweett Investments Limited

The following are related parties as they are wholly owned subsidiaries of the parent undertaking:

Resound (Mount Gould) Limited
 Resound (Cattedown) Limited

The following is a related party as it is the parent undertaking:

Resound (Health) Limited

Notes (continued)

15 Related party disclosures (continued)

Loans from related parties at year end:

	2010 £
Subordinated debt	
Plymouth Teaching Primary Care Trust	132,724
Community Health Partnerships Limited	132,724
LIFT Investments Limited	398,177
	663,625

Purchases of assets and services from related parties

2010			
Related Party	Nature	Purchase cost/ (income) £	Owed (to)/from at year end £
Cyril Sweett Investments Limited	Development costs	228,500	(4,700)
Midas Group Limited	Construction services	360,444	-
Resound (Health) Limited	Development costs	-	(129,961)

16 Parent company and ultimate controlling parties

The company is a wholly owned subsidiary of ReSound (Health) Limited, a company incorporated in England and Wales. The accounts of this company are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

ReSound (Health) Limited is owned 60% by LIFT Investments Limited, 20% by Plymouth Teaching Primary Care Trust, and 20% by Community Health Partnerships Limited. LIFT Investments Limited is owned 62% by JV UK Company Limited, 19% by Midas Group Limited, and 19% by Cyril Sweett Investments Limited. JV UK Company Limited was previously owned 50% by Sutton Harbour Holdings plc and 50% by Community Solutions for Primary Care (Holdings) Limited. During the previous year Sutton Harbour Holdings plc sold their right to any income from their shares in JV UK Company Limited to Community Solutions for Primary Care (Holdings) Limited. During this year Sutton Harbour Holdings plc sold all of their shares in JV UK Company Limited to Community Solutions for Primary Care (Holdings) Limited. JV UK Company Limited is now owned 100% by Community Solutions for Primary Care (Holdings) Limited.

All companies are registered in England and Wales and their accounts are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.