

ReSound (Derriford) Limited

Directors' report and financial statements

Registered number 07018708

Year ended 31 March 2012

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Directors' report

The directors present their report and the audited financial statements for the period ended 31 March 2012

Principal activities

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 year and financial position of the company are as shown in the financial statements.

In January 2011 the construction of the healthcare facility was completed, enabling commencement of the lease of the building to the Plymouth Teaching Primary Care Trust.

Dividends

No dividends will be distributed for the year ended 31 March 2012 (2011: £nil).

Directors and directors' interests

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

Peter Sheldrake	(appointed 21 September 2012)
John Haan	(appointed 3 October 2012)
Roderick Christie	(appointed 3 October 2012)
Kenneth Gill	(resigned 21 September 2012)
Alan Hope	(resigned 28 September 2012)
Robert McClatchey	(resigned 21 September 2012)
Lindsey Wild	
Sharon Palser	
Antek Lejk	(appointed 1 April 2011)
Derek Anderson	(appointed 1 May 2011, resigned 21 September 2012)
Nigel Godefroy	(resigned 9 November 2011)
Stephen Rickwood	(resigned 30 April 2011)

Political and charitable donations

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

Disclosure of information to auditor

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 auditor is 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 auditor is 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
15 October 2012

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 auditor's report to the members of ReSound (Derriford) Limited

We have audited the financial statements of ReSound (Derriford) Limited for the year ended 31 March 2012 (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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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, 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 (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.uk/apb/scope/private.cfm.

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 2012 and of the company's loss for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

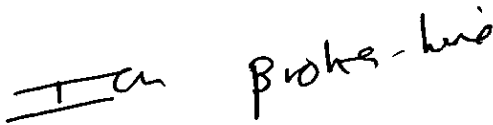
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of 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, 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

 Ian Brokenshire

Ian Brokenshire (Senior Statutory Auditor)

15 October 2012

For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

Plym House
3 Longbridge Road
Plymouth
PL6 8LT

Profit and loss account
for the period ended 31 March 2012

	<i>Note</i>	2012 £	2011 £
Turnover	<i>1</i>	532,355	87,752
Cost of sales		(118,975)	(22,784)
Gross profit		413,380	64,968
Administrative expenses		(26,190)	(4,822)
Operating profit		387,190	60,146
Interest receivable	<i>3</i>	214	49
Interest payable and similar charges		(428,946)	(106,466)
Loss on ordinary activities before taxation	<i>2</i>	(41,542)	(46,271)
Tax on loss on ordinary activities	<i>4</i>	5,674	10,258
Loss for the financial year		(35,868)	(36,013)

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

	2012 £	2011 £
Retained loss for the financial period	(35,868)	(36,013)
Net reconciliation in equity shareholder's funds	(35,868)	(36,013)
Opening equity shareholder's fund	(39,799)	(3,786)
Closing equity shareholder's deficit	(75,667)	(39,799)

Balance sheet
at 31 March 2012

	<i>Note</i>	£	2012	£	£	2011	£
Fixed assets							
Tangible fixed assets	5		6,019,019			6,035,012	
Current assets							
Debtors	6	48,859			28,984		
Cash at bank		322,396			587,143		
Net current assets		371,255			616,127		
Creditors: amounts falling due within one year	7	(147,224)			(347,720)		
			224,031			268,407	
Total assets less current liabilities			6,243,050			6,303,419	
Creditors: amounts falling due after more than one year	8		(6,318,717)			(6,343,218)	
Net liabilities			(75,667)			(39,799)	
Capital and reserves							
Called up share capital	11		1			1	
Profit and loss account	12		(75,668)			(39,800)	
Shareholder's deficit			(75,667)			(39,799)	

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 15 October 2012 and were signed on its behalf by



L Wild
 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. Although the company is in a net liabilities position, this is primarily as a result of the long-term subordinated debt with parent undertakings (see note 14 loans from related parties), who have provided their written ongoing support in respect of the company. 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 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 March 2012 (which has been calculated based on the rate of 24% substantively enacted at the balance sheet date) by £726.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

2 Loss on ordinary activities before tax

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

	2012 £	2011 £
Depreciation of owned tangible fixed assets	64,261	15,630

Auditor's remuneration

	2012 £	2011 £
Audit of these financial statements	2,690	2,440

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 payable and receivable

	2012 £	2011 £
<i>Interest payable</i>		
On bank loans	351,884	87,558
On all other loans	77,062	18,908
	428,946	106,466
<i>Interest receivable</i>		
Bank interest receivable	214	49

4 Taxation

	2012 £	2011 £
UK corporation tax charge (current tax)	-	-
Total current tax	-	-
<i>Deferred tax (see note 10)</i>		
Origination and reversal of timing differences in this year	6,577	10,364
Effect of change of tax rate on opening balances	(903)	(106)
Total deferred tax	5,674	10,258
Tax credit on ordinary activities	5,674	10,258

Factors affecting the tax credit for the current period

The current tax charge for the period is higher (2011 higher) than the standard rate. The standard rate of corporation tax in the UK is 26% (2011 28%). The differences are explained below:

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(41,542)	(46,271)
Current tax at 26% (2011 28%)	(10,801)	(12,956)
<i>Effects of</i>		
Other short term timing differences	-	(1,477)
Expenses not deductible for tax purposes	4,129	1,795
Capital allowances in excess of depreciation	(55,570)	(86,897)
Unrelieved tax losses arising in this year	62,242	99,535
Total current tax charge (see above)	-	-

Notes (continued)

5 Fixed assets

	Freehold Land and Buildings £	Total £
<i>Cost</i>		
At 1 April 2011	6,050,642	6,050,642
Additions	48,268	48,268
At 31 March 2012	6,098,910	6,098,910
<i>Depreciation</i>		
At 1 April 2011	15,630	15,630
Charge for the year	64,261	64,261
At 31 March 2012	79,891	79,891
Net book value		
At 31 March 2012	6,019,019	6,019,019
At 31 March 2011	6,035,012	6,035,012

Included within assets in the course of construction is £253,521 (2011 £253,521) in relation to capitalised finance costs, all of which was capitalised in the prior year. 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

	2012 £	2011 £
Other debtors	2,202	-
Prepayments	6,598	1,709
Deferred tax asset (note 10)	17,409	11,735
Amounts owed from group companies	22,650	15,540
	48,859	28,984

Notes (continued)

7 Creditors' amounts falling due within one year

	2012 £	2011 £
Bank loans and overdraft	22,720	225,922
Subordinated debt	1,867	2,185
Trade creditors	1,977	6,280
Other creditors	107,104	86,755
Tax and social security	8,039	7,386
Accruals	5,517	19,192
	<u>147,224</u>	<u>347,720</u>

8 Creditors' amounts falling due after more than one year

	2012 £	2011 £
Bank loans	5,603,299	5,626,019
Subordinated debt	715,418	717,199
	<u>6,318,717</u>	<u>6,343,218</u>

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

	2012 £	2011
<i>Bank loans</i>		
Amounts falling due within one year	22,720	225,922
Amounts falling due between one and two years	41,684	22,720
Amounts falling due between two and five years	176,767	167,316
Amounts falling due in over five years	5,384,848	5,435,983
	<u>5,626,019</u>	<u>5,851,941</u>
<i>Subordinated debts</i>		
Amounts falling due within one year	1,867	2,185
Amounts falling due between one and two years	-	1,867
Amounts falling due between two and five years	10,788	5,401
Amounts falling due in over five years	704,630	709,931
	<u>717,285</u>	<u>719,384</u>

Notes (continued)

10 Deferred tax

	2012 £	2011 £
Asset at start of period	11,735	1,477
Credit to the profit and loss account during the year	5,674	10,258
Undiscounted Asset at 31 March	17,409	11,735

The elements of deferred tax are as follows

	2012 £	2011 £
Origination of timing differences	(122,510)	(80,690)
Losses and other deductions	139,919	92,425
Undiscounted deferred tax asset	17,409	11,735

11 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, issued and fully paid</i>		
One ordinary share of £1 each	1	1

12 Reserves

	Profit and loss account £
At beginning of year	(39,800)
Retained loss for the year	(35,868)
At end of year	(75,668)

Notes (continued)

13 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 31/03/12 £	Valuation at 31/03/11 £
RPI Swap	01/12/2009	31/12/2040	Receive	Fixed	84,714	(66,571)	(52,990)
RPI Swap	01/09/2009	31/12/2040	Receive	Fixed	355,173	(349,675)	(525,097)
Basis Swaps	11/12/2009	31/12/2040	Pay	Fixed	437,664	(451,131)	(121,878)
Basis Swaps	11/12/2009	31/07/2040	Pay	Fixed	1,006,773	(857,214)	(240,143)

14 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)

14 Related party disclosures (continued)

Loans from related parties at year end

	2012 £	2011 £
Subordinated debt		
Plymouth Teaching Primary Care Trust	143,457	143,877
Community Health Partnerships Limited	143,457	143,877
LIFT Investments Limited	430,371	431,630
	717,285	719,384

Purchases of assets and services from related parties:

Related Party	Nature	2012		2011	
		Purchase cost/ (income) £	Owed (to)/from at year end £	Purchase cost/ (income) £	Owed (to)/from at year end £
Cyril Sweett Investments Limited	Development costs	-	-	49,900	(2,280)
Midas Group Limited	Construction services	-	-	3,474,921	-
Resound (Health) Limited	Development costs	11,688	22,650	-	15,540
Plymouth Teaching Primary Care Trust	Rental Income	(642,718)	6,538	(99,152)	-

15 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 was owned 62% by JV UK Company Limited, 19% by Midas Group Limited, and 19% by Cyril Sweett Investments Limited. Since the year end, JV UK Limited acquired Cyril Sweett Investments Limited's 19% holding in LIFT Investments Limited and Midas Group Limited's 19% holding in LIFT Investments Limited becoming the sole owner.

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.