

ReSound (Derriford) Limited

Directors' report and financial statements

Registered number 07018708

Year ended 31 March 2013



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Directors' report

The directors present their report and the audited financial statements for the period ended 31 March 2013

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 2013 (2012: £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	(resigned 31 March 2013)
Sharon Palser	(resigned 31 March 2013)
Antek Lejk	
Derek Anderson	(resigned 21 September 2012)

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


J. George
Secretary

For ARIS Ltd

46, Charles Street,
Cardiff,
CF10 2GE

21st October 2013

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 2013 (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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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

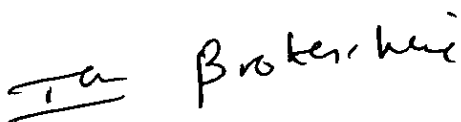
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 (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 2013

Profit and loss account
for the period ended 31 March 2013

	<i>Note</i>	2013 £	2012 £
Turnover	<i>1</i>	537,184	532,355
Cost of sales		(102,506)	(118,975)
Gross profit		434,678	413,380
Administrative expenses		(29,779)	(26,190)
Operating profit		404,899	387,190
Interest receivable	<i>3</i>	1,690	214
Interest payable and similar charges	<i>3</i>	(436,765)	(428,946)
Loss on ordinary activities before taxation	<i>2</i>	(30,176)	(41,542)
Tax on loss on ordinary activities	<i>4</i>	298	5,674
Loss for the financial year		(29,878)	(35,868)

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

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

Reconciliation of movements in shareholder's deficit

	2013 £	2012 £
Retained loss for the financial period	(29,878)	(35,868)
Net reduction in equity shareholder's funds	(29,878)	(35,868)
Opening equity shareholder's fund	(75,667)	(39,799)
Closing equity shareholder's deficit	(105,545)	(75,667)

Balance sheet
at 31 March 2013

	<i>Note</i>	2013		2012	
		£	£	£	£
Fixed assets					
Tangible fixed assets	5		5,954,758		6,019,019
Current assets					
Debtors	6	24,248		48,859	
Cash at bank		353,739		322,396	
Net current assets		377,987		371,255	
Creditors: amounts falling due within one year	7	(155,216)		(147,224)	
			222,771		224,031
Total assets less current liabilities		6,177,529		6,243,050	
Creditors: amounts falling due after more than one year	8	(6,283,074)		(6,318,717)	
Net liabilities		(105,545)		(75,667)	
Capital and reserves					
Called up share capital	11		1		1
Profit and loss account	12		(105,546)		(75,668)
Shareholder's deficit			(105,545)		(75,667)

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 21st October 2013 and were signed on its behalf by



P. Sheldrake
 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

On the 1st April 2013 Plymouth teaching Primary Care Trust, the principal tenant of the companies owned by ReSound (Health) Ltd, was abolished under the provisions of the Health & Social Care Act 2012. Under a statutory property transfer scheme, the head leases were transferred to Community Health Partnerships Limited, a company whose entire share capital is owned by the Secretary of State for Health. The Directors note there are on-going discussions between the Department of Health and a number of funders to ensure the covenant strength of the tenant has not diminished by the transfer. At the time of signing the accounts these discussions have not been concluded. The directors do not consider there to be significant uncertainty in connection with this and expect the matter to be successfully resolved in the near future.

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company. Based on this review and the future business prospects of the company, despite the current economic conditions the directors believe that the company will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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.

A reduction in the UK corporation tax 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. The deferred tax asset at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. 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 asset accordingly.

2 Loss on ordinary activities before tax

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

	2013 £	2012 £
Depreciation of owned tangible fixed assets	64,261	64,261

Auditor's remuneration

	2013 £	2012 £
Audit of these financial statements	2,440	2,690

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

	2013 £	2012 £
<i>Interest payable</i>		
On bank loans	360,139	351,884
On all other loans	76,626	77,062
	<u>436,764</u>	<u>428,946</u>
<i>Interest receivable</i>		
Bank interest receivable	<u>1,690</u>	<u>214</u>

4 Taxation

	2013 £	2012 £
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	2,156	6,577
Adjustment in respect of prior periods	(1,181)	-
Effect of change of tax rate on opening balances	(677)	(903)
Total deferred tax	<u>298</u>	<u>5,674</u>
Tax credit on ordinary activities	<u>298</u>	<u>5,674</u>

Factors affecting the tax credit for the current period

The current tax charge for the period is higher (2012 higher) than the standard rate. The standard rate of corporation tax in the UK is 24% (2012 26%). The differences are explained below.

	2013 £	2012 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(30,176)	(41,542)
Current tax at 24% (2012 26%)	<u>(7,242)</u>	<u>(10,801)</u>
<i>Effects of</i>		
Other short term timing differences	-	-
Expenses not deductible for tax purposes	4,993	4,129
Capital allowances in excess of depreciation	(34,799)	(55,570)
Unrelieved tax losses arising in this year	37,048	62,242
Total current tax charge (see above)	<u>-</u>	<u>-</u>

Notes (continued)

5 Fixed assets

	Freehold Land and Buildings £	Total £
<i>Cost</i>		
At 1 April 2012	6,098,910	6,098,910
Additions	-	-
At 31 March 2013	6,098,910	6,098,910
<i>Depreciation</i>		
At 1 April 2012	79,891	79,891
Charge for the year	64,261	64,261
At 31 March 2013	144,152	144,152
Net book value		
At 31 March 2013	5,954,758	5,954,758
At 31 March 2012	6,019,019	6,019,019

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 2011. 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

	2013 £	2012 £
Other debtors	1,251	2,202
Prepayments	5,290	6,598
Deferred tax asset (note 10)	17,707	17,409
Amounts owed from group companies	-	22,650
	24,248	48,859

Notes (continued)

7 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and overdraft	41,684	22,720
Subordinated debt	-	1,867
Trade creditors	612	1,977
Other creditors	94,227	107,104
Tax and social security	8,680	8,039
Accruals	10,013	5,517
	<u>155,216</u>	<u>147,224</u>

8 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Bank loans	5,561,615	5,603,299
Subordinated debt	721,459	715,418
	<u>6,283,074</u>	<u>6,318,717</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

	2013 £	2012 £
<i>Bank loans</i>		
Amounts falling due within one year	41,684	22,720
Amounts falling due between one and two years	61,290	41,684
Amounts falling due between two and five years	149,867	176,767
Amounts falling due in over five years	5,350,458	5,384,848
	<u>5,603,299</u>	<u>5,626,019</u>
<i>Subordinated debts</i>		
Amounts falling due within one year	-	1,867
Amounts falling due between one and two years	-	-
Amounts falling due between two and five years	17,140	10,788
Amounts falling due in over five years	704,319	704,630
	<u>721,459</u>	<u>717,285</u>

Notes (continued)

10 Deferred tax

	2013 £	2012 £
Asset at start of period	17,409	11,735
Credit to the profit and loss account during the year	298	5,674
Undiscounted Asset at 31 March	17,707	17,409

The elements of deferred tax are as follows

	2013 £	2012 £
Origination of timing differences	(151,056)	(122,510)
Losses and other deductions	168,763	139,919
Undiscounted deferred tax asset	17,707	17,409

11 Called up share capital

	2013 £	2012 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid		
One ordinary share of £1 each	1	1

12 Reserves

	Profit and loss reserve £
At beginning of year	(75,668)
Retained loss for the year	(29,878)
At end of year	(105,546)

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 28/03/13 £	Valuation at 31/03/12 £
RPI Swap	01/12/2009	31/12/2040	Receive	Fixed	84,714	(75,364)	(66,571)
RPI Swap	01/09/2009	31/12/2040	Receive	Fixed	355,173	(657,642)	(349,675)
Basis Swaps	11/12/2009	31/12/2040	Pay	Fixed	437,664	(568,913)	(451,131)
Basis Swaps	11/12/2009	31/07/2040	Pay	Fixed	1,006,773	(1,087,413)	(857,214)

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 – note that on 1st April 2013 Community Health Partnerships acquired 100% of Plymouth teaching Primary Care Trust's share in the company

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

Community Solutions Investment Partners Limited

JV UK Company 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:

	2013 £	2012 £
Subordinated debt		
Plymouth Teaching Primary Care Trust	144,292	143,457
Community Health Partnerships Limited	144,292	143,457
LIFT Investments Limited	432,875	430,371
	<u>721,459</u>	<u>717,285</u>

Purchases of assets and services from related parties:

Related Party	Nature	2013		2012	
		Purchase cost/ (income) £	Owed (to)/from at year end £	Purchase cost/ (income) £	Owed (to)/from at year end £
Plymouth Community Healthcare	Rental Income	(1,176)	445	-	-
Resound (Health) Limited	Development costs	12,032	-	11,688	22,650
Plymouth Teaching Primary Care Trust	Rental Income	(548,040)	-	(642,718)	6,538

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 was owned 60% by Lift Investments Limited, 20% by Plymouth Teaching Primary Care Trust and 20% by Community Health Partnerships Limited. On the 1st April 2013 Community Health Partnerships acquired 100% of the shareholding of Plymouth Teaching Primary Care Trust. 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.

LIFT Investments Limited was owned 62% by JV UK Company Limited, 19% by Midas Group Limited, and 19% by Cyril Sweett Investments Limited. During the year, 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.