
RESOUND (DERRIFORD) LIMITED

Company Registration No. 07018708

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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RESOUND (DERRIFORD) LIMITED

Report and Financial Statements For the year ended 31 March 2014

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RESOUND (DERRIFORD) LIMITED

Company Information

Directors	J R Bawn	- appointed 21 October 2013
	R W Christie	- resigned 6 August 2013
	J E Haan	
	A S Lejk	
	G W Mackinlay	- appointed 6 August 2013
	P J Sheldrake	

Company Secretary	Asset Management Solutions Limited
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Registered Office	3 rd Floor 46 Charles Street Cardiff CF10 2GE
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Independent auditor	BDO LLP 55 Baker Street London
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RESOUND (DERRIFORD) LIMITED

Directors' Report

For the year ended 31 March 2014

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.

Principal activities

The principal activity of the company is to design, build, finance and manage premises under the Government's LIFT initiative.

The results for the year are included on page 6.

Dividends

The directors do not recommend the payment of a final dividend (2013: £nil).

Directors

The current directors of the company, who served throughout the period and subsequently unless otherwise stated, are shown on page 1.

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 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; 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 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.

Auditor and disclosure of information to auditor

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

RESOUND (DERRIFORD) LIMITED

Directors' Report (continued) For the year ended 31 March 2014

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

During the year, KMPG Audit plc resigned as auditors and BDO LLP were appointed as auditors in their place. BDO LLP have expressed their willingness to continue in office.

By order of the board



**Peter Sheldrake
Director**

20th October 2014

RESOUND (DERRIFORD) LIMITED

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 31st March 2014 which comprise the profit and loss account, the balance sheet 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).

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 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 Financial Reporting Council's (FRC'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 FRC'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 31st March 2014 and of its loss 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 matters 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.

RESOUND (DERRIFORD) LIMITED

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime and from the requirement to prepare a strategic report.



Alexander Tapp (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

29 October 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

RESOUND (DERRIFORD) LIMITED

Profit and Loss Account For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Turnover	1	560	537
Cost of sales		<u>(122)</u>	<u>(102)</u>
Gross profit		438	435
Administrative expenses		<u>(31)</u>	<u>(30)</u>
Operating profit	2	407	405
Interest receivable and similar income	5	2	2
Interest payable and similar charges	6	(435)	(437)
Loss on ordinary activities before taxation		<u>(26)</u>	<u>(30)</u>
Tax on loss on ordinary activities	7	1	-
Loss for the financial year	16	<u>(25)</u>	<u>(30)</u>

The results for the current and previous financial year derive from continuing operations.

The company has no recognised gains or losses for the current or previous period other than the loss for the year.

RESOUND (DERRIFORD) LIMITED

Balance Sheet 31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	5,881	5,955
Current assets			
Debtors – due within one year	9	33	24
Cash at bank and in hand	10	296	354
		<u>329</u>	<u>378</u>
Creditors			
Amounts falling due within one year	11	<u>(103)</u>	<u>(156)</u>
Net current assets		<u>226</u>	<u>222</u>
Total assets less current liabilities		6,107	6,177
Creditors			
Amounts falling due after more than one year	11	<u>(6,238)</u>	<u>(6,283)</u>
Net liabilities		<u><u>(131)</u></u>	<u><u>(106)</u></u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	16	(131)	(106)
Shareholder's deficit	16	<u><u>(131)</u></u>	<u><u>(106)</u></u>

The financial statements of Resound (Derriford) Limited, registered number 07018708, were approved by the Board of Directors and authorised for issue on 20th October 2014.

These accounts were prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.


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Peter Sheldrake
Director

20th October 2014

RESOUND (DERRIFORD) LIMITED

Principal Accounting Policies **For the year ended 31 March 2014**

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding financial year.

Basis of accounting

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

Going concern

The company has net liabilities of £131,000 (2013: £106,000) and cash of £296,000 (2013: £354,000) at 31 March 2014.

On 1st April 2013 Plymouth Teaching Primary Care Trust was abolished by the Secretary Of State for Health. The head lease was transferred to Community Health Partnerships Limited. The directors are satisfied that the transfer will not have a material impact on the business.

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 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. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover represents income received in the ordinary course of business for services provided and excludes value added tax.

Revenue is recognised on a straight-line basis over the term of the relevant lease.

Cash flow statement

A cash flow statement is not present since the company satisfies the definition of a small company in accordance with Financial Reporting Standard No 1 (revised).

RESOUND (DERRIFORD) LIMITED

Principal Accounting Policies (continued) **For the year ended 31 March 2014**

Tangible fixed assets

Land and buildings are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, on a straight-line basis over their expected useful lives as follows:

Freehold buildings – 30 years

Land – no depreciation

Residual value is calculated on prices prevailing at the date of acquisition.

Finance costs

Finance costs that are directly attributable to the cost of construction of the fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the assets are being incurred and activities that are necessary to get the assets ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the assets ready for use are complete.

Derivative financial instruments

The company holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract.

Lessor accounting – operating leases

Assets acquired and held for use under operating leases are recorded as fixed assets on the balance sheet. Operating lease income is recognised on a straight line basis over the period to which it relates.

RESOUND (DERRIFORD) LIMITED

Notes to the Financial Statements For the year ended 31 March 2014

1. Analysis of turnover and loss on ordinary activities before taxation

All turnover and loss on ordinary activities before taxation relates to one class of business, the company's principal activity carried out in the United Kingdom.

2. Operating profit

	2014 £000	2013 £000
Operating profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets	64	64
Auditor's remuneration	3	2
Income received under operating leases	(560)	(537)

3. Emoluments of directors

The directors did not receive any remuneration from the company for their services to the company during the year or the previous year. The directors are remunerated by the shareholding companies for their services to the group as a whole. It is not practicable to apportion their remuneration for their services to this company.

4. Employees

The company had no employees during the year or the previous year.

5. Interest receivable and similar income

	2014 £000	2013 £000
Bank interest receivable	2	2

6. Interest payable and similar charges

	2014 £000	2013 £000
Bank interest payable	357	360
Loan note interest payable	78	77

RESOUND (DERRIFORD) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2014

7. Tax on loss on ordinary activities

	2014 £000	2013 £000
a) Analysis of tax on ordinary activities		
UK corporation tax payable at 23% (2013: 24%)	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences:		
- Current year	3	2
- Prior year		(1)
Effect of change of tax rate on opening balances	(2)	(1)
Total deferred tax	1	-
Tax credit on loss on ordinary activities	1	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (23%).
The differences are explained below:

	£000	£000
b) Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	(26)	(30)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK (23%) (2013: 24%)	(6)	(7)
Effects of:		
Expenses not deductible for tax purposes	5	5
Capital allowances in the year in excess of depreciation	(27)	(35)
Losses carried forward	29	37
Current tax credit for the year	1	-

The reduction in the corporation tax rate to 21% from 1st April 2014 is not anticipated to materially affect the future tax charge.

RESOUND (DERRIFORD) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2014

8. Tangible fixed assets

	Freehold land & buildings £000
Cost or valuation	
As at 1 April 2013	6,099
Additions*	(10)
As at 31 March 2014	<u>6,089</u>
Accumulated depreciation	
As at 1 April 2013	144
Charge for year	64
As at 31 March 2014	<u>208</u>
Net book value	
As at 31 March 2014	<u>5,881</u>
As at 31 March 2013	<u>5,955</u>

The cost includes capitalised finance costs of £254,000 (2013: £254,000).

* A reduction in retentions payable of £10,000 was negotiated in the year.

9. Debtors

	2014 £000	2013 £000
Due within one year		
Trade debtors	8	1
Prepayments and accrued income	6	5
Deferred tax asset (note 13)	19	18
	<u>33</u>	<u>24</u>

10. Cash at bank and in hand

Included in cash at bank and in hand is cash of £296,000 (2013: £354,000) which is restricted for use in pre-described circumstances by the bank.

RESOUND (DERRIFORD) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2014

11. Creditors

	2014 £000	2013 £000
Amounts falling due within one year		
Bank loans (note 12)	61	42
Trade creditors	2	1
Other creditors	26	94
Tax and social security	9	9
Accruals and deferred income	5	10
	<u>103</u>	<u>156</u>
Amounts falling due after more than one year		
Bank loans (note 12)	5,500	5,562
Subordinated debt (note 12)	738	721
	<u>6,238</u>	<u>6,283</u>

12. Loans

(a) Bank loans

	2014 £000	2013 £000
The bank loans are repayable as follows		
Within one year	61	42
Between one and two years	64	62
Between two and five years	100	150
After more than five years	5,336	5,350
	<u>5,561</u>	<u>5,604</u>

Bank borrowings relate to a Senior Debt Facility granted by RBS. The bank borrowings are secured by fixed and floating charges over all the Company's assets and are repayable in instalments until December 2040.

Interest charges on amounts drawn are based on floating LIBOR plus a margin of between 1.75% and 2%. The company has entered into an interest rate swap agreement whereby it pays a fixed rate of between 6.28% and 6.32% per annum in respect of amounts drawn under the facilities. See also note 15.

(b) Subordinated loan due to parent undertaking

	2014 £000	2013 £000
The loans are repayable as follows		
Within one year	-	-
Between one and two years	5	-
Between two and five years	12	17
After more than five years	721	704
	<u>738</u>	<u>721</u>

RESOUND (DERRIFORD) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2014

12. Loans (continued)

The subordinated loan represents loan notes issued to the shareholders of the immediate holding company. The amounts drawn are repayable in 60 semi-annual instalments commencing September 2011 and ending December 2040. Interest charges on amounts drawn are at 11% per annum. The loan is unsecured.

13. Deferred tax

	2014 £000	2013 £000
Asset at beginning of year	18	17
Credit to profit and loss account	<u>1</u>	<u>1</u>
Balance at end of year	<u>19</u>	<u>18</u>

An analysis of the deferred taxation provided in the financial statements is as follows:

	£000	£000
Capital allowances in excess of depreciation	(153)	(151)
Tax losses and other deductions carried forward	<u>172</u>	<u>169</u>
	<u>19</u>	<u>18</u>

14. Called up share capital

	2014 £	2013 £
Allotted, called up and fully paid		
1 ordinary shares of £1	<u>1</u>	<u>1</u>

The Royal Bank of Scotland plc has a registered charge over the whole share capital of the company.

RESOUND (DERRIFORD) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2014

15. Derivative financial instruments

The Company holds swap contracts to hedge exposure to adverse movements in interest rates and in the RPI index.

The fair value of the interest rate swap has been determined by reference to prices available from the markets on which the instruments involved are traded as follows:

Product	Start date	Maturity date	Pay or receive	Fixed or floating	Notional value £	Valuation 31/03/14 £	Valuation 28/03/13 £
Basic swap	11 Dec 2009	31 Jul 2040	Pay	Fixed	3,788,668	(730,857)	(1,087,413)
Basic swap	11 Dec 2009	31 Dec 2040	Pay	Fixed	1,772,947	(416,843)	(568,913)
RPI swap	30 Mar 2011	29 Mar 2040	Receive	Fixed	335,173	(469,194)	(657,642)
RPI swap	31 Mar 2040	31 Mar 2041	Receive	Fixed	335,173	39,979	-
RPI swap	30 Sep 2040	31 Dec 2040	Receive	Fixed	84,714	(73,276)	(75,364)

16. Reconciliation of movements in shareholder's deficit

	2014 £000	2013 £000
Retained loss for the financial period	(25)	(30)
Net reduction in equity shareholder's funds	(25)	(30)
Opening equity shareholder's deficit	(106)	(76)
Closing equity shareholder's deficit	(131)	(106)

RESOUND (DERRIFORD) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2014

17. Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Resound (Health) Limited.

Resound (Health) Limited is owned by LIFT Investments Limited (60%) and Community Health Partnerships Limited (40%).

On 1st April 2013 Plymouth Teaching Primary Care Trust was abolished by the Secretary of State for Health, with its entire shareholding in the company transferring to Community Health Partnerships Limited.

LIFT Investments Limited is ultimately owned by Community Solutions Investment Partners Limited.

The directors are of the opinion that there is no ultimate parent undertaking or controlling party by virtue of the Company's joint ownership and control.

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.

RESOUND (DERRIFORD) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2014

18. Related party transactions

The company has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard 8 (Revised) not to disclose transactions with companies within the group of which it is a member, where these transactions occur between entities which are 100% owned members of that group.

The directors consider the material transactions undertaken by the company during the year with related parties were as follows:

Name of party	Relationship	Nature of transaction	Transaction amount during year ended 31 Mar 2014 £'000	Amount owed (to)/by related party as at 31 Mar 2014 £'000	Transaction amount during year ended 31 Mar 2013 £'000	Amount owed (to)/by related party as at 31 Mar 2013 £'000
Community Health Partnerships Limited	40% shareholder (2013: 20%) in Resound (Health) Limited	Rental income	563	-	-	-
Plymouth Teaching Primary Care Trust	Now abolished, 2013: 20% holding in Resound (Health) Limited	Rental income	-	-	548	-