

Company Registration Number 04301986

Health Investments Limited

Report and Financial Statements

Year ended 31 December 2013



Health Investments Limited
Report and Financial Statements
Year ended 31 December 2013

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Health Investments Limited
Officers and Professional Advisers
Year ended 31 December 2013

Board of Directors

H A Hyman
M H Vaughan
T D Walker-Arnott
P J Holland

Company Secretary

J O Hambro Capital Management Limited

Registered Office

Ground Floor Ryder Court
14 Ryder Street
London
United Kingdom
SW1Y 6QB

With effect from 30 April 2014 the Company
Secretary and Registered Office will be

Nexus Tradeco Limited
5th Floor, Greener House
66-68 Haymarket
London
SW1Y 4RF

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Health Investments Limited

Directors' Report

Year ended 31 December 2013

The Directors have pleasure in presenting their Report and the Financial Statements of the Company for the year ended 31 December 2013

The Directors have taken advantage of the small companies' exemption in The Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 from including a Strategic Report in these financial statements

Principal activity and business review

The principal activity of the Company during the year continued to be that of property investment

The Annual Report for the year ended 31 December 2013 of the Company's ultimate parent, Primary Health Properties PLC ("PHP"), contains a fair review of the business of the Group and an indication of future developments, as required by Section 417 of the Companies Act 2006. It is incorporated into this report by reference.

The Company's turnover represents rental income on the Company's investment property, which the Directors consider to be the key performance indicator.

For the year ended 31 December 2013 turnover was £2,259,005 (2012 £2,220,557), this is an increase in the year of 1.73%.

Results and Dividends

The profit for the year amounted to £665,517 (2012 £606,741). The Directors have recommended that no dividend should be declared or paid for the year (2012 £nil). The profit for the year is to be transferred to reserves.

Reference to the Company's continued adoption of the going concern basis in preparation of these financial statements is made in Note 1.2 on page 9.

Principal Risks and Uncertainties

Details of the principal risks and uncertainties are set out in the Annual Report of PHP, the ultimate parent undertaking.

Directors

The Directors who served the Company during the year and to the date of this Report, were as follows:

M H Vaughan
P J Holland
T D Walker-Arnott
P J Holland

Health Investments Limited

Directors' Report *(continued)*

Year ended 31 December 2013

Directors' Responsibilities

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 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 those 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, 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.

In so far as the Directors are aware

- there is no relevant audit information of which the Company's Auditor is unaware, and
 - the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.
- this confirmation is given and should be interpreted in accordance with the provisions of s 418 of the Companies Act 2006.

Auditor

Following a competitive tender process the Board appointed Deloitte LLP as auditor of the Company with effect from 17 June 2013. Ernst & Young LLP has provided the company with a "Statement of Circumstances" confirming that it resigned as auditor of the Company with effect from 17 June 2013 following its unsuccessful tender and for no other reason. Deloitte LLP will be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this report and the financial statements are sent to the member unless a resolution is passed to the effect that their re-appointment is brought to an end.


Signed by order of the Board on 23 April 2014

For and on behalf of J O Hambro Capital Management Limited
as Company Secretary of Health Investments Limited

Registered office
14 Ryder Court
Ryder Street
London
SW1Y 6QB

Company Registration Number 04301986

Health Investments Limited

Independent Auditor's Report to the Members of Health Investments Limited

Year ended 31 December 2013

We have audited the Financial Statements of Health Investments Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. 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 Auditor

As explained more fully in the Directors' Responsibilities Statement, 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

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 Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 December 2013 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.

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.

Health Investments Limited

Independent Auditor's Report to the Members of Health Investments Limited

(continued)

Year ended 31 December 2013

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
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report



Claire Faulkner
(Senior Statutory Auditor)

for and on behalf
of Deloitte LLP,
Chartered Accountants and Statutory Auditor

London

23 April

2014

Health Investments Limited
Profit and Loss Account
Year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	2,259,005	2,220,557
Other income	3	17,683	17,683
Administrative expenses		(12,609)	4,444
Operating profit	4	2,264,079	2,242,684
Other interest receivable	7	46	199
Bank interest payable	8	(1,598,608)	(1,636,142)
Profit on ordinary activities before taxation		665,517	606,741
Tax on profit from ordinary activities	9	—	—
Profit for the financial year		665,517	606,741

All of the activities of the Company are classed as continuing

The notes on pages 9 to 14 form part of these financial statements

Health Investments Limited
Statement of Total Recognised Gains and Losses
Year ended 31 December 2013


	2013	2012
	£	£
Profit for the financial year attributable to the shareholders	665,517	606,741
Unrealised loss on revaluation of investment property	(217,644)	(705,528)
Total gains and losses recognised in the year	447,873	(98,787)

The notes on pages 9 to 14 form part of these financial statements

Health Investments Limited
Balance Sheet
Year ended 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Investment property	10	37,590,000	37,805,000
		<u>37,590,000</u>	<u>37,805,000</u>
Current assets			
Debtors	11	4,860,517	4,544,490
Cash at bank and in hand		123,404	141,848
		<u>4,983,921</u>	<u>4,686,338</u>
Current liabilities			
Creditors Amounts falling due within one year	12	(2,448,081)	(2,242,439)
Net current assets		<u>2,535,840</u>	<u>2,443,899</u>
Total assets less current liabilities		<u>40,125,840</u>	<u>40,248,899</u>
Creditors Amounts falling due after more than one year	13	(25,510,829)	(26,081,761)
Net assets		<u><u>14,615,011</u></u>	<u><u>14,167,138</u></u>
Capital and reserves			
Share capital	14	1,000	1,000
Revaluation reserve	15	11,404,878	11,622,522
Profit and loss account	16	3,209,133	2,543,616
Shareholders' funds	17	<u><u>14,615,011</u></u>	<u><u>14,167,138</u></u>

These Financial Statements were approved by the Directors and authorised for issue on
23 April 2014, and are signed on their behalf by


M H Vaughan
Director

The notes on pages 9 to 14 form part of these financial statements

Health Investments Limited
Notes to the Financial Statements
Year ended 31 December 2013

1. Accounting Policies

The following accounting policies have been applied consistently in the current and prior year

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties and in accordance with applicable accounting standards

1.2 Going Concern

After making enquiries of the parent company the Directors have a reasonable expectation that the company will continue to receive support as required from the parent company and therefore has adequate resources to continue in operational existence for the foreseeable future

1.3 Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that a consolidated cash flow statement is presented in the group financial statements of PHP

1.4 Investment properties

All the Company's properties are held for long-term investment. Investment properties are carried at market value and are accounted for in accordance with SSAP19, Accounting for Investment Properties, as follows

- i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year
- ii) no depreciation is provided in respect of freehold properties

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the Directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view since the current value of investment properties and changes to that current value are of prime importance, rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been included cannot be separately identified or quantified

Health Investments Limited
Notes to the Financial Statements
Year ended 31 December 2013

1. Accounting Policies *(continued)*

1.5 Taxation

Taxation on the profit or loss for the year not exempt under UK-REIT regulations comprises current and deferred tax. Taxation is recognised in the profit and loss account except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous years.

2. Turnover

Turnover comprises gross rental income and associated revenue from investment properties in the UK and services provided to property investment companies. Turnover is derived from one business segment. Rental income is normally recognised as invoiced on a receivable basis, adjusted for certain rents invoiced in advance, the effect of lease incentives such as rent free periods and accrued income receivable following rent reviews.

3. Other Income

	2013 £	2012 £
Lease premiums	17,683	17,683

4. Operating profit

Operating profit is stated after charging

	2013 £	2012 £
Auditor's remuneration		
- audit	-	-
- taxation	-	-

Auditors' remuneration for tax and audit services for the current year and prior year was borne by PHP, the ultimate parent undertaking.

5. Particulars of employees

The Company had no employees during the year (2012 period nil), other than the Directors.

Health Investments Limited

Notes to the Financial Statements

Year ended 31 December 2013

6 Directors' emoluments

PHP secures the services of Directors to all of its subsidiary undertakings under joint advisory agreements with Nexus Tradeco Limited and J O Hambro Capital Management Limited, as disclosed in its Financial Statements. It is not possible to separately identify the amounts payable under the agreements in respect of the services of the Company's Directors.

7 Other interest receivable

	2013 £	2012 £
Bank interest	46	28
Other similar income receivable	-	171
	<u>46</u>	<u>199</u>

8 Interest payable

	2013 £	2012 £
Bank loan interest payable	<u>1,598,608</u>	<u>1,636,142</u>

9. Taxation on profit on ordinary activities

(a) Tax on the profit on ordinary activities is made up as follows

	2013 £	2012 £
Current tax		
UK Corporation tax based on the results for the year at 23.3% (2012: 24.5%)	-	-
Total current tax charge (note 9(b))	<u>-</u>	<u>-</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

Profit on ordinary activities before taxation	<u>665,517</u>	<u>606,741</u>
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Health Investments Limited
Notes to the Financial Statements
Year ended 31 December 2013

9. Taxation on profit on ordinary activities *(continued)*

	2013 £	2012 £
Current tax	154,733	148,652
UK Corporation tax at applicable rate of 23 3% (2012 24 5%)	53,487	-
Transfer pricing adjustment		
REIT exempt income	(154,733)	(148,645)
Group relief received for no consideration	(53,487)	(7)
	<hr/>	<hr/>
Total current tax charge (note 9(a))	-	-
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 24% to 23% was effective from 1 April 2013. A further reduction from 23% to 21% will take place from 1 April 2014 and 21% to 20% from 1 April 2015. Accordingly, these rates have been applied in the measurement of the Company's tax liability as at 31 December 2013.

10. Investment property

	Investment properties long leasehold £	Investment properties freehold £	Total £
Valuation as at 1 January	9,235,000	28,570,000	37,805,000
Additions	-	2,644	2,644
Revaluation	85,000	(302,644)	(217,644)
	<hr/>	<hr/>	<hr/>
As at 31 December	9,320,000	28,270,000	37,590,000
	<hr/>	<hr/>	<hr/>

The historical cost of the freehold and long leasehold investment properties at 31 December 2013 was £20,290,313 (2012 £20,287,669) and £9,608,634 (2012 £9,608,634) respectively.

Properties independently valued at 31 December 2013 by Lambert Smith Hampton, acting as external surveyors on the basis of market value as defined in RICS Appraisal and Valuations Manual.

11. Debtors

	2013 £	2012 £
Accrued income	107,736	81,876
Other debtors	6,658	6,658
Amounts owed by group undertakings	4,746,123	4,455,956
	<hr/>	<hr/>
	4,860,517	4,544,490
	<hr/>	<hr/>

Health Investments Limited
Notes to the Financial Statements
Year ended 31 December 2013

12 Creditors: Amounts falling due within one year

	2013 £	2012 £
Mortgage loans (note 13)	570,931	628,829
Accruals and deferred income	1,070,150	1,089,610
Amounts owed to parent undertakings	807,000	524,000
	<u>2,448,081</u>	<u>2,242,439</u>

13. Creditors: Amounts falling due after more than one year

	2013 £	2012 £
Mortgage loans	25,510,829	26,081,760

The mortgage loans pay a fixed rate of interest alongside a fixed rate of amortisation. The mortgage loans are secured on the Company's long leasehold and freehold investment properties as detailed in note 10 as well as the freehold investment property held by Motorstep Limited, the Company's 100% owned subsidiary and are repayable in tranches to 31 January 2032, at an average rate of 6.06%.

14. Share capital

	2013		2012
	No	£	No £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000 1,000</u>

15. Revaluation reserve

	2013 £	2012 £
Balance brought forward	11,622,522	12,328,050
Unrealised loss on revaluation of investment property	(217,644)	(705,528)
Balance carried forward	<u>11,404,878</u>	<u>11,622,522</u>

Health Investments Limited
Notes to the Financial Statements
Year ended 31 December 2013

16. Profit and loss account

	2013 £	2012 £
Balance brought forward	2,543,616	1,936,875
Profit for the financial year	665,517	606,741
Balance carried forward	<u>3,209,133</u>	<u>2,543,616</u>

17. Reconciliation of shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	14,167,138	14,265,925
Profit for the financial year	665,517	606,741
Unrealised loss on revaluation of investment property	(217,644)	(705,528)
Closing shareholders' funds	<u>14,615,011</u>	<u>14,167,138</u>

18. Related party transactions

The Company has taken advantage of the exemption available in FRS 8 not to disclose transactions with other members of the PHP Group of companies on the basis that 100% of voting rights are controlled within the PHP Group. The consolidated Financial Statements in which the Company is included are publicly available.

19. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party at the year end was PHP.

The parent undertaking of the smallest and largest group of undertakings for which Group Financial Statements are drawn up and of which the Company is a member is PHP. Copies of the Financial Statements of PHP can be obtained from the Registrar of Companies or the Company Secretary or downloaded from www.phpgroup.co.uk