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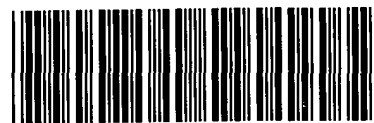
# **COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED**

**Company Registration Number 04727097**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

THURSDAY



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**Annual Report and financial statements  
For the year ended 31 December 2014**

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**Company information**

**Directors**                      A G Gourlay  
   A J Powell  
   P J Cox  
   S P Crummett  
   J Morgan

**Company Secretary**        C Sheridan

**Head Office**                    8 Old Jewry  
   6<sup>th</sup> Floor  
   London  
   United Kingdom  
   EC2R 8DN

**Registered Office**            Kent House  
   14-17 Market Place  
   London  
   United Kingdom  
   W1W 8AJ

**Independent Auditor**        Deloitte LLP  
   Chartered Accountants and Statutory Auditor  
   London, United Kingdom

**Bankers**                        Lloyds Bank Plc  
   25 Gresham Street  
   London  
   United Kingdom  
   EC2V 7HN

### **Directors' report**

#### **For the year ended 31 December 2014**

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2014.

### **Principal activity**

The principal activity of the Company in the year under review was that of providing outsourced management services, principally in the Public-Private Partnership sector.

During the year the directors made the decision to merge the trading activities of Community Solutions Management Services Limited and Community Solutions Partnership Services Limited, both of which are wholly owned subsidiaries of Morgan Sindall Investments Limited. The Company acquired the business assets and liabilities of Community Solutions Management Services Limited at par. Community Solutions Management Services Limited continues to trade as a holding company for its investments.

### **Going Concern**

The directors have a reasonable expectation that the Company and the Group of which it is part have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the principal accounting policies in the financial statements.

### **Employment policies**

The Company insists that a policy of equal opportunity employment is demonstrably evident at all times. Selection criteria and procedures and training opportunities are designed to ensure that all individuals are selected, treated and promoted on the basis of their merits, abilities and potential.

### **Directors**

The directors who served during the year are shown on page 1.

### **Directors Indemnities**

The Company has not made qualifying third party indemnity provisions for the benefit of its directors during the year.

The directors are responsible for preparing the Director's 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 judgments 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.

**Directors' report**

**For the year ended 31 December 2014 (continued)**

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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent auditor and disclosure of information to the independent auditor**

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

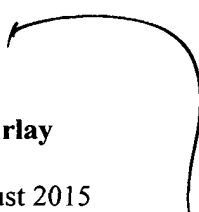
- So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing its report) of which the Company's auditor is unaware; and
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an annual general meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. Accordingly, no Strategic Report is prepared.

**By order of the Board**

A.G. 

**A G Gourlay**  
**Director**  
12<sup>th</sup> August 2015

**Independent auditor's report to the members of Community Solutions Partnership Services Limited**

We have audited the financial statements of Community Solutions Partnership Services Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 17. 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 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 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially inconsistent with the knowledge acquired by us during the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 December 2014 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.

**Independent auditor's report to the members of Community Solutions Partnership Services 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 take advantage of the small companies exemption in preparing a Strategic Report or in preparing the Directors' report.



**Jacqueline Holden FCA (Senior statutory auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

12 August 2015

**Profit and loss account**  
**For the year ended 31 December 2014**

	Note	2014 £000	2013 £000
<b>Turnover</b>	<b>1</b>	<b>8,121</b>	<b>3,671</b>
Cost of sales		(2,688)	(950)
<b>Gross profit</b>		<b>5,433</b>	<b>2,721</b>
Administrative expenses		(4,811)	(2,468)
<b>Operating profit</b>		<b>622</b>	<b>253</b>
Net interest receivable	3	1	3
Net interest payable	4	(7)	-
<b>Profit on ordinary activities before taxation</b>	<b>2</b>	<b>616</b>	<b>256</b>
Tax(charge)/credit on profit on ordinary activities	5	(54)	13
<b>Profit for the financial year</b>	<b>12 &amp; 13</b>	<b>562</b>	<b>269</b>

All items in the profit and loss account relate to continuing operations.

All gains and losses are recognised in the profit and loss account in both the current year and the preceding year, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 8 to 17 form part of these financial statements.

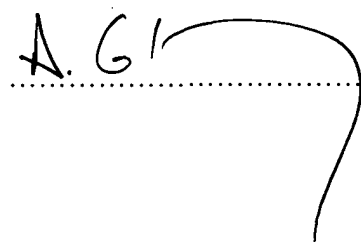


COMMUNITY SOLUTIONS PARTNERSHIP SERVICES LIMITED  
COMPANY REGISTRATION NUMBER – 04727097

**Balance sheet**  
**As at 31 December 2014**

	Note	2014 £000	2013 £000
<b>Fixed Assets</b>	<b>6</b>	<b>31</b>	<b>-</b>
<b>Current assets</b>			
Debtors	7	2,783	2,375
Stock	8	21	
Cash at bank and in hand		398	738
		<u>3,202</u>	<u>3,113</u>
<b>Creditors</b>			
Amounts falling due within one year	9	(1,542)	(1,952)
<b>Net current assets</b>		<u>1,660</u>	<u>1,161</u>
<b>Total assets less current liabilities</b>		<b>1,691</b>	<b>1,161</b>
<b>Creditors</b>			
Amounts falling due after more than one year	9	(332)	(364)
<b>Net assets</b>		<u><u>1,359</u></u>	<u><u>797</u></u>
<b>Capital and reserves</b>			
Called-up share capital	12	-	-
Profit and loss account	13	1,359	797
<b>Shareholders' funds</b>		<u><u>1,359</u></u>	<u><u>797</u></u>

The financial statements of Community Solutions Partnership Services Limited, company registration number 04727097, were approved and authorised for issue by the Board and were signed on its behalf on 12<sup>th</sup> August 2015 by:

A. G. I. 

A Gourlay, Director

**Principal accounting policies**  
**For the year ended 31 December 2014**

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

**Basis of accounting**

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

**Going concern**

The directors have reviewed the performance of the Company during 2014 as set out in these financial statements and, after taking account of possible changes that can reasonably be envisaged in trading performance, have considered the cash flow forecasts and future liquidity requirements of the Company.

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 financial statements.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided in equal annual instalments at rates calculated to write off the cost of fixed assets over their estimated useful lives as follows:

Leasehold property – over the terms of the lease

**Turnover**

Turnover is stated net of VAT, arises in the United Kingdom and consists of the following:

Amounts receivable from the provision of management services together with amounts receivable on financial closure of schemes under joint venture projects.

Capital works income recognition is based upon project accounting determined by the value of completed work.

Income from sub leasing of pharmacies to third party tenants.

Turnover from the supply of services represents the value of services provided to the extent that there is a right to consideration and is recorded at the value of consideration due.

**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 tax is provided in full on timing differences which 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 tax 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.

**Principal accounting policies (continued)**  
**For the year ended 31 December 2014**

**Pension costs**

Pension costs are recognised in the period to which they relate. Any differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

**Cash flow**

The Company has taken advantage of the exemption given under FRS1 (revised) not to produce a cash flow statement as the Company is a 100% owned subsidiary of the ultimate parent undertaking, Morgan Sindall Group plc, who publishes a consolidated cash flow statement.

**Stocks**

Amounts included within stocks represent the amount recoverable on construction of the development of the primary care premises at Old Mill surgery, Poringland.

**Notes to the financial statements**  
**For the year ended 31 December 2014**

**1. Turnover**

	2014 £000	2013 £000
Turnover in the period is analysed as follows:		
Management services and project management	4,855	2,709
Capital works	2,849	847
Third party income	117	115
Supply of services	300	-
	<u>8,121</u>	<u>3,671</u>

**2. Profit on ordinary activities before taxation**

	2014 £000	2013 £000
Profit on ordinary activities before taxation is stated after charging:		
- Auditor's remuneration	47	116
- Operating lease rentals for land buildings	<u>610</u>	<u>832</u>

Analysis of auditor's remuneration is as follows:

	2014 £000	2013 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	3	6
Fees payable to the Company's auditor for the audit of 3 <sup>rd</sup> party companies' annual financial statements	<u>44</u>	<u>110</u>

**3. Net interest receivable**

	2014 £000	2013 £000
Other interest receivable	<u>1</u>	<u>3</u>
	<u>1</u>	<u>3</u>

**4. Net interest payable**

	2014 £000	2013 £000
Other interest payable	<u>7</u>	<u>-</u>
	<u>7</u>	<u>-</u>

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**5. Tax on profit on ordinary activities**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>(a) Current Tax</b>		
Group Relief Payment	-	-
Total Current tax (note 5(b))	-	-
<b>Deferred Tax</b>		
Origination and reversal of timing differences:		
Current year	(96)	3
Prior year	(9)	10
Transfer from Community Solutions Management Services Limited	51	-
Total deferred tax (charge)/credit	(54)	13
Total tax (charge)/credit on profit on ordinary activities	(54)	13

**5(b). Factors affecting the tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before taxation	616	256
Multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%) thereon:	132	(60)
<b>Effects of:</b>		
Non-deductible expenses	2	-
Capital allowances in the year in excess of depreciation	(8)	
Utilisation of tax losses	(126)	60
Total current tax charge for the year	-	-

A deferred tax asset of £566,770 arising from excess losses (2013: £626,926). The deferred tax asset is not provided for as there is uncertainty over the timing of taxable profits in the future, against which the asset may be utilised.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**5(c). Factors affecting future tax rate**

The Finance Act 2013, which provides a reduction in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantially enacted on 2 July 2013. These rate reductions have been reflected in calculation of deferred tax at the balance sheet date.

**6. Tangible fixed assets**

	<b>Fixtures &amp; fittings £000</b>
<b>Cost</b>	
As at 1 January 2014	-
Additions	12
Transfer from Community Solutions Partnership Services Limited	560
<b>As at 31 December 2014</b>	<u>572</u>
<b>Accumulated depreciation</b>	
As at 1 January 2014	-
Charge for year	14
Impairment losses	-
Transfer from Community Solutions Partnership Services Limited	527
<b>As at 31 December 2014</b>	<u>541</u>
<b>Net book value</b>	
<b>As at 31 December 2014</b>	<u>31</u>

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**7. Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Due within one year</b>		
Trade debtors*	252	121
Work in progress	28	-
Amounts owed by group undertaking	986	1,554
Amounts owed by parent undertaking	5	-
Amounts owed from related undertakings	903	53
Deferred Tax Asset (Note 8)	108	163
Other taxation and social security	2	-
Other debtors	9	2
Prepayments and accrued income	490	480
	<b>2,783</b>	<b>2,375</b>

\*Included within trade debtors is a provision against bad debts of £86,400.

**8. Stocks**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Assets under construction	21	-

**9. Creditors**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Trade creditors	80	77
Amount owed to group undertaking	-	41
Amounts owed to parent undertaking	37	5
Other taxation and social security	633	262
Other creditors	46	27
Accruals and deferred income	746	1,540
	<b>1,542</b>	<b>1,952</b>
<b>Amounts falling due after more than one year</b>		
Accruals and deferred income	332	364
	<b>332</b>	<b>364</b>

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**10. Deferred tax**

The deferred tax asset comprises:

	<b>Provided 31 December 2014 £000</b>	<b>Unprovided 31 December 2014 £000</b>	<b>Provided 31 December 2013 £000</b>	<b>Unprovided 31 December 2013 £000</b>
Decelerated capital allowances	-	-	-	-
Short term timing differences	-	-	-	1
Tax losses	<b>108</b>	<b>567</b>	163	626
	<b>108</b>	<b>567</b>	163	627

	<b>2014 £000</b>	<b>2013 £000</b>
<b>Deferred tax asset recognised</b>		
1 January	<b>163</b>	150
Deferred tax (charge)/credit	<b>(106)</b>	13
Deferred tax transfer	<b>51</b>	-
31 December	<b>108</b>	163

A deferred tax asset of £566,770 (2013: £626,926) has not been recognised on the balance sheet as there is insufficient certainty that it will be utilised within the foreseeable future.

**11. Financial commitments**

**Operating lease commitments**

At 31 December 2014, the Company was committed to annual commitments for land and buildings under non-cancellable leases, as follows:

	<b>2014 £000</b>	<b>2013 £000</b>
Expiring within 1 year	-	183
Expiring between 2 to 5 years	<b>264</b>	28
Expiring after 5 years	<b>87</b>	82
	<b>351</b>	293



**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**12. Called-up share capital**

	2014 £	2013 £
<b>Allotted, called-up and fully paid</b>		
1 'A' Ordinary shares of £0.50	0.5	0.5
1 'B' Ordinary share of £0.50	0.5	0.5
	<u>1</u>	<u>1</u>

'A' and 'B' shares constitute different classes of shares but confer the same rights upon the holders thereof and rank pari passu in all respects.

**13. Movement in reserves**

	<b>Profit and loss account 31 December £000</b>
<b>As at 1 January 2014</b>	797
Profit for the financial year	562
<b>At 31 December 2014</b>	<u>1,359</u>

**14. Reconciliation of movements in shareholders' funds**

	2014 £000	2013 £000
Profit for the financial year	562	269
Net addition to shareholders' funds	<u>562</u>	<u>269</u>
Opening shareholders' funds	797	528
<b>Closing shareholders' funds</b>	<u>1,359</u>	<u>797</u>

**15. Contingent liabilities**

Performance bonds have been entered into in the normal course of business. Performance bond facilities and banking facilities of the Group are supported by cross guarantees (including bank account offset arrangements) given by the Company and other participating companies in the Group. It is not anticipated that any liability will accrue.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**16. Ultimate parent company and controlling party**

Community Solutions Partnership Services Limited is a wholly owned subsidiary the Company's immediate parent company is Morgan Sindall Investments Limited ('MSIL').

The directors consider that the ultimate parent undertaking and ultimate controlling party of the Company is Morgan Sindall Group plc, which is registered in England and Wales. This is the smallest and largest group in which Community Solutions Partnership Services Limited is consolidated. Copies of the consolidated financial statements of Morgan Sindall Group plc may be obtained from [www.corporate.morgansindall.com](http://www.corporate.morgansindall.com).

**17. Transactions with related parties**

As a 100% subsidiary of MSIL, the Company has taken advantage of the exemption under FRS 8 not to provide information on related party transactions with other wholly owned undertakings within the Morgan Sindall Group. Note 14 gives details of how to obtain a copy of the published consolidated financial statements of Morgan Sindall Group Plc.

Name of party	Relationship	Nature of Transaction	Transaction amount 2014 £000	Amount owed (to)/by related party at 31 December 2014 £000	Transaction amount 2013 £000	Amount owed (to)/by related party at 31 December 2013 £000
HB Community Solutions Living Ltd	Joint Venture for Community Solutions Management Services Ltd	Working Capital Loan	-	-	21	-
HB Community Solutions Ltd	Joint Venture for Community Solutions Management Services Ltd	Management Fee	-	-	118	-
HB Community Solutions Ltd	Joint Venture for Community Solutions Management Services Ltd	Working Capital Loan	-	-	21	21

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2014**

**17. Transactions with related parties (continued)**

Name of party	Relationship	Nature of Transaction	Transaction amount 2014 £000	Amount owed (to)/by related party at 31 December 2014 £000	Transaction amount 2013 £000	Amount owed (to)/by related party at 31 December 2013 £000
HB Villages Developments Ltd	Joint Venture for Community Solutions Management Services Ltd	Provision of professional services	200	240	-	-
HB Villages Immingham Ltd	Joint Venture for Community Solutions Management Services Ltd	Provision of professional services	25	30	-	-
HB Villages Ltd	Joint Venture for Community Solutions Management Services Ltd	Advisory & Management Services	300	268	23	28
HB Villages Ltd	Joint Venture for Community Solutions Management Services Ltd	Recharges	32	39	-	-
HB Villages Tranche 2 Ltd	Joint Venture for Community Solutions Management Services Ltd	Provision of professional services	200	240	-	-
HB Villages Tranche 3 Ltd	Joint Venture for Community Solutions Management Services Ltd	Provision of professional services	25	30	-	-