

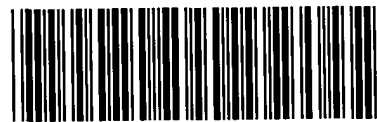
Registered Number: 04958890 (England and Wales)

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED

ANNUAL REPORT and FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

THURSDAY



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COMPANIES HOUSE

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
COMPANY INFORMATION

Directors	R Laing J Taylor R Williams J Keyte M Dyer A Pursey E Forsyth S Barnes P Sherriff
Secretary	R Williams
Company Number	04958890
Registered Office	5 The Triangle Wildwood Drive Worcester Worcestershire WR5 2QX
Auditors	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Solicitors	Pinsent Masons 3 Colmore Circus Birmingham B4 6BH

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
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BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2014

Review of Business

The group is a property development joint venture between BASS LIFT Holdings Limited (a subsidiary of Prime LIFT Investments Limited) and Community Health Partnerships to deliver health, social care and educational infrastructure in the Birmingham and Solihull area.

The group's properties are let predominantly to NHS and Local Authority backed clients, on long leases.

The group's profit before tax increased by £423,566 to £3,133,311 (2013 - £2,709,745). The main reason for the increase is due to inflationary uplift on the rental income.

The net assets of the group have increased by 17% to £28,528,771 (2013 - £24,351,021) largely due to the profit for the year and assisted by an upwards revaluation of the group's property portfolio. The gross value of the properties owned by the group at the year end was £177,627,318.

Construction on the group's largest project to date, Birmingham Dental Hospital and School of Dentistry, will continue until the financial year 2015 when the project is forecast to become operational and earnings accretive.

As a public private partnership with public sector clients, the principal risks and uncertainties relate to the credit risk of the public sector tenants together with potential delays in the property development programme. Credit risk is considered to be low, but delays in the development programme have been experienced due to budget constraints in the NHS and Local Authorities.

The profit for the group is anticipated to increase marginally for the year to 31 December 2015 mainly due to rental growth. It is also anticipated that the net assets of the group will be largely stable.

Key Performance Indicators

The group and subsidiary companies use 'Net Asset Value growth', 'Rental growth' and 'Pre-tax profits' as its financial key performance indicators (KPIs) to measure its performance. The directors consider these ratios to be the most relevant to the nature of the trading and investing activities of the group as a whole.

Metrics:

- Sustained growth in 'Net Asset Value'
- Sustained rental growth
- 'Pre-tax profits' to exceed 5% of turnover

Performance:

- 'Net Asset Value' increased by 17.2%
- Rental income increased by 4.1%
- 'Pre-tax profits' were 26.1% of turnover

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2014

Financial risk management

The group's financial risk management objective is broadly to seek to make neither a profit nor a loss from exposure to interest rate risk. Its policy is to finance working capital through retained earnings and to finance fixed assets through borrowings for the term of the first lease of each of these assets.

The group's hedging strategy is to enter into financial instruments in the form of either interest rate swaps and RPI revenue swaps or other fixed interest arrangements in order to manage its exposure to interest rate and inflation rate risk as required. These financial instruments are held for the purposes of hedging through the entire term of the relevant loan or lease and are not intended to be traded, so that the group's exposure to price risk of financial instruments is minimal. Further as the counterparties to all financial instruments are its bankers and its parent company, the group is also exposed to minimal credit risk or liquidity risk in respect of these instruments.

The group's lease revenues and most of its costs were linked to inflation at the inception of projects. In respect of part of the portfolio the financing structures include a portion of the lease income being subject to a RPI revenue swap and senior loan repayment profiles are structured such that the group would continue to meet its covenants in a low inflation environment, resulting in the these projects being largely but not wholly insensitive to inflation.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

This report was approved by the board on 25 March 2015 and signed on its behalf.


R Williams
Secretary

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2014

The directors submit their report and the consolidated financial statements for the year ended 31 December 2014.

Principal Activity

The principal activity of the group (Birmingham and Solihull Local Improvement Finance Trust Limited and subsidiaries) during the year was that of property investment, property development and delivering services in health and education facilities. It acquires land and designs and constructs facilities for rent in the Birmingham and Solihull area as part of the government sponsored Local Improvement Finance Trust (LIFT) initiative.

A review of the business and future developments is included within the Strategic Report.

Dividends

No dividends were distributed for the year ended 31 December 2014 (2013 - £Nil).

Directors

The executive directors who served during the year were:

R Laing
J Taylor
R Williams
J Keyte
M Dyer
A Pursey
E Forsyth
S Barnes
P Sherriff (appointed 11 June 2014)

The Chair of the Board, J Taylor is remunerated by the company.

All other directors are remunerated by their respective employing entities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2014

Statement as to disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the group's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 25 March 2015 and signed on its behalf.



R Williams
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED**

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion Birmingham and Solihull Local Improvement Finance Trust Limited's group financial statements and the company financial statements ("the financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's profit and cash flows 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.

What we have audited

Birmingham and Solihull Local Improvement Finance Trust Limited's financial statements comprise:

- the consolidated and company balance sheets as at 31 December 2014;
- the consolidated profit and loss account and consolidated statement of total recognised gains and losses for the year then ended;
- the consolidated cash flow statement and reconciliation of net cash flow to movement in net debt for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED**

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 group's and the parent 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

2 April 2015

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
TURNOVER		11,984,686	11,517,376
Administrative expenses		(2,040,402)	(1,915,312)
OPERATING PROFIT	3	9,944,284	9,602,064
Interest receivable and similar income	4	38,748	33,857
Interest payable and similar charges	5	(6,849,721)	(6,926,176)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,133,311	2,709,745
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(553,561)	(951,729)
PROFIT FOR THE FINANCIAL YEAR	16	2,579,750	1,758,016

Profit for the financial year includes a profit of £7,128 (2013 – Loss of £105,179) relating to the company.

All amounts relate to continuing operations. There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

The notes to the accounts form part of these financial statements

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Profit for the financial year		2,579,750	1,758,016
Unrealised surplus on revaluation of investment properties	16	1,598,000	1,835,306
Total group recognised gains and losses relating to the year		4,177,750	3,593,322

The notes to the accounts form part of these financial statements

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
(Registered Number: 04958890)
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

		2014		2013	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	7	1,424		2,034	
Investment Properties	8	<u>177,627,318</u>		<u>152,863,961</u>	
			177,628,742		152,865,995
CURRENT ASSETS					
Debtors: amounts falling due within one year	10	4,746,508		1,970,861	
Debtors: amounts falling due after more than one year	10	1,622,814		2,176,375	
Cash at bank and in hand		<u>11,034,605</u>		<u>8,807,858</u>	
		17,403,927		12,955,094	
CREDITORS: amounts falling due within one year	12	<u>(4,738,635)</u>		<u>(5,296,934)</u>	
NET CURRENT ASSETS			12,665,292		7,658,160
TOTAL ASSETS LESS CURRENT LIABILITIES			190,294,034		160,524,155
CREDITORS: amounts falling due after more than one year	13		(161,765,263)		(136,173,134)
NET ASSETS			28,528,771		24,351,021
CAPITAL AND RESERVES					
Called-up share capital	15		50,000		50,000
Revaluation reserve	16		35,987,618		34,389,618
Profit and loss account	16		<u>(7,508,847)</u>		<u>(10,088,597)</u>
EQUITY SHAREHOLDERS' FUNDS	17		28,528,771		24,351,021

The financial statements were approved & authorised for issue by the board on 25 March 2015 and were signed on its behalf on 27 March 2015.



R Laing
Director

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
(Registered Number: 04958890)
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2014

		2014	2013
	Notes	£	£
FIXED ASSETS			
Tangible assets	7	1,424	2,034
Investments	9	<u>1,004</u>	<u>1,004</u>
		2,428	3,038
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	64,353	242,229
Debtors: amounts falling due after more than one year	10	11,641,825	11,562,341
Cash at bank and in hand		<u>114,625</u>	<u>87,361</u>
		11,820,803	11,891,931
CREDITORS: amounts falling due within one year	12	<u>(257,787)</u>	<u>(336,653)</u>
NET CURRENT ASSETS		<u>11,563,016</u>	<u>11,555,278</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,565,444	11,558,316
CREDITORS: amounts falling due after more than one year	13	<u>(11,562,340)</u>	<u>(11,562,340)</u>
NET ASSETS / (LIABILITIES)		<u>3,104</u>	<u>(4,024)</u>
CAPITAL AND RESERVES			
Called-up share capital	15	50,000	50,000
Profit and loss account	16	<u>(46,896)</u>	<u>(54,024)</u>
EQUITY SHAREHOLDERS' FUNDS	17	<u>3,104</u>	<u>(4,024)</u>

The financial statements were approved and authorised for issue by the board on 25 March 2015 and were signed on its behalf on 27 March 2015.



R Laing
Director

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
CASH FLOW STATEMENT			
Net cash inflow from operating activities	18	8,797,434	12,631,154
Returns on investments and servicing of finance	18	(7,947,719)	(7,425,735)
Capital expenditure and financial investment	18	(20,698,313)	(12,210,762)
Management of liquid resources	18	(2,681,703)	(1,669,642)
		<u>(22,530,301)</u>	<u>(8,674,985)</u>
 Financing	 18	 <u>24,757,048</u>	 <u>13,123,045</u>
 (Decrease) / Increase in cash		 <u>2,226,747</u>	 <u>4,448,060</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease)/increase in cash in the year		2,226,747	4,448,060
Movement in liquid resources		2,681,703	1,669,642
Net loans taken out		(26,177,855)	(10,470,078)
Subordinated debt movement		-	(4,172,299)
Loans repaid		1,420,807	1,519,332
Other non-cash movements		<u>(706,179)</u>	<u>357,083</u>
 Change in net debt	19	 (20,554,777)	 (6,648,260)
Net debt at 1 January 2014	19	<u>(127,423,077)</u>	<u>(120,774,817)</u>
 Net debt at 31 December 2014	19	 <u>(147,977,854)</u>	 <u>(127,423,077)</u>

The notes to the accounts form part of these financial statements

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with the Companies Act 2006, applicable accounting standards in the United Kingdom and on a going concern basis.

The consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertakings made up to 31 December 2014.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 408 of the Companies Act 2006.

(b) Principles of consolidation and investment in subsidiaries

The group financial statements include the financial statements of the company and its subsidiaries after eliminating balances between group companies. Sales and profits arising from transactions between group companies have also been eliminated.

In the company's balance sheet the investment in subsidiary companies is stated at cost.

(c) Turnover

Turnover of the group primarily represents rental income falling due during the year, excluding value added tax. Rental income is recognised in the period to which it relates.

The whole of turnover is attributable to one class of business and arose in the United Kingdom.

Sales and purchase pass-through transactions for which the company does not have significant risk and reward are shown net in the profit and loss account.

(d) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Furniture, fixtures & fittings	-	25% on straight line
Computer & office equipment	-	25% on straight line

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

(e) Investment properties

Investment properties represent properties presently under construction (which are therefore shown at cost and not depreciated) and completed investment properties.

Completed investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 (SSAP 19) and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

Investment properties are revalued annually by an independent surveyor.

Finance costs directly attributable to the construction of investment properties are capitalised as part of the costs of those properties. Investment properties in the course of construction are stated at historical cost.

(f) Deferred tax

As required by Financial Reporting Standard Number 19 "Deferred Tax", full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computations, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

(g) Hire purchase and lease commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

(h) Interest

Interest on senior loans is charged to the profit and loss account and accrued for on the balance sheet on a semi-annual or quarterly basis as appropriate. Interest payments are made to the senior funders on a semi-annual or quarterly basis.

Interest on junior loans from joint venture participants and associated companies is charged on a quarterly basis and accrued for on the balance sheet so as to give a constant effective interest rate over the life of the debt.

During the construction period, subsidiary companies capitalise the interest charged on the respective property specific loan within the cost of construction.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	21,013	20,380
Social Security costs	2,173	2,175
	<u>23,186</u>	<u>22,555</u>

The staff costs shown above relate solely to the remuneration of one director (2013: one). The average number of employees in the group during the year was one (2013: one).

3. OPERATING PROFIT

The operating profit is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	610	798
Audit fees – parent company	6,500	6,020
Audit fees – subsidiaries	17,500	16,710
Auditors' remuneration – tax services	1,095	1,095
Operating lease rentals:		
- land and buildings	<u>30,914</u>	<u>28,701</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Bank interest receivable	<u>38,748</u>	<u>33,857</u>
	<u>38,748</u>	<u>33,857</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Mortgage interest	7,587,893	5,994,511
Mortgage interest capitalised	(1,830,133)	(160,457)
Loan stock interest	986,217	986,217
Amortisation of finance costs	<u>105,744</u>	<u>105,905</u>
	<u>6,849,721</u>	<u>6,926,176</u>

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

6. TAXATION

	2014 £	2013 £
Current tax:		
UK corporation tax	-	-
Deferred tax:		
Origination of timing differences	553,561	951,729
Tax on profit on ordinary activities	<u>553,561</u>	<u>951,729</u>

Factors affecting the tax charge for the year

The tax charge for the year is less than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 21.493% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>3,133,311</u>	<u>2,709,745</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 21.493% (2013: 23.25%)	673,443	630,016
Effects of:		
Expenses not allowable for tax purposes	-	4,681
Income not chargeable for tax purposes	(3,427)	(3,708)
Capital allowances for tax purposes in excess of depreciation	(91,890)	186
Tax effect of capitalised intercompany construction costs	(393,353)	(37,305)
Chargeable gain	-	-
Losses brought forward utilised	<u>(184,773)</u>	<u>(593,870)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Finance Act 2012 which was enacted on 17 July 2012 included legislation which reduced the main rate of corporation tax from 24% to 23% on 1 April 2013. In addition the Finance Act 2013 which was given royal assent and therefore enacted on 17 July 2013 included legislation reducing the main rate of corporation tax from 23% to 21% from 1 April 2014 and also reducing the main rate of corporation tax from 21% to 20% from 1 April 2015.

Based on the enacted changes to the main rate of corporation tax at the reporting date, current tax has been calculated at a blended rate of 21.493% (2013 - 23.25%). Closing balances on deferred tax assets and liabilities have been calculated using the substantively enacted tax rates above.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. TANGIBLE FIXED ASSETS

Group and company

	Fixtures and fittings £	Computer & office equipment £	Total £
Cost			
At 1 January 2014 and 31 December 2014	<u>185</u>	<u>5,045</u>	<u>5,230</u>
Depreciation			
At 1 January 2014	185	3,011	3,196
Charge for year	<u>-</u>	<u>610</u>	<u>610</u>
At 31 December 2014	<u>185</u>	<u>3,621</u>	<u>3,806</u>
Net book values			
At 31 December 2014	<u>-</u>	<u>1,424</u>	<u>1,424</u>
At 31 December 2013	<u>-</u>	<u>2,034</u>	<u>2,034</u>

8. INVESTMENT PROPERTIES

GROUP

	Investment properties £	Properties under construction £	Total £
Cost or valuation			
At 1 January 2014	140,493,000	12,370,961	152,863,961
Construction costs	-	23,165,357	23,165,357
Revaluations	<u>1,598,000</u>	<u>-</u>	<u>1,598,000</u>
At 31 December 2014	<u>142,091,000</u>	<u>35,536,318</u>	<u>177,627,318</u>

Cost or valuation at 31 December 2014 is represented by:

	Investment properties £	Properties under construction £	Total £
Cost or valuation			
Revaluation – 2005	570,032	-	570,032
Revaluation – 2006	3,355,000	-	3,355,000
Revaluation – 2007	1,015,418	-	1,015,418
Revaluation – 2008	1,037,686	-	1,037,686
Revaluation – 2009	1,158,077	-	1,158,077
Revaluation – 2010	8,184,000	-	8,184,000
Revaluation – 2011	6,476,540	-	6,476,540
Revaluation – 2012	11,469,729	-	11,469,729
Revaluation – 2013	1,835,306	-	1,835,306
Revaluation – 2014	1,598,000	-	1,598,000
Cost	<u>105,391,212</u>	<u>35,536,318</u>	<u>140,927,530</u>
	<u>142,091,000</u>	<u>35,536,318</u>	<u>177,627,318</u>

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
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8. INVESTMENT PROPERTIES (continued)

Fixed asset investments represent properties under the course of construction, which are valued at cost and investment properties.

The amount of finance costs capitalised within the cost of properties under the course of construction during the period was £1,830,133 (2013 - £160,457).

Included in the cost of investment properties at 31 December 2014 is £9,034,114 (2013 - £7,203,981) of finance costs capitalised since the company's incorporation.

All investment properties were revalued during the year.

Investment properties were valued as at 31 December 2014, in accordance with the company's accounting policy, by external valuers, GVA Limited, Chartered Surveyors. The valuations were carried out on a Market Value basis as defined by the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards January 2014, incorporating the International Valuation Standards 2013, IFRS and FT FReM guidelines.

9. FIXED ASSET INVESTMENTS

Investment in group companies

Company

**Total
£**

Cost and Net Book Value

At 1 January 2014 and 31 December 2014

1,004

The companies within the group, headed by Birmingham and Solihull Local Improvement Finance Trust Limited are as follows:

Name	% holding	
Birmingham and Solihull LIFT (Fundco 1) Limited	100%	Property Development and Investment
Birmingham and Solihull LIFT (Fundco 2) Limited	100%	Property Development and Investment
Birmingham and Solihull LIFT (Fundco 3) Limited	100%	Property Development and Investment
Birmingham and Solihull LIFT (Fundco 4) Limited	100%	Property Development and Investment

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10. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Due within one year				
Trade debtors	303,553	203,992	57,323	151,676
Amounts owed by associated undertakings	-	3,317	-	3,317
Mortgages held on deposit	4,351,345	1,669,642	-	-
Other debtors	7,170	15,592	7,030	1,780
VAT	-	-	-	4,543
Deferred tax asset (note 11)	-	-	-	80,913
Prepayments and accrued income	84,440	78,318	-	-
	<u>4,746,508</u>	<u>1,970,861</u>	<u>64,353</u>	<u>242,229</u>
Due after one year				
Amounts due from group undertakings	-	-	11,562,340	11,562,341
Deferred tax asset (note 11)	1,622,814	2,176,375	79,485	-
	<u>1,622,814</u>	<u>2,176,375</u>	<u>11,641,825</u>	<u>11,562,341</u>
Total Debtors	<u>6,369,322</u>	<u>4,147,236</u>	<u>11,706,178</u>	<u>11,804,570</u>

11. DEFERRED TAX ASSET

	Group	Company
	£	£
Asset at 1 January 2014	2,176,375	80,913
Charge for the year	(553,561)	(1,428)
Asset at 31 December 2014	<u>1,622,814</u>	<u>79,485</u>

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Accelerated capital allowances	285,771	(200,549)	(203)	(203)
Capitalised interest	1,408,107	(1,408,107)	-	-
Lease premiums	(70,555)	-	-	-
Unutilised tax losses	(3,246,137)	3,785,031	(79,282)	81,116
	<u>(1,622,814)</u>	<u>2,176,375</u>	<u>(79,485)</u>	<u>80,913</u>

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
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12. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans (note 14)	1,598,541	1,727,443	-	-
Trade creditors	169,459	798,704	38,952	-
Amounts owed to associated undertakings	136,084	273,888	136,084	273,888
VAT	124,863	315,211	3,125	-
Other tax and social security	1,689	1,649	1,689	1,649
Other creditors	44,726	31,951	-	-
Accruals & deferred income	2,663,273	2,148,088	77,937	61,116
	<u>4,738,635</u>	<u>5,296,934</u>	<u>257,787</u>	<u>336,653</u>

Balances with associated undertakings are payable on demand and attract no interest.

13. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans (note 14)	145,463,455	120,461,179	-	-
Amounts owed to associated undertakings	-	2,904,730	-	-
Amounts due to JV participants	16,301,808	12,807,225	11,562,340	11,562,340
	<u>161,765,263</u>	<u>136,173,134</u>	<u>11,562,340</u>	<u>11,562,340</u>

Amounts owed to associated undertakings and JV participants have a fixed interest rate of 0% during the construction period and 11.5% to 12.5% during the operating period and are repayable in more than 5 years. They include accrued interest of £589,854 arising from the application of an effective interest rate over the life of the debt.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. LOANS

Loans fall due for payment as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans				
Within one year	1,725,530	1,845,980	-	-
Unamortised refinance costs within one year	(126,989)	(118,537)	-	-
Between one and two years	1,675,700	1,367,780	-	-
Unamortised refinance costs between one and two years	(126,775)	(126,988)	-	-
Between two and five years	7,659,394	5,588,123	-	-
Unamortised refinance costs between two and five years	(368,968)	(374,959)	-	-
After more than five years	138,020,912	115,524,815	-	-
Unamortised refinance costs after more than five years	(1,396,808)	(1,517,592)	-	-
	147,061,996	122,188,622	-	-

Bank loans are secured by fixed and floating charges over the group's investment properties and other assets.

Bank loans payable after more than five years are repayable in instalments on a semi-annual or quarterly basis as appropriate. Interest is payable at fixed rates, varying from 4.48% to 6.01% per annum.

Interest rate swaps are held on bank loans of £27,429,685 (2013: £27,544,002) which convert the borrowings from rates linked to LIBOR to a fixed rate in the range of 3.8% to 4.2%. The fair value of interest rate swaps at 31 December 2014 is a liability of £8,748,781 (2013 - £3,218,540).

The group also holds RPI swaps which convert a portion of the inflation linked lease revenue to a fixed inflation rate. The fair value of RPI swaps at 31 December 2014 is a liability of £1,517,128 (2013 - £3,709,515).

These financial instruments are held for the purposes of hedging through the entire term of the relevant loan or lease and are not intended to be traded, so that the group's exposure to price risk of financial instruments is minimal.

15. SHARE CAPITAL

Authorised, Allotted, issued and fully paid:

	Nominal value	2014	2013
		£	£
10,000 A Ordinary shares	£1	10,000	10,000
10,000 B Ordinary shares	£1	10,000	10,000
30,000 C Ordinary shares	£1	30,000	30,000
		50,000	50,000

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16. RESERVES

Group	Revaluation reserve £	Profit and loss account £	Total reserves £
At 1 January 2014	34,389,618	(10,088,597)	24,301,021
Profit for the financial year	-	2,579,750	2,579,750
Revaluation of investment properties	1,598,000	-	1,598,000
	<hr/>	<hr/>	<hr/>
At 31 December 2014	<u>35,987,618</u>	<u>(7,508,847)</u>	<u>28,478,771</u>

Company	Profit and loss account £
At 1 January 2014	(54,024)
Profit for the financial year	7,128
	<hr/>
At 31 December 2014	<u>(46,896)</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Group		
Profit for the financial year	2,579,750	1,758,016
Revaluation of investment properties	1,598,000	1,835,306
Net addition to shareholders' funds	4,177,750	3,593,322
Opening shareholders' funds	24,351,021	20,757,699
	<hr/>	<hr/>
Closing shareholders' funds	<u>28,528,771</u>	<u>24,351,021</u>

	2014 £	2013 £
Company		
Profit / (Loss) for the financial year	7,128	(105,179)
Net increase / (decrease) in shareholders' funds	7,128	(105,179)
Opening shareholders' funds	(4,024)	101,155
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,104</u>	<u>(4,024)</u>

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. GROSS CASH FLOWS

	2014 £	2013 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	9,944,284	9,602,064
Depreciation of tangible fixed assets	610	798
(Increase) / decrease in debtors	(93,941)	2,409,120
Increase / (decrease) in creditors	(1,053,519)	619,172
Net cash inflow from operating activities	8,797,434	12,631,154
 Returns on investments and servicing of finance		
Interest received	60,799	33,857
Interest paid	(8,008,518)	(6,990,404)
Loan arrangement fees	-	(469,188)
	(7,947,719)	(7,425,735)
 Capital expenditure		
Purchase of tangible fixed assets	-	(2,440)
Development costs of investment properties	(20,698,313)	(12,208,322)
	(20,698,313)	(12,210,762)
 Liquid resources		
Movement in Mortgages held on deposit	(2,681,703)	(1,669,642)
	(2,681,703)	(1,669,642)
 Financing		
New loans drawn down	26,177,855	10,470,078
Loans repaid	(1,420,807)	(1,519,332)
Subordinated debt	-	4,172,299
	24,757,048	13,123,045

19. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2014 £	Net Cash flows £	Non Cash flow movements £	At 31 December 2014 £
Cash at bank and in hand	8,807,858	2,226,747	-	11,034,605
Liquid Resources	1,669,642	2,681,703	-	4,351,345
Subordinated debt	(15,711,955)	-	(589,853)	(16,301,808)
Debt due within 1 year	(1,727,443)	1,420,807	(1,291,905)	(1,598,541)
Debt due after 1 year	(120,461,179)	(26,177,855)	1,175,579	(145,463,455)
Total	(127,423,077)	(19,848,598)	(706,179)	(147,977,854)

Non cash movements on debt represent amortisation of refinance costs, rolled up interest and changes to the maturity profile of mortgages outstanding.

BIRMINGHAM AND SOLIHULL LOCAL IMPROVEMENT FINANCE TRUST LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. TRANSACTIONS WITH RELATED PARTIES

In accordance with FRS 8: Related Party Disclosures, transactions and individual balances with group companies are not disclosed as 100% of their voting rights are held within the group.

Birmingham and Solihull Local Improvement Finance Limited ("BaS LIFT") is the immediate parent company of Birmingham and Solihull LIFT (Fundco 1) Limited, Birmingham and Solihull LIFT (Fundco 2) Limited, Birmingham and Solihull LIFT (Fundco 3) Limited and Birmingham and Solihull LIFT (Fundco 4) Limited (the "BaS LIFT Group").

BaS LIFT is a joint venture between BASS LIFT Holdings Limited and Community Health Partnerships ("CHP").

BASS LIFT Holdings Limited is a wholly owned subsidiary of Prime LIFT Investments Limited which in turn is a joint venture between Prime (UK) Investments Limited and Infrastructure Investments Holdings Limited.

Prime (UK) Investments Limited and Prime Operations Limited are both wholly owned subsidiaries of Prime Plc (the "Prime Group")

Prima 200 Limited is a joint venture between Prime LIFT Investments Limited and CHP.

Up until 31 October 2014 the BaS LIFT Group was a related party of Prime (UK) Investments Limited and the wider Prime Group. On 31 October 2014 Prime (UK) Investments Limited relinquished its joint control and influence as well as its economic interest in the BaS LIFT Group by disposing its shareholding of 147,477 Ordinary £1 'A' shares in Prime LIFT Investments Limited. Therefore the transactions disclosed below with the Prime Group are only shown up until 31 October 2014, the period of the related party relationship.

Up until 31 October 2014, Infrastructure Investments Limited Partnership (IILP), acting by its general partner Infrastructure Investments General Partner Limited, a wholly owned subsidiary of Infrastructure Investments Holdings Limited together with Prime Plc held loan stock in one of the subsidiary companies. On 31 October 2014, Prime Plc transferred its share of the loan stock held in the subsidiary company to Infrastructure Investments Limited Partnership. Loans to the company bear interest rates ranging from 0% during the construction period and 11.5% to 12.5% during the operating period.

Loans to / from related parties at 31 December:

Company name	2014 £	2013 £
BASS LIFT Holdings Limited	(6,937,405)	(6,937,405)
Community Health Partnerships	(5,869,820)	(5,869,820)
Prime Group companies	-	(1,037,403)
IILP	(2,904,730)	(1,867,327)

Trading debtor / (creditor) balances at 31 December with related parties:

Company name	2014 £	2013 £
IILP	22,800	-
Prime Group companies	-	(273,888)
Prima 200 Group companies	-	3,317
Community Health Partnerships	139,251	14,761

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20. TRANSACTIONS WITH RELATED PARTIES (continued)

Sales to / (purchases from) related parties were as follows:

Company name	Nature of transaction	2014 £	2013 £
BASS LIFT Holdings Limited	Loan interest	(591,730)	(591,730)
Community Health Partnerships	Loan interest	(394,487)	(394,487)
Community Health Partnerships	Rent & disbursements	14,122,440	10,411,718
Birmingham East and North Primary Care Trust	Rent & disbursements	-	1,299,678
Heart of Birmingham Teaching Primary Care Trust	Rent & disbursements	-	1,759,553
South Birmingham Primary Care Trust	Rent & disbursements	(2,700)	287,246
Solihull Primary Care Trust	Rent & disbursements	-	253,275
Prime Group companies	Services & disbursements	232,087	194,533
Prime Group companies	Services & disbursements	(1,171,869)	(4,379,819)
Prima 200 Group companies	Services & disbursements	13,911	-

The sales and purchase transactions with related parties are all stated inclusive of VAT.

21. CAPITAL COMMITMENTS

The group had capital commitments at the year-end of £9,446,729 (2013 - £30,845,735) representing the building contract sum remaining on one (2013 - one) property under the course of construction and will be financed using an existing loan facility.

22. OTHER COMMITMENTS

Group

At 31 December 2014 the group had annual commitments under operating leases as follows:

	Land and buildings	
	2014 £	2013 £
Expiry date		
Within one year	-	-
Between one and five years	-	-
After more than five years	30,914	28,702

23. PARENT COMPANY AND CONTROLLING PARTY

The company is jointly controlled by BASS LIFT Holdings Limited and Community Health Partnerships. There is no ultimate controlling party.