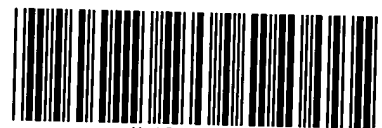

**BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM
LIMITED**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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COMPANIES HOUSE

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

COMPANY INFORMATION

DIRECTORS

S Beaumont
A Lawton-Wallace
G Alltimes
P A Eyres
J Andrews

COMPANY SECRETARY

Fulcrum Infrastructure Management Limited

COMPANY NUMBER

5072647

REGISTERED OFFICE

105 Piccadilly
London
W1J 7NJ

AUDITORS

BDO LLP
55 Baker Street
London
W1U 7EU

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

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BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

INTRODUCTION

The group carries on the business of developing and managing property projects and providing associated services for the NHS Local Improvement Finance Trust ("LIFT") programme in Lambeth, Southwark and Lewisham.

BUSINESS REVIEW

The group develops, owns and manages buildings for use by the NHS. All of these properties are operated under long leases with management/ maintenance agreements in place. As a consequence the results of the group can be predicted with a reasonable degree of certainty at their outset. The results of the business are in line with the original expectations.

The directors are of the opinion that future income and costs will be in line with the original expectations and will be profitable over the life of the projects.

There were no major Health & Safety incidents in the year. Various initiatives have been implemented to maintain awareness and a safe environment, including a near miss week and a "Don't walk by" programme. An external review of the health and safety policies has taken place during the year to ensure full legislative compliance and clarity of roles.

The group's management services provider, Fulcrum Infrastructure Management Limited, was awarded RoSPA gold status during the year. The group's facilities maintenance contractors were awarded either RoSPA gold or the RoSPA president's award during the year.

During the year strategic asset management work continued in partnership with the primary care commissioning bodies looking at estate capacity. This will assist the Clinical Commissioning Groups to identify specific projects that will enable efficiency savings and better use of existing good quality estate.

In the period under review the property in Fundco 4 achieved practical completion and began operation.

Group operating profit for the period amounted to £ 5,594,181 (2014: £ 4,300,362), and net interest amounts to £ 4,830,052 (2014: £ 4,030,663). The cash position for the group as at 31 March 2015 amounted to £ 5,001,246 (2014: £ 4,925,055).

PRINCIPAL RISKS AND UNCERTAINTIES

The group's activities expose it to a number of financial risks including cash flow and liquidity risk.

The group's exposure to interest rate is linked to its debt, and the group has addressed this risk by using hedging instruments, notably floating to fixed interest rate swaps.

The group's income is exposed to inflation rate risk. The group has addressed this risk through hedging, either in the form of hedging instruments, namely RPI linked swaps, or by hedging internally. Sensitivity analysis is performed and forward curves are monitored regularly.

The group's main risk is on lease agreements with NHS owned entities.

The group's customers are government-backed and hence have strong covenants.

The continuing structure changes taking place within the NHS will impact the group's ability to make progress with project management work and new development projects. NHS spending cuts are likely to mean that new developments will need to deliver net savings to the overall health economy if they are to be approved, and, where conditions allow, return a significant capital receipt to the NHS.

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2015

The group's revenue is exposed to the risk of income deductions by tenants. This risk is especially relevant where the tenant has occupancy under a Land Retained Agreement. This type of project agreement allows for income deductions based both on performance, and unavailability events. The group has mitigated this risk as far as possible by entering into contracts allowing such deductions to be recovered from the group's supply chain. Additionally the group manages the risk of income deductions through the asset lifecycle process.

This asset lifecycle process exposes the group's cost base to the risk of asset maintenance and replacement cost increases. The group mitigates this risk through management of the lifecycle process and by benchmarking against market rates.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group has financial key performance indicators, each of which impacts its results for the year and will impact its future performance.

The key performance indicators for the group are:

The level of service provided, this is measured through the availability of the assets and therefore service deductions may be levied if the building is unavailable. No such deductions were levied during the year.

The quantum of income and costs compared to budget. There were no significant deviations during the year.

The profit for the period before taxation amounted to £ 764,129 (2014: £ 269,699). After taxation of £ 36,600 (2014: £ 217,552), the profit for the period amounted to £ 727,529 (2014: £ 52,147).

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Customer satisfaction is a key non-financial performance indicator for the group. Satisfaction metrics include improvement from the previous year and performance against national LIFT averages.

This report was approved by the board on 27th July 2015 and signed on its behalf.


S Beaumont
Director

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

DIVIDENDS

The directors do not recommend the payment of a dividend (2014 - £Nil).

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS

The profit for the year, after taxation, amounted to £727,529 (2014 - £52,147).

DIRECTORS

The directors who served during the year were:

C Hewitt (resigned 21 May 2015)
S Beaumont (appointed 23 July 2014)
R Ashcroft (resigned 20 May 2015)
C Pitt (resigned 23 July 2014)
N McElduff (resigned 6 March 2015)
N Theron (appointed 23 July 2014 & resigned 18 June 2015)
A Lawton-Wallace (appointed 1 April 2014)
G Spence (resigned 12 November 2014)
P A Eyres
G Alltimes (appointed 21 May 2015)
J Andrews (appointed 18 June 2015)

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The directors of Building Better Health - Lambeth Southwark Lewisham Limited have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

DISCLOSURE OF INFORMATION TO AUDITORS

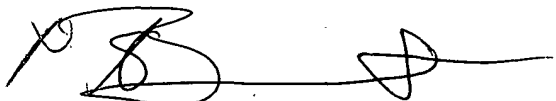
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on **27th July 2015** and signed on its behalf.



S Beaumont
Director

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

We have audited the financial statements of Building Better Health - Lambeth Southwark Lewisham Limited for the year ended 31 March 2015, set out on pages 7 to 27. 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 Auditors' 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 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 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 group's and the parent company's affairs as at 31 March 2015 and of the group's 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 and Group Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

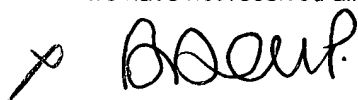
BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BUILDING BETTER HEALTH -
LAMBETH SOUTHWARK LEWISHAM LIMITED**

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 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; 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.



Alexander Tapp (Senior statutory auditor)
for and on behalf of

BDO LLP

Statutory auditor

55 Baker Street

London

W1U 7EU

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

Date: 27th July 2015

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
TURNOVER	1,2	8,220,528	6,998,690
Cost of sales		(2,556,317)	(2,277,687)
GROSS PROFIT	3	5,664,211	4,721,003
Administrative expenses		(70,030)	(420,641)
OPERATING PROFIT	3	5,594,181	4,300,362
Interest receivable and similar income		11,656	11,378
Interest payable and similar charges	7	(4,841,708)	(4,042,041)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		764,129	269,699
Tax on profit on ordinary activities	8	(36,600)	(217,552)
PROFIT FOR THE FINANCIAL YEAR	19	727,529	52,147

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 11 to 27 form part of these financial statements.

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED
REGISTERED NUMBER: 5072647

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS AND PROPERTY					
CONTRACT DEBTOR					
Property contract debtor	9		17,114,960		-
Tangible assets	10		54,151,635		54,916,349
			<u>71,266,595</u>		<u>54,916,349</u>
CURRENT ASSETS					
Work in progress	12	-		17,477,570	
Debtors	13	1,508,740		1,639,003	
Cash at bank		5,001,246		4,925,055	
		<u>6,509,986</u>		<u>24,041,628</u>	
CREDITORS: amounts falling due within one year	14	<u>(2,672,040)</u>		<u>(3,063,245)</u>	
NET CURRENT ASSETS			<u>3,837,946</u>		<u>20,978,383</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>75,104,541</u>		<u>75,894,732</u>
CREDITORS: amounts falling due after more than one year	15		<u>(80,254,099)</u>		<u>(81,771,819)</u>
NET LIABILITIES			<u><u>(5,149,558)</u></u>		<u><u>(5,877,087)</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		50,010		50,010
Profit and loss account	19		<u>(5,199,568)</u>		<u>(5,927,097)</u>
SHAREHOLDERS' DEFICIT	20		<u><u>(5,149,558)</u></u>		<u><u>(5,877,087)</u></u>

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



S Beaumont
Director

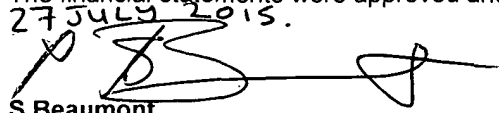
The notes on pages 11 to 27 form part of these financial statements.

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED
REGISTERED NUMBER: 5072647

COMPANY BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Investments	11		3,633,433		3,699,484
CURRENT ASSETS					
Debtors	13	303,025		725,315	
Cash at bank		179,544		111,752	
		<u>482,569</u>		<u>837,067</u>	
CREDITORS: amounts falling due within one year	14	<u>(437,091)</u>		<u>(795,031)</u>	
NET CURRENT ASSETS			<u>45,478</u>		<u>42,036</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,678,911</u>		<u>3,741,520</u>
CREDITORS: amounts falling due after more than one year	15		<u>(3,583,401)</u>		<u>(3,649,452)</u>
NET ASSETS			<u><u>95,510</u></u>		<u><u>92,068</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		50,010		50,010
Profit and loss account	19		<u>45,500</u>		<u>42,058</u>
SHAREHOLDERS' FUNDS	20		<u><u>95,510</u></u>		<u><u>92,068</u></u>

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


S Beaumont
 Director

The notes on pages 11 to 27 form part of these financial statements.

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	21	6,585,469	4,592,219
Returns on investments and servicing of finance	22	(5,532,131)	(4,329,102)
Taxation	22	(15,122)	(1,744)
Capital expenditure and financial investment	22	85,057	(9,919,920)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,123,273	(9,658,547)
Financing	22	(1,047,082)	12,461,482
INCREASE IN CASH IN THE YEAR		76,191	2,802,935

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 £	2014 £
Increase in cash in the year	76,191	2,802,935
Cash outflow from decrease in debt and lease financing	1,047,082	(12,461,482)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	1,123,273	(9,658,547)
MOVEMENT IN NET DEBT IN THE YEAR	1,123,273	(9,658,547)
Net debt at 1 April 2014	(78,067,303)	(68,408,755)
NET DEBT AT 31 MARCH 2015	(76,944,030)	(78,067,303)

The notes on pages 11 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

At the balance sheet date, the group had net liabilities of £ 5,149,558 (2014 - £ 5,877,087). The projects being undertaken by the group are secured under long term finance and the directors are satisfied that the group will continue to operate within the agreed facilities and have therefore prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Building Better Health - Lambeth Southwark Lewisham Limited and all of its subsidiary undertakings ('subsidiaries') using acquisition accounting. The results of the subsidiary undertakings are included from the date of acquisition.

1.4 Turnover

Turnover comprises revenue recognised by the group in respect of project management and other services supplied, exclusive of Value Added Tax.

Group turnover includes interest receivable on the property contract debtor and income from the management of the property and provision of associated services including construction. It is recognised exclusive of value added tax.

Income receivable under the property contract debtor is apportioned between turnover and repayment of the property debtor balance.

Over the whole life of the contract, the finance income element of turnover equals the gross earnings from the development contract, i.e., the amount by which the total of the receipts expected by the company exceeds the cost of the property development.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	4.00% straight line
Computer equipment	-	33.33% straight line

1.6 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment. Loan notes represent amounts owed by subsidiary undertakings and are classified as fixed asset investments.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.7 Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.8 Deferred taxation

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 computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

1.9 Loan arrangement fees

Loan arrangement fees are amortised over the term of the loan on a straight line basis.

1.10 Rent received in advance

Reverse premiums and similar incentives received to enter into operating lease arrangements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to prevailing market rate.

Payments from the lessor as a reimbursement of expenditure which enhances the property generally and causes commensurate benefit to the flow of the lessor, and treated as reimbursement of expenditure on the property and not as a lease incentive. A payment to reimburse the lessee for fitting-out costs is treated as a lease incentive where the fittings are suitable only for the lessee and accordingly do not add to the value of the property.

1.11 Leased assets lessor

All leases are treated as operating leases. Annual rentals are credited to the profit and loss account on a straight line basis over the term of the lease.

1.12 Interest rate swap

Interest rate swaps are recognised by providing for the net interest payable. Interest rate swaps are not revalued to fair value or shown in the balance sheet at the year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.13 Property contract debtor

Underlying assets in respect of the Land Retained Agreements are deemed to be contract debtors of the group and not a tangible asset under FRS 5 Adjudication Note F. This is due to the Directors determining that the risks and rewards of ownership, as set out in that standard, do not lie principally with the group.

Upon practical completion and commencement of the management of the property and provision of associated services, all costs included in work in progress are transferred to a property contract debtor.

The property contract debtors are based on the cost to the company of developing the property.

The net investment in the property contract debtors is reduced over the contract period by the proportion of income which is treated as repayment of the debtor balance.

The gross earnings under the contract loans are allocated to accounting periods to give a constant periodic rate of return on the net cash investment in the debtors in each period.

Development loan debtors are reviewed for impairment annually by the directors and any provision would be taken to the profit and loss account.

1.14 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.15 Work in progress

All directly attributable costs associated with the cost of developing property on behalf of third parties, including finance costs incurred in the construction phase, are recognised in work in progress until the development reaches practical completion.

Upon practical completion and commencement of the management of the property and provision of associated services, all costs included in work in progress are transferred to a property contract debtor.

Work in progress is recognised at the lower of cost and net realisable value.

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2015 £	2014 £
Project management fees	44,628	307,152
Provision of property services under the NHS LIFT programme	8,175,900	6,691,538
	<u>8,220,528</u>	<u>6,998,690</u>

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the group	764,714	764,715
Amortisation of property contract debtor	277,553	-
	<u>1,042,267</u>	<u>764,715</u>

4. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the company's auditor for the audit of the company's annual accounts and those of its subsidiaries	9,278	8,589
	<u>9,278</u>	<u>8,589</u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	9,000	10,750
	<u>9,000</u>	<u>10,750</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Directors	5	5
	<u>5</u>	<u>5</u>

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

6. DIRECTORS' REMUNERATION

	2015 £	2014 £
Emoluments	9,000	10,750

7. INTEREST PAYABLE

	2015 £	2014 £
On bank loans and overdrafts	3,952,781	3,352,795
On loans from group undertakings	575,201	412,621
On loans from participating interests	313,726	275,080
Other interest payable	-	1,545
	<u>4,841,708</u>	<u>4,042,041</u>

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

8. TAXATION

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit/(loss) for the year	25,200	-
Deferred tax		
Origination and reversal of timing differences	27,547	191,776
Effect of increased tax rate on opening liability	(16,147)	126,746
Adjustment in respect of prior periods	-	(100,970)
Total deferred tax (see note 17)	<u>11,400</u>	<u>217,552</u>
Tax on profit on ordinary activities	<u>36,600</u>	<u>217,552</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	<u>764,129</u>	<u>269,699</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	160,467	62,031
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	160,590	120,825
Capital allowances for year in excess of depreciation	(217,332)	(225,338)
Utilisation of tax losses	(87,393)	15,655
Unrelieved tax losses carried forward	-	9
Taxable intercompany revenue	8,868	26,818
Current tax charge for the year (see note above)	<u>25,200</u>	<u>-</u>

9. DEBTOR DUE IN OVER ONE YEAR

	2015 £	2014 £
Property contract debtor	<u>17,225,384</u>	<u>-</u>

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM.LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

10. TANGIBLE FIXED ASSETS

	Freehold property £	Computer equipment £	Total £
Group			
Cost			
At 1 April 2014 and 31 March 2015	58,646,761	1,035	58,647,796
Depreciation			
At 1 April 2014	3,730,412	1,035	3,731,447
Charge for the year	764,714	-	764,714
At 31 March 2015	4,495,126	1,035	4,496,161
Net book value			
At 31 March 2015	54,151,635	-	54,151,635
At 31 March 2014	54,916,349	-	54,916,349
Company			
Cost			
At 1 April 2014 and 31 March 2015			1,035
Depreciation			
At 1 April 2014 and 31 March 2015			1,035
Net book value			
At 31 March 2015			-
At 31 March 2014			-

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

11. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	2015 £	2014 £
BBH - LSL (FundCo Tranche 1) Limited	Ordinary shares held indirectly	100%	-	-
BBH - LSL (FundCo HoldCo Tranche 1) Limited	Ordinary shares	100%	50,010	50,010
BBH - LSL (BidCost) Limited	Ordinary shares held indirectly	100%	-	-
BBH - LSL (BidCostHoldCo 1) Limited	Ordinary shares	100%	1	1
BBH - LSL (Holdco 2) Limited	Ordinary shares	100%	10	10
BBH-LSL (Fundco 2) Limited	Ordinary shares held indirectly	100%	-	-
BBH-LSL (Holdco 3) Limited	Ordinary shares	100%	1	1
BBH-LSL (Fundco 3) Limited	Ordinary shares held indirectly	100%	-	-
BBH-LSL (Holdco 4) Limited	Ordinary shares	100%	10	10
BBH-LSL (Fundco 4) Limited	Ordinary shares held indirectly	100%	-	-
			<u>50,032</u>	<u>50,032</u>

Name	Business	Registered office
BBH - LSL (FundCo Tranche 1) Limited	Property development & management	London, W1J 7NJ
BBH - LSL (FundCo HoldCo Tranche 1) Limited	Holding Company	London, W1J 7NJ
BBH - LSL (BidCost) Limited	Intellectual Property Rights	London, W1J 7NJ
BBH - LSL (BidCostHoldCo 1) Limited	Holding Company	London, W1J 7NJ
BBH - LSL (Holdco 2) Limited	Holding Company	London, W1J 7NJ
BBH-LSL (Fundco 2) Limited	Property development & management	London, W1J 7NJ
BBH-LSL (Holdco 3) Limited	Holding Company	London, W1J 7NJ
BBH-LSL (Fundco 3) Limited	Property development & management	London, W1J 7NJ
BBH-LSL (Holdco 4) Limited	Holding Company	London, W1J 7NJ
BBH-LSL (Fundco 4) Limited	Property development & management	London, W1J 7NJ

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

11. FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 March 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
BBH - LSL (FundCo Tranche 1) Limited	(3,870,606)	558,195
BBH - LSL (FundCo HoldCo Tranche 1) Limited	50,010	-
BBH - LSL (BidCost) Limited	-	-
BBH - LSL (BidCostHoldCo 1) Limited	1	-
BBH - LSL (Holdco 2) Limited	10	-
BBH-LSL (Fundco 2) Limited	(138,630)	(6,880)
BBH-LSL (Holdco 3) Limited	1	-
BBH-LSL (Fundco 3) Limited	511,695	117,883
BBH-LSL (Holdco 4) Limited	10	-
BBH-LSL (Fundco 4) Limited	92,115	97,105
	<u> </u>	<u> </u>

All subsidiaries are incorporated in England and Wales.

Company	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 April 2014	50,032	3,649,452	3,699,484
Disposals	-	(66,051)	(66,051)
At 31 March 2015	<u>50,032</u>	<u>3,583,401</u>	<u>3,633,433</u>
Net book value			
At 31 March 2015	<u>50,032</u>	<u>3,583,401</u>	<u>3,633,433</u>
At 31 March 2014	<u>50,032</u>	<u>3,649,452</u>	<u>3,699,484</u>

All subsidiaries are incorporated in England and Wales.

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

12. WORK IN PROGRESS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Long term contract balances	-	17,477,570	-	-
Long term contract balances consist of:				
	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Costs to date less provision for losses	-	17,477,570	-	-

Interest of £194,007 (2014 £950,902) has been capitalised in the above costs in the period.

Following practical completion, the balance has been transferred to the contract debtor in accordance with accounting policy.

13. DEBTORS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Due after more than one year				
Deferred tax asset (see note 17)	1,306,932	1,318,332	-	-
Due within one year				
Trade debtors	36,552	233,793	-	149,309
Amounts owed by group undertakings	-	11	78,821	-
Other debtors	95,680	32,995	1,905	1,905
Prepayments and accrued income	69,576	53,872	222,299	574,101
	<u>1,508,740</u>	<u>1,639,003</u>	<u>303,025</u>	<u>725,315</u>

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

14. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	1,043,728	950,410	-	-
Trade creditors	48,745	38,916	14,715	-
Construction retentions	210,374	25,000	-	-
Amounts owed to group undertakings	39,670	93,629	39,681	30,831
Corporation tax	39,078	29,000	29,717	29,000
VAT creditor	340,699	260,239	817	16,164
Other creditors	50,000	50,000	-	-
Accruals and deferred income	899,746	1,616,051	352,161	719,036
	<u>2,672,040</u>	<u>3,063,245</u>	<u>437,091</u>	<u>795,031</u>

15. CREDITORS:
Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	72,975,811	74,036,716	-	-
Loan arrangement fees	(647,450)	(678,603)	-	-
Amounts owed to participating interests	2,767,711	2,799,508	1,433,361	1,459,781
Construction retentions	-	408,473	-	-
Amounts owed to group undertakings	5,158,027	5,205,725	2,150,040	2,189,671
	<u>80,254,099</u>	<u>81,771,819</u>	<u>3,583,401</u>	<u>3,649,452</u>

Included within the above are amounts falling due as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Between one and two years				
Bank loans	993,765	1,039,281	-	-
Between two and five years				
Bank loans	5,596,676	4,430,183	-	-
Over five years				
Bank loans	66,385,370	68,567,252	-	-
Amounts owed to participating interests	2,767,711	2,799,508	1,433,361	1,459,781
Amounts owed to group undertakings	5,158,027	5,205,725	2,150,040	2,189,671

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS:

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Repayable by instalments	66,385,291	68,567,252	-	-
Repayable other than by instalments	7,925,817	8,005,233	3,583,401	3,649,452
	<u>74,311,108</u>	<u>76,572,485</u>	<u>3,583,401</u>	<u>3,649,452</u>

Loans from group undertakings and participating interests bear interest at 11.14% per annum, payable every six months, and are repayable on 11 May 2033. No principal is due to be repaid in the next 12 months.

Bank loans bear interest at either a fixed rate or LIBOR plus a margin, and are secured by various fixed and floating charges over the group's assets. Bank loans are repayable by instalments.

16. HEDGING

The group has purchased interest rate swaps to manage interest rate risk volatility. The directors' estimate of the fair value of the derivatives held at the balance sheet date was a liability of £14,534,893 (2014 £10,238,121). This amount has not been included in the company's balance sheet in line with its accounting policy.

17. DEFERRED TAXATION

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
At beginning of year	1,318,332	1,535,884	-	-
Movement during the year	(11,400)	(217,552)	-	-
At end of year	<u>1,306,932</u>	<u>1,318,332</u>	<u>-</u>	<u>-</u>

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. DEFERRED TAXATION (continued)

The deferred taxation balance is made up as follows:

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Accelerated capital allowances	(1,679,930)	(1,903,111)	-	-
Tax losses brought forward	2,986,862	3,221,443	-	-
	<u>1,306,932</u>	<u>1,318,332</u>	<u>-</u>	<u>-</u>

18. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
10,002 Class A Ordinary shares of £1 each	10,002	10,002
10,002 Class B Ordinary shares of £1 each	10,002	10,002
30,006 Class C Ordinary shares of £1 each	30,006	30,006
	<u>50,010</u>	<u>50,010</u>

All classes of share rank pari passu.

19. RESERVES

	Profit and loss account £
Group	
At 1 April 2014	(5,927,097)
Profit for the financial year	727,529
	<u>(5,199,568)</u>
At 31 March 2015	
	<u>(5,199,568)</u>
Company	
At 1 April 2014	42,058
Profit for the financial year	3,442
	<u>45,500</u>
At 31 March 2015	<u>45,500</u>

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2015	2014
	£	£
Group		
Opening shareholders' deficit	(5,877,087)	(5,929,234)
Profit for the financial year	727,529	52,147
	<u>(5,149,558)</u>	<u>(5,877,087)</u>
Closing shareholders' deficit	<u>(5,149,558)</u>	<u>(5,877,087)</u>
	2015	2014
	£	£
Company		
Opening shareholders' funds	92,068	92,108
Profit/(loss) for the financial year	3,442	(40)
	<u>95,510</u>	<u>92,068</u>
Closing shareholders' funds	<u>95,510</u>	<u>92,068</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £3,442 (2014 - £40 loss).

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating profit	5,594,181	4,300,362
Amortisation of intangible fixed assets	277,553	-
Depreciation of tangible fixed assets	764,714	764,715
Decrease in debtors	118,863	894,232
Decrease in creditors	(169,842)	(1,367,090)
	<u>6,585,469</u>	<u>4,592,219</u>
Net cash inflow from operating activities	<u>6,585,469</u>	<u>4,592,219</u>

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	11,656	11,378
Interest paid	(5,543,787)	(4,340,480)
	<u>(5,532,131)</u>	<u>(4,329,102)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(5,532,131)</u>	<u>(4,329,102)</u>

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2015 £	2014 £
Taxation		
Corporation tax	(15,122)	(1,744)
	<u>2015</u> £	<u>2014</u> £
Capital expenditure and financial investment		
Purchase of tangible fixed assets and property contract debtor	85,057	(9,919,920)
	<u>2015</u> £	<u>2014</u> £
Financing		
New secured loans	-	10,598,203
Repayment of loans	(1,047,082)	(936,229)
Other new loans	-	2,799,508
Net cash (outflow)/inflow from financing	<u>(1,047,082)</u>	<u>12,461,482</u>

23. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 March 2015 £
Cash at bank and in hand	4,925,055	-	-	5,001,246
Debt:				
Debts due within one year	(950,410)	1,123,273	(1,216,591)	(1,043,728)
Debts falling due after more than one year	(82,041,947)	-	1,216,591	(80,901,546)
Net debt	<u>(78,067,303)</u>	<u>1,123,273</u>	<u>-</u>	<u>(76,944,028)</u>

24. CAPITAL COMMITMENTS

At 31 March 2015 the group and company had capital commitments as follows:

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Contracted for but not provided in these financial statements	-	40,375	-	-

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. 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 its wholly owned subsidiary companies.

	Income / (Expense) 2015 £	Income / (Expense) 2014 £	Debtor / (Creditor) 31 March 2015 £	Debtor / (Creditor) 31 March 2014 £
Project management and other trading income / expenses				
Fulcrum Infrastructure Management Limited, a related party with the same ultimate parent undertaking.	(433,033)	(608,189)	(60,047)	(104,984)
Community Health Partnerships Limited, a shareholder	6,818,141	6,691,536	(17,706)	26,412
Loans				
Fulcrum Infrastructure Group Limited, a parent company	-	-	(5,158,027)	(5,205,724)
Community Health Partnerships, a shareholder	-	-	(2,767,710)	(2,799,509)
Capitalised costs				
Fulcrum Infrastructure Group Limited, a parent company	(50,034)	(217,411)	-	-
Community Health Partnerships, a shareholder	(12,509)	(54,353)	-	-
			Payable and included within Accruals at 31 March 2015	Payable and included within Accruals at 31 March 2014
Interest payable and accrued interest				
Fulcrum Infrastructure Group Limited, a parent company	(575,201)	(412,620)	(465,454)	(856,133)
Community Health Partnerships, a shareholder	(313,727)	(275,081)	(188,514)	(374,483)

26. POST BALANCE SHEET EVENTS

Post financial year end claims totalling £1,435k have been received relating to service payment deductions. Of this, £1,189k relates to the period to 31 March 2015, and £246k relates to April 2015. Having performed initial due diligence the directors believe that significant elements of the claim are without merit. As the nature of the contract is to flow risk down the contract chain the directors believe that any valid elements of the claim will flow to the relevant supply chain partners. As a result of this review the directors believe that the risk to be minimal and any amount being ultimately payable by the group to be immaterial.

BUILDING BETTER HEALTH - LAMBETH SOUTHWARK LEWISHAM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

27. ULTIMATE PARENT UNDERTAKING

On 1 April 2013 the NHS Primary Care Trust Shareholdings and obligations transferred under the provisions of The Health and Social Care Act 2012 to Community Health Partnerships by statutory instrument. As a consequence of these changes the Company's shareholders become Fulcrum Infrastructure Group Limited and Community Health Partnerships with effect from this date.

The company is 60% owned by Fulcrum Infrastructure Group Limited, a company incorporated in England and Wales. For the purpose of these accounts, 'group' is defined as all companies within the Fulcrum Infrastructure Group Limited group.

The company is ultimately 60% owned by Meridiam Infrastructure Finance s.a.r.l., a company based in Luxembourg. However, as a result of the shareholders' agreement of Building Better Health - Lambeth Southwark Lewisham Limited there is no effective control by any individual shareholder.