

Semperian (Community Health) Grosvenor Limited

Annual Report and Financial Statements

For the year ended 31 March 2011

Registration Number: 5994394

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Semperian (Community Health) Grosvenor Limited

Annual report and Financial Statements For the year ended 31 March 2011

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Semperian (Community Health) Grosvenor Limited

Directors and advisors

Directors

A E Birch
I R Gethin

Company secretary

Semperian Secretariat Services Limited

Registered office

St Martins House
1 Gresham Street
London
EC2V 7BX

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Semperian (Community Health) Grosvenor Limited

Registration number: 5994394

Directors' report

For the year ended 31 March 2011

The directors present their annual report and audited financial statements for Semperian (Community Health) Grosvenor Limited ("the company") for the year ended 31 March 2011

Principal activities

The principal activity of the company is to make investments in project companies that are involved in wholly owned community hospital, healthcare, mental health and student accommodation PFI projects

Review of business and future developments

During the year ended 31 March 2010, the company recorded an impairment of £8,408,368 against its investment in its subsidiary. This follows a review of the status of the underlying PFI projects. No further impairment was identified in the current year. The directors do not expect there to be any significant change to the business in the foreseeable future.

Principal risks and uncertainties

Semperian (Community Health) Grosvenor Limited acts, through direct and indirect shareholdings, as a holding company for its trading subsidiaries, being GH Stone House Limited, GH North Northampton Limited, GH Gravesham Limited, GH Clayhill Limited and GH Rotherham Limited. As such the principal risks, financial risk management and key performance indicators adopted by its subsidiaries are applicable to the management of its investment in its subsidiaries and are detailed in the directors' report of those financial statements.

In addition, the holding company also takes the risk of impairment of its investments in the subsidiaries. This risk is directly related to the performance of the subsidiaries.

Results and dividends

The company made a loss for the year of £900,251 (2010: £9,180,099 loss). No dividend was paid during the year (2010: £nil).

Key performance indicators ("KPIs")

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors

The directors of the company during the year, and up to the date of signing the financial statements, are set out below:

I R Gethin
A E Birch

Semperian (Community Health) Grosvenor Limited

Directors' report (continued) For the year ended 31 March 2011

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, so far as the director is aware, there is no relevant audit information of which PricewaterhouseCoopers LLP ('PwC') are unaware, and the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that PwC are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office.

By order of the Board



Semperian Secretariat Services Limited
Company Secretary
KIM CLEAR
Date 28 JUN 2011

Independent Auditors' report to the members of Semperian (Community Health) Grosvenor Limited

We have audited the financial statements of Semperian (Community Health) Grosvenor Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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.

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 and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other 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.

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.


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

29 July 2011

Semperian (Community Health) Grosvenor Limited

Profit and loss account For the year ended 31 March 2011

	Notes	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Administration expenses		-	(8,408,368)
Income from shares in group undertakings		711,905	205,116
Operating loss	2	711,905	(8,203,252)
Interest payable and similar charges	3	(2,241,987)	(2,202,020)
Loss on ordinary activities before taxation		(1,530,082)	(10,405,272)
Tax on loss on ordinary activities	4	629,831	1,225,173
Loss for the financial year	10	(900,251)	(9,180,099)

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom

There are no material differences between the loss as shown in the profit and loss account above and its historical cost equivalent

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The movement on reserves is shown in note 11 to the financial statements

Semperian (Community Health) Grosvenor Limited

Balance sheet As at 31 March 2011

	Notes	31 March 2011 £	31 March 2010 £
Fixed assets			
Investments	5	<u>25,764,994</u>	<u>25,764,994</u>
Current assets			
Debtors	6	1,171,832	1,648,418
Creditors: amounts falling due within one year	7	<u>(6,399,727)</u>	<u>(6,335,522)</u>
Net current liabilities		<u>(5,227,895)</u>	<u>(4,687,104)</u>
Total assets less current liabilities		20,537,099	21,077,890
Creditors: amounts falling due greater than one year	8	<u>(34,836,577)</u>	<u>(34,477,117)</u>
Net liabilities		<u>(14,299,478)</u>	<u>(13,399,227)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss reserve		<u>(14,299,479)</u>	<u>(13,399,228)</u>
Total shareholder's deficit	10	<u>(14,299,478)</u>	<u>(13,399,227)</u>

The financial statements on pages 5 to 13 were approved by the board on 28 JULY 2011 and signed on its behalf by



Director

ALAN BIRCH

The notes on pages 7 to 12 form part of these financial statements

Semperian (Community Health) Grosvenor Limited

Notes to the financial statements for the year ended 31 March 2011

1 Principle accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, is set out below

Basis of preparation of accounts

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting and financial reporting standards in the United Kingdom

Consolidated financial statements

The financial statements contain information about Semperian (Community Health) Grosvenor Limited as an individual company and do not contain consolidated financial information, as the results of the company are consolidated into the group accounts of Semperian PPP Investment Partners Holdings Limited

Going concern

The directors believe that preparing these accounts on the going concern basis is appropriate due to Semperian (Community Health) Limited confirming that for 12 months from the signing of these accounts, it will not demand settlement of its loans if the company does not have the available resources to enable it to settle these loans and meet other liabilities. Semperian (Community Health) Limited also confirms that if the company is unable to fund interest payments in respect of its loans from Semperian (Community Health) Limited, it will agree that interest payments are postponed until the company is able to do so

Taxation

Current tax, including United Kingdom corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax is measured at the average tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Investment income

Investment income includes dividends receivable and interest receivable. Dividends are recognised when the right to receive payment is established. Interest receivable is included in income on an accruals basis

Semperian (Community Health) Grosvenor Limited

Notes to the financial statements (continued) for the year ended 31 March 2011

1 Accounting policies: (continued)

Interest payable

Interest payable is accounted for on an accruals basis

Fixed assets – Investments

Investments in equity and subordinated loans are held as fixed assets and are stated at cost less provision for any impairment. Repayments of loans are disclosed as disposals of fixed asset investments.

Impairment

In accordance with Financial Reporting Standard 11 – Impairment of Fixed Assets and Goodwill, fixed assets are subject to impairment review if events or changes in circumstances occur which indicate that the carrying value of the fixed asset may not be fully recoverable. An impairment review comprises a comparison of the carrying amount of the fixed asset with its recoverable amount, which is the higher of net realisable value and value in use.

Net realisable value is calculated by reference to the amount at which the asset could be disposed of. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the assets continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis. The carrying values of fixed assets are written down by the amount of any impairment and this loss is recognised in the profit and loss account in the period in which it occurs.

Debt issue costs

Debt issue costs directly incurred have been offset against the related debt and will be charged to the profit and loss account at a constant rate on the carrying value of the debt.

Cash flow statement

Under Financial Reporting Standard 1 – ‘Cash Flow Statements’ (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company’s ultimate parent undertaking, Semperian PPP Investment Partners Holdings Limited, prepares a consolidated cash flow statement, in which the company’s cash flows are included.

2 Operating loss

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Operating loss is stated after charging		
Impairment of fixed asset investment	-	8,408,368

The company had no employees, other than the directors, during the year (2010: none). The emoluments of the directors are paid by the controlling parties. The directors’ services to this company and to a number of fellow group companies are primarily of a non-executive nature and their emoluments are deemed to be wholly attributable to the controlling parties. The controlling parties charged £nil (2010: £nil) to the company in respect of these services.

The audit fee, of £2,000 (2010: £2,000) has been paid on the company’s behalf by a related company, Semperian Capital Management Limited for which no recharge has been made (2010: £nil).

Semperian (Community Health) Grosvenor Limited

Notes to the financial statements (continued) for the year ended 31 March 2011

3 Interest payable and similar charges

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Interest payable on loans from group undertakings	<u>2,241,987</u>	<u>2,202,020</u>

4 Taxation on loss on ordinary activities

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
a) Analysis of tax credit for the year		
Current tax		
Current period	(627,756)	(616,566)
Adjustment in respect of prior periods	(2,075)	(608,607)
Deferred tax		
Origination and reversal of timing differences	-	-
Tax (credit) on loss on ordinary activities	<u>(629,831)</u>	<u>(1,225,173)</u>

b) Factors affecting current tax credit:

The tax assessed for the year is lower than (2010 higher than) the standard rate of corporation tax in the UK of 28% (2010 28%). The differences are explained below

Loss on ordinary activities before taxation	(1,530,082)	(10,405,272)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	(428,423)	(2,913,476)
Non taxable income	(199,333)	(57,433)
Disallowed expenses	-	2,354,343
Effect of		
Current year tax losses	627,756	616,566
Tax losses surrendered as group relief- current year	(627,756)	(616,566)
Tax losses surrendered as group relief- prior period	(2,075)	(608,607)
	<u>(629,831)</u>	<u>(1,225,173)</u>

A deferred tax asset of £288,367 (2010 £288,367 restated) in respect of available tax losses has not been recognised at 31 March 2011. Given the uncertainty of future taxable profits it is not considered appropriate to recognise the deferred tax asset at this time.

c) Factors that may affect future tax charges:

The Finance Act (No 3) 2011, which was substantively enacted on 29 March 2011, includes legislation reducing the corporation tax rate from 28 per cent to 26 per cent from 1 April 2011.

Further annual reductions in the corporation tax rate of 1% until 1 April 2014 have been announced, when the corporation tax rate reaches 23%. As at the balance sheet date these further proposed changes to rates had not been substantively enacted and, therefore, are not recognised in these financial statements.

Semperian (Community Health) Grosvenor Limited

Notes to the financial statements (continued) for the year ended 31 March 2011

5 Fixed asset investments

	Equity £	Total £
Cost		
As at 1 April 2010 and 31 March 2011	<u>34,173,362</u>	<u>34,173,362</u>
Impairment		
As at 1 April 2010 and 31 March 2011	<u>(8,408,368)</u>	<u>(8,408,368)</u>
Net Book Value		
As at 31 March 2010 and 31 March 2011	<u>25,764,994</u>	<u>25,764,994</u>

Details of investments in which the company holds an interest in at 31 March 2011, are as follows

	Class of shares held	Country of incorporation	Nature of business	Portion of ordinary shares held
Directly held subsidiary:				
Grosvenor PPP Holdings Limited	Ordinary Shares	England & Wales	Intermediate investment holding company	100%
Indirectly held subsidiaries:				
GH Clayhill Holdings Limited	Ordinary Shares	England & Wales	Intermediate investment holding company	100%
GH Clayhill Limited	Ordinary Shares	England & Wales	Project company for student accommodation PFI projects	100%
GH Gravesham Holdings Limited	Ordinary Shares	England & Wales	Intermediate investment holding company	100%
GH Gravesham Limited	Ordinary Shares	England & Wales	Project company for healthcare PFI projects	100%
GH North Northampton Holdings Limited	Ordinary Shares	England & Wales	Intermediate investment holding company	100%
GH North Northampton Limited	Ordinary Shares	England & Wales	Project company for mental healthcare PFI projects	100%
GH Rotherham Limited	Ordinary Shares	England & Wales	Project company for mental healthcare PFI projects	100%
GH Stone House Holdings Limited	Ordinary Shares	England & Wales	Intermediate investment holding company	100%
GH Stone House Limited	Ordinary Shares	England & Wales	Project company for healthcare PFI projects	100%

Semperian (Community Health) Grosvenor Limited

Notes to the financial statements (continued) for the year ended 31 March 2011

6 Debtors

	31 March 2011 £	31 March 2010 £
Group relief due from group undertakings	<u>1,171,832</u>	<u>1,648,418</u>

Amounts owed from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

7 Creditors: amounts falling due within one year

	31 March 2011 £	31 March 2010 £
Amounts due to group undertakings	52,053	1,304,522
Accrued interest payable to group undertakings	6,347,674	5,031,000
	<u>6,399,727</u>	<u>6,335,522</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

8 Creditors: amounts falling due after more than one year

	31 March 2011 £	31 March 2010 £
Falling due after 5 years		
Loan stock	<u>34,836,577</u>	<u>34,477,117</u>

On 15 August 2007, the company entered into a 6.5% main loan stock facility in favour of Semperian (Community Health) Limited, the immediate parent of the company, for £22,563,173, with a further drawdown on 16 February 2008 of £11,216,329. The final repayment date for this loan stock is 31 March 2037.

On 30 September 2009 the company entered into a 6.42% loan agreement in favour of Grosvenor PPP Holdings Limited, a subsidiary, for £4,816,568, this was increased by a further £531,000 on 18 November 2009. The final repayment date for this loan is 31 October 2034.

9 Called up share capital

	31 March 2011 £	31 March 2010 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and called up		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

Semperian (Community Health) Grosvenor Limited

Notes to the financial statements (continued) for the year ended 31 March 2011

10 Reconciliation of movement in shareholder's deficit

	Share capital £	Profit and loss reserve £	Total shareholder's deficit £
At 1 April 2010	1	(13,399,228)	(13,399,227)
Loss for the financial year	-	(900,251)	(900,251)
At 31 March 2011	<u>1</u>	<u>(14,299,479)</u>	<u>(14,299,478)</u>

11 Related party disclosures

As a wholly owned subsidiary of Semperian PPP Investment Partners Holdings Limited, the company has taken advantage of the exemption under Financial Reporting Standard 8- 'Related Party Disclosures' of the requirement to disclose transactions between it and other group companies

12 Controlling party

The company's immediate parent undertaking is Semperian (Community Health) Limited which is registered in England and Wales

The ultimate parent undertaking and controlling party is Semperian PPP Investment Partners Holdings Limited which is registered in Jersey The smallest group and largest group to consolidate these financial statements is Semperian PPP Investment Partners Holdings Limited

Consolidated financial statements for Semperian PPP Investment Partners Holdings Limited can be obtained from the Company Secretary at St Martins' House, 1 Gresham Street, London, EC2V 7BX