Registered number: 7179948

MPG HOSPITAL HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

MPG HOSPITAL HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS	S L Gumm J M J M Jensen N M Leslau
COMPANY SECRETARY	S L Gumm
COMPANY NUMBER	7179948
REGISTERED OFFICE	Cavendish House 18 Cavendish Square London W1G 0PJ
AUDITORS	BDO LLP Emerald House East Street Epsom Surrey KT17 1HS

MPG HOSPITAL HOLDINGS LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012

DATE OF INCORPORATION

The company was incorporated on 5 March 2010 and the comparative results relate to the period from that date to 31 March 2011 The company commenced operations on 28 May 2010

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £362,103 *(2011 - £101,378)*

The directors do not recommend the payment of a dividend

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the group is property investment The group owns a portfolio of four private hospitals in Blackburn, Liverpool, Ayr and Stirling, let on 25 year leases with annual upward-only RPI linked uplifts in June each year throughout the term

The principal activity of the company is the provision of finance to and the holding of investments in the subsidiary undertaking

There have been no changes in the principal activities of the company or the group in the year

The group has made an increased profit compared to the prior period Gross rent is expected to continue to increase in future as rents rise in line with RPI, whereas interest costs are fixed and will gradually reduce over time as the loan is repaid out of surplus cash flow The portfolio has also seen a significant increase in value during the period since acquisition as a result of the RPI linked rental increases achieved under the terms of the leases

The directors are satisfied with the performance of the group in the year

DIRECTORS

The directors who served during the year were

S L Gumm
J M J M Jensen
N M Leslau

PRINCIPAL RISKS AND UNCERTAINTIES

Market factors

The bank finance and property markets in the UK have continued to experience very turbulent conditions during the year and the economic environment is still fragile, as is the investment property market, in particular as a result of the limited amount of new bank finance available The directors consider the portfolio of properties owned by the group relatively well placed to withstand market fluctuations by virtue of the quality of the assets, strong tenant, and the length of its committed financing

Risk management objectives and policies

The management of risk is integral to the group's approach to running its property investment activities and financing arrangements The group utilises secured non-recourse bank debt to fund its property investment purchases Cash resources generated from the group's operations, including those resulting from strict credit control over its short term debtors and creditors, are utilised in meeting the group's working capital requirements

Set out below are the policies operated by the group for the management of the principal risks and uncertainties that it is exposed to in the conduct of its operations

General treasury policy
Various financial instruments such as rental and other debtors and trade and other creditors arise directly from the group's operations

Operations are predominantly financed by bank borrowings Bank loans are at fixed rates, by way of purchases of interest rate hedging products, and are secured on the group's assets

Working capital requirements are met principally by cash resources generated from the group's operations Cash levels are monitored regularly to ensure sufficient resources are available to meet the group's short term and long term operational requirements Short term money market deposits are used to manage liquidity whilst maximizing the rate of return on cash resources, giving due consideration to risk

Details of interest rate hedging products in use at 31 March 2012 are set out in note 13 to the financial statements Details of bank borrowings are set out in note 12 to the financial statements

Interest rate risk
The group's policy is to substantially eliminate risk in respect of changes in interest rates such that, over the term of the group's debt facilities, changes in interest rates will have a minimal impact on the reported results and cash flows

Liquidity risk
The group seeks to manage its liquidity risk by ensuring that sufficient liquidity is available to meet its foreseeable needs The directors monitor the group's current and projected financial position on at least a quarterly basis

Efficient treasury management and strict credit control over rental and other debtors minimise the costs and risks associated with this policy, which ensures that funds are available to meet commitments as they fall due

Credit risk
The group's principal financial assets are bank balances and, where relevant, hedging instruments The group's credit risk on bank balances and hedging instruments is limited because the counterparties are banks with high credit ratings

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 period 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 group and the company 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 estimates that are reasonable and prudent,

- 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

PROVISION 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 information needed by the company and the group's auditors in connection with preparing their report 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 financial statements with the registrar, whichever is earlier

This report was approved by the board and signed on its behalf

S L Gumm
Director

Date 27 July 2012

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MPG HOSPITAL HOLDINGS LIMITED

We have audited the financial statements of MPG Hospital Holdings Limited for the year ended 31 March 2012, set out on pages 5 to 19 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS
A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

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 company's affairs as at 31 March 2012 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 for the financial period 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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

BDO

Russell Field (senior statutory auditor)
for and on behalf of
BDO LLP, statutory auditor

Epsom, United Kingdom
BDO LLP is a limited liability partnership registered in England & Wales (with registered number OC305127)

27 July 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Note	Year ended 31 March 2012 £	*Penod ended 31 March 2011 £*
TURNOVER	1	**2,459,825**	*1,981,528*
Cost of sales		**(5,703)**	*(4,342)*
GROSS PROFIT		**2,454,122**	*1,977,186*
Adminstrative expenses		**(149,828)**	*(137,637)*
OPERATING PROFIT	2	**2,304,294**	*1,839,549*
Interest receivable and similar income		**2,476**	*417*
Interest payable and similar charges	4	**(1,795,061)**	*(1,502,399)*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**511,709**	*337,567*
Tax on profit on ordinary activities	5	**(149,606)**	*(236,189)*
PROFIT FOR THE FINANCIAL YEAR/PERIOD	15	**362,103**	*101,378*

All amounts relate to continuing operations

There was no difference between historical cost profit and reported profit for the year

The notes on pages 10 to 19 form part of these financial statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2012

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Retained profit for the year/period	**362,103**	*101,378*
Unrealised surplus on revaluation of investment properties	**460,000**	*2,761,995*
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR/PERIOD	**822,103**	*2,863,373*

The notes on pages 10 to 19 form part of these financial statements

MPG HOSPITAL HOLDINGS LIMITED
REGISTERED NUMBER 7179948

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Investment properties	7		34,560,000		*34,100,000*
CURRENT ASSETS					
Debtors	9	62,423		*10,606*	
Cash at bank and in hand		881,327		*769,849*	
		943,750		*780,455*	
CREDITORS amounts falling due within one year	11	(1,137,301)		*(1,114,927)*	
NET CURRENT LIABILITIES			(193,551)		*(334,472)*
TOTAL ASSETS LESS CURRENT LIABILITIES			34,366,449		*33,765,528*
CREDITORS amounts falling due after more than one year	12		(30,680,873)		*(30,902,055)*
NET ASSETS			3,685,576		*2,863,473*
CAPITAL AND RESERVES					
Called up share capital	14		100		*100*
Revaluation reserve	15		3,221,995		*2,761,995*
Profit and loss account	15		463,481		*101,378*
SHAREHOLDERS' FUNDS	16		3,685,576		*2,863,473*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2012

S L Gumm
Director

The notes on pages 10 to 19 form part of these financial statements

MPG HOSPITAL HOLDINGS LIMITED
REGISTERED NUMBER· 7179948

COMPANY BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	2012 £	£	*2011 £*
FIXED ASSETS					
Investment in subsidiary undertaking	8		**1**		*1*
CURRENT ASSETS					
Debtors	9	**29,700,733**		*30,217,759*	
Cash at bank		**881,327**		*769,849*	
		30,582,060		*30,987,608*	
CREDITORS: amounts falling due within one year	11	**(310,285)**		*(303,785)*	
NET CURRENT ASSETS			**30,271,775**		*30,683,823*
TOTAL ASSETS LESS CURRENT LIABILITIES			**30,271,776**		*30,683,824*
CREDITORS: amounts falling due after more than one year	12		**(30,680,873)**		*(30,902,055)*
NET LIABILITIES			**(409,097)**		*(218,231)*
CAPITAL AND RESERVES					
Called up share capital	14		**100**		*100*
Profit and loss account	15		**(409,197)**		*(218,331)*
SHAREHOLDERS' DEFICIT	16		**(409,097)**		*(218,231)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2012

S L Gumm
Director

The notes on pages 10 to 19 form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	Note	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Net cash inflow from operating activities	17	**2,350,487**	*2,427,597*
Returns on investments and servicing of finance	18	**(1,637,062)**	*(1,116,266)*
Taxation		**(236,189)**	-
Capital expenditure and financial investment	18	-	*(1,338,005)*
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**477,236**	*(26,674)*
Financing	18	**(365,758)**	*796,523*
INCREASE IN CASH IN THE YEAR/PERIOD		**111,478**	*769,849*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 MARCH 2012

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Increase in cash in the year/period	**111,478**	*769,849*
Cash outflow from decrease in debt and lease financing	**365,758**	*(796,423)*
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	**477,236**	*(26,574)*
Other non-cash changes	**(144,576)**	*(30,105,632)*
MOVEMENT IN NET DEBT IN THE YEAR/PERIOD	**332,660**	*(30,132,206)*
Net debt at 1 April 2011	**(30,132,206)**	-
NET DEBT AT 31 MARCH 2012	**(29,799,546)**	*(30,132,206)*

The notes on pages 10 to 19 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's and company's financial statements

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and are in accordance with applicable accounting standards

The financial statements have been prepared on a going concern basis, which assumes that the group and company will continue to meet their liabilities when they fall due, for the foreseeable future The company has net liabilities, largely as a result of its investment in its subsidiary undertaking being held at cost, not at valuation It has prepared cash flow forecasts which indicate that it is nevertheless able to meet its liabilities when they fall due, for the foreseeable future

1.2 Basis of consolidation

The consolidated financial statements incorporate the results of MPG Hospital Holdings Limited and its subsidiary undertaking as at 31 March 2012, using the acquisition method of accounting

1.3 Turnover

Turnover represents rent receivable at invoiced amounts net of value added tax Turnover is wholly attributable to the principal activity of the group and arises solely in the United Kingdom

1 4 Investment properties

Investment properties are included in the balance sheet at their market value at the balance sheet date, on the basis of an annual valuation in accordance with the RICS Valuation - Professional Standards (2012) Aggregate surpluses or deficits arising on valuation are transferred to the revaluation reserve Permanent diminutions in the value of the properties are charged directly to the profit and loss account

Additions to investment properties include only costs of a capital nature Costs such as interest and other property outgoings are treated as revenue expenditure and are written off as incurred

In accordance with SSAP 19 (as amended) no depreciation or amortisation is provided in respect of freehold investment properties This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets However, the group's investment properties are held not for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate The accounting policy is therefore necessary for the financial statements to give a true and fair view Depreciation or amortisation is only one of the factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

1. ACCOUNTING POLICIES (continued)

1.5 Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that

- deferred tax is not recognised on timing differences arising on revaluated properties unless the group has entered into a binding sale agreement and is unable to utilise existing capital losses, and
- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

1.6 Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the company's balance sheet Any permanent diminution in value is written off to the profit and loss account

1.7 Cash

For the purposes of the cash flow statement, cash comprises cash in hand and deposits repayable on demand and liquid resources consist of cash deposits not repayable on demand without penalty

1.8 Financial instruments

The group does not trade in derivative financial instruments Hedging instruments are used to protect the group's exposure to movements in interest rates Gains or losses are not recognised in the financial statements until the related interest in the hedging instrument is realised

1.9 Loan issue costs

Costs relating to the raising of bank loan facilities are amortised over the life of the loan and charged to the profit and loss account as part of the group's financing costs The bank loans are disclosed net of the unamortised loan issue costs

2. OPERATING PROFIT

This is arrived at after charging

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Auditors' remuneration - audit services (group)	**7,650**	*7,650*

Fees payable to the company's auditors for the audit of the company's annual consolidated financial statements were £5,100 *(2011 - £5,100)*

3. EMPLOYEES AND DIRECTORS

The group and company had no employees in the year *(2011 - none)* No director received any emoluments from the group or company during the year *(2011 - £nil)*

4. INTEREST PAYABLE

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
On bank loans	**1,161,237**	*947,332*
Swap interest	**566,344**	*498,280*
Amortisation of prepaid finance fees	**67,480**	*56,787*
	1,795,061	*1,502,399*

5. TAX

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Analysis of tax charge in the year/period		
UK corporation tax charge on profit for the year/period	**201,348**	*236,189*
Adjustments in respect of prior period	**(51,742)**	*-*
Tax on profit on ordinary activities	**149,606**	*236,189*

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than *(2011 - higher than)* the standard rate of corporation tax in the UK of 26% *(2011 - 28%)* The differences are explained below

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Profit on ordinary activities before tax	**511,709**	*337,567*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% *(2011 - 28%)*	**133,044**	*94,519*
Effects of:		
Adjustments to tax charge in respect of prior period	**(51,742)**	*-*
Interest disallowed under thin capitalisation rules	**68,304**	*141,670*
Current tax charge for the year/period (see note above)	**149,606**	*236,189*

5 TAX (continued)

Factors that may affect future tax charges

On 3 July 2012, the rate of UK corporation tax with effect from 1 April 2013 was reduced to 23%, which will reduce the levels of both current tax and deferred tax in future years

6. DEFERRED TAX

Unprovided deferred tax liability

Group	**2012**	*2011*
	£	*£*
Arising on carrying value of investment properties over their indexed book cost at 24% (2011 26%)	**(194,640)**	*(393,900)*

7. INVESTMENT PROPERTIES

Group	**Freehold land and buildings £**
Valuation	
At 1 April 2011	**34,100,000**
Surplus on revaluation	**460,000**
At 31 March 2012	**34,560,000**

The 31 March 2012 valuations of the investment properties were carried out by CBRE Limited, Commercial Real Estate Advsiers, in their capacity as external valuers on the basis of market value The historical cost of the investment properties is £31,338,005 *(2011 £31,338,005)*

The investment properties are held as security by a fixed charge in respect of bank loans provided to the company

8. INVESTMENT IN SUBSIDIARY UNDERTAKING

Company	Investment in subsidiary undertaking £
Cost and net book value	
At 31 March 2011 and 2012	1

The company owns 100% of the ordinary share capital of MPG Hospital Properties Limited, a company incorporated in England & Wales and operating in the United Kingdom, whose principal activity is property investment

9. DEBTORS

	Group		Company	
	2012	*2011*	**2012**	*2011*
	£	*£*	**£**	*£*
Prepayments and accrued income	**1,385**	*10,606*	**-**	*9,206*
VAT recoverable	**61,038**	*-*	**61,038**	*1,119*
Amounts due from subsidiary undertaking	**-**	*-*	**29,639,695**	*30,207,434*
	62,423	*10,606*	**29,700,733**	*30,217,759*

The amounts due from subsidiary undertaking are unsecured and have no fixed repayment date Interest is receivable at a rate equivalent to that paid by the company on its bank borrowings, which averaged 5 5% in the year *(2011 - 5 5%)*

10 CASH AT BANK AND IN HAND

Included within the group and company's cash balances is £623,403 *(2011 £614,346)* of cash in accounts held as security by the provider of the secured bank debt

11. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2012	*2011*	**2012**	*2011*
	£	*£*	**£**	*£*
Trade creditors	**1,500**	*-*	**-**	*-*
Corporation tax	**210,644**	*236,189*	**-**	*-*
VAT payable	**28,215**	*25,505*	**-**	*-*
Accruals and deferred income	**896,942**	*853,233*	**310,285**	*303,785*
	1,137,301	*1,114,927*	**310,285**	*303,785*

12. CREDITORS·
Amounts falling due after more than one year

	Group		Company	
	2012	*2011*	**2012**	*2011*
	£	*£*	**£**	*£*
Secured bank loans	**30,893,269**	*31,181,931*	**30,893,269**	*31,181,931*
Prepaid finance fees	**(212,396)**	*(279,876)*	**(212,396)**	*(279,876)*
	30,680,873	*30,902,055*	**30,680,873**	*30,902,055*

The bank loans are secured by charges over the investment properties held by the subsidiary undertaking and by fixed and floating charges over the assets of the group

The group's strategy in respect of the use of financial instruments is to hedge future interest rate risk for the term of the loans to ensure that expected loan balances are fully hedged

The bank loans bear interest at three month LIBOR plus a lender's margin Interest has been fixed by way of purchases of interest rate swaps which fix the interest rate payable (inclusive of lender's margin) at 5 5% *(2011 - 5 5%)*

The bank loans are partly repayable quarterly from rental surpluses within the group and the balance is payable in full on 28 May 2015

13 FINANCIAL INSTRUMENTS

The narrative disclosures required by FRS25 in relation to the principal risks arising from the company's financial instruments and the policies in respect of them are shown in the directors' report

The financial instruments in place at 31 March 2012 and their valuations are as follows

	2012	*2011*
	£	*£*
£30 5m (2011 - £30 7m) amortising swap - 2 74% expiring July 2015	**(1,597,155)**	*(250,866)*
£0 4m amortising swap - 1 51% expiring January 2013	**(1,402)**	*60*
£30 1m receiver's swaption - 2 74% expiring July 2015	**860,391**	*96,777*
	(738,166)	*(154,029)*

The market values of the hedging portfolio change with interest rate fluctuations In accordance with accounting standards, the valuations are struck using a mid-market interest rate at the balance sheet date The valuation therefore does not reflect the cost or gain to the group of cancelling its interest rate protection at the balance sheet date, which is generally a marginally higher cost (or smaller gain) than a market valuation

14. SHARE CAPITAL

	2012 £	*2011* *£*
Allotted, called up and fully paid		
50 Ordinary A shares of £1 each	**50**	*50*
45 Ordinary B shares of £1 each	**45**	*45*
5 Ordinary C shares of £1 each	**5**	*5*
	100	*100*

The B shares have weighted voting rights such that on any resolution the B shares taken together and A shares taken together have equal votes Subject to that, the A and B shares rank pari passu in respect of voting rights The C shares do not entitle the holders to attend or vote at any general meeting or participate in written resolutions unless the business relates to any amendment of articles where such an amendment would have an adverse effect on the rights of the C shareholders in which case requires the approval of the holders of at least 75% of the C share capital Dividends, capital returns or other consideration shall be distributed pro rata of the numbers of shares held with all classes of share ranking equally

15. RESERVES

Group	**Revaluation reserve** **£**	**Profit and loss account** **£**
At 1 April 2011	**2,761,995**	**101,378**
Retained profit for the year	**-**	**362,103**
Unrealised surplus on revaluation of investment properties	**460,000**	**-**
At 31 March 2012	**3,221,995**	**463,481**

Company	**Profit and loss account** **£**
At 1 April 2011	**(218,331)**
Retained loss for the year	**(190,866)**
At 31 March 2012	**(409,197)**

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2012 £	*2011 £*
Opening shareholders' funds	2,863,473	-
Profit for the year/period	362,103	*101,378*
Shares issued during the year/period	-	*100*
Other recognised gains and losses during the year/period	460,000	*2,761,995*
Closing shareholders' funds	3,685,576	*2,863,473*

Company	2012 £	*2011 £*
Opening shareholders' deficit	(218,231)	-
Loss for the year/period	(190,866)	*(218,331)*
Shares issued during the year/period	-	*100*
Closing shareholders' deficit	(409,097)	*(218,231)*

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 loss for the year/period dealt with in the accounts of the company was £190,866 *(2011 - £218,331)*

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Operating profit	2,304,294	*1,839,549*
Decrease/(increase) in debtors	9,221	*(10,606)*
Increase in creditors	36,972	*598,654*
Net cash inflow from operating activities	2,350,487	*2,427,597*

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

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Returns on investments and servicing of finance		
Interest received	**2,476**	*417*
Interest and other finance costs paid	**(1,639,538)**	*(1,116,683)*
Net cash outflow from returns on investments and servicing of finance	**(1,637,062)**	*(1,116,266)*

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Capital expenditure and financial investment		
Cost of acquiring investment properties	-	*(1,338,005)*

	Year ended 31 March 2012 £	*Period ended 31 March 2011 £*
Financing		
Issue of share capital	-	*100*
Drawdown of bank loans	-	*1,540,156*
Repayment of bank loans	**(365,758)**	*(407,070)*
Financing fees	-	*(336,663)*
Net cash (outflow)/inflow from financing	**(365,758)**	*796,523*

19. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2011 £	Cash flow £	Other non-cash changes £	31 March 2012 £
Cash at bank and in hand	**769,849**	**111,478**	-	**881,327**
Debt:				
Debts due within one year	-	**365,758**	**(365,758)**	-
Debts falling due after more than one year	**(30,902,055)**	-	**221,182**	**(30,680,873)**
Net debt	**(30,132,206)**	**477,236**	**(144,576)**	**(29,799,546)**

20 RELATED PARTY TRANSACTIONS

The secured bank loans along with the financial instruments detailed in note 13 are from entities owned and controlled by Lloyds Banking Group plc, which is the controlling party of one of the shareholders of the company

The company has paid management fees of £122,192 (2011 - £94,666) to Prestbury Investments LLP, none of which was outstanding at 31 March 2012 (2011 - £nil) N M Leslau and S L Gumm, directors of the company, hold partnership interests in Prestbury Investments LLP

The group has taken advantage of the exemption in FRS 8 and has not disclosed transactions between members of the group

21. CONTROLLING PARTY

The group and company are jointly controlled by Uberior Equity Limited and Max Investor Limited