

MPG HOSPITAL HOLDINGS LIMITED
DIRECTORS' REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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MPG HOSPITAL HOLDINGS LIMITED

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MPG HOSPITAL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S.L. Gurni	(resigned 18 August 2014)
	J.M.J.M. Jensen	
	F. Karim	(appointed 18 August 2014)
	N.M. Leslau	(resigned 18 August 2014)
	J.R. Lock	(appointed 26 February 2015)
	M. Pegler	(appointed 18 August 2014; resigned 26 February 2015)
Company Secretary	Sanne Group Secretaries (UK) Limited	
Registered Number	07179948	
Registered Office	(From 23 January 2015)	(Up to 22 January 2015)
	Pollen House	40 Berkeley Square
	10 Cork Street	London
	London	W1J 5AL
	W1S 3NP	England
Independent Auditors	BDO LLP	
	2 City Place	
	Beehive Ring Road	
	Gatwick	
	West Sussex	
	RH6 0PA	

MPG HOSPITAL HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2015.

INCORPORATION

MPG Hospital Holdings Limited (the "Company") was incorporated in England and Wales on 5 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company and its subsidiary (together the "Group") is property investment.

RESULTS AND DIVIDENDS

The result for the year amounted to a profit of £1,145,265 (2014: £674,968). The Directors do not recommend a dividend for the year (2014: £nil).

DIRECTORS

The Directors who held office during the year ended 31 March 2015 and up to the date of approval of the financial statements were:

S.L. Gumm	(resigned 18 August 2014)
J.M.J.M. Jensen	
F. Karim	(appointed 18 August 2014)
N.M. Leslau	(resigned 18 August 2014)
J.R. Lock	(appointed 26 February 2015)
M. Pegler	(appointed 18 August 2014; resigned 26 February 2015)

SECRETARY

S.L. Gumm resigned as secretary to the Company with effect from 18 August 2014. Sanne Group Secretaries (UK) Limited was appointed as secretary to the Company on 18 August 2014.

INDEPENDENT AUDITOR

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.

REGISTERED OFFICE

Pollen House
10 Cork Street
London
W1S 3NP

PRINCIPAL RISKS AND UNCERTAINTIES

Market factors

The UK economic environment has improved markedly during the year, as have the property investment and lending markets. With the loan secured on the Group's investment properties due to mature in July 2015, the Directors are closely monitoring these markets to determine whether to realise the value of those investment properties.

The directors are working alongside its lender, which is a related party, to explore sale of the investment. Terms have been agreed and contracts have been exchanged for the sale of the remaining investment properties within the group. The completion process for this transaction will involve the repayment of the existing loan facility, ensuring that the group will continue in business.

Risk management objectives and policies

The management of risk is integral to the Company's approach to running its property investment activities and the financing arrangements of its parent undertaking. Cash resources generated from the Company's operations, including those resulting from strict credit control over its short term debtors and creditors, are utilised in meeting the working capital requirements of the Company and its parent undertaking.

MPG HOSPITAL HOLDINGS LIMITED

REPORT OF THE DIRECTORS - (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)

Risk management objectives and policies - (continued)

Set out below are the policies operated by the Group for the management of 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.

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 maximising the rate of return on cash resources where appropriate, giving due consideration to risk.

Details of interest rate hedging products in use at 31 March 2015 and 2014 are set out in note 12 to the financial statements. Details of borrowings are set out in note 11 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.

Inflation risk

The leases entered into by the Group contain rent review provisions whereby rental income is linked to the RPI. However, the reviews are "upwards only" therefore deflation cannot have the effect of reducing rental income. The Group financing arrangements are such that even with no RPI increases in the future, the interest cover covenant in the Group's credit arrangements would continue to be met. In this way, the Group's affairs have been managed such that inflation presents opportunities on the upside but no downside risks other than on its running costs which represent only a very small proportion of the Group's net profits and cash flows.

DIRECTORS' CONFIRMATION

Each of the Directors who was a Director at the time when the report is approved confirms that:

- * So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- * Each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

MPG HOSPITAL HOLDINGS LIMITED

REPORT OF THE DIRECTORS - (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Report of the Directors and the consolidated financial statements in accordance with applicable law and regulations.

The Directors are required to prepare consolidated financial statements for each financial year under the Companies Act 2006. As permitted by that law, the Directors have elected to prepare the consolidated financial statements in accordance with United Kingdom Accounting Standards. The consolidated financial statements are required to give a true and fair view of the state of affairs of the Group and the profit or loss of the Group for that year.

In preparing the consolidated financial statements the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are also responsible for keeping proper accounting records, which are sufficient to show and explain its transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

The Directors confirm they have complied with the above requirements throughout the year and subsequently.

Approved by the Board and signed on its behalf by:



Jeremy Jensen

Director

Date: 29/12/15

MPG HOSPITAL HOLDINGS LIMITED

AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MPG HOSPITAL HOLDINGS LIMITED

We have audited the financial statements of MPG Hospital Holdings Limited for the year ended 31 March 2015 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 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 matters 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.

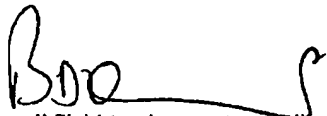
MPG HOSPITAL HOLDINGS LIMITED

AUDIT REPORT - (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



Russell Field (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick, West Sussex

Date 30 December 2015

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

MPG HOSPITAL HOLDINGS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	<u>Notes</u>	<u>2015</u> £	<u>2014</u> £
TURNOVER		2,681,923	2,623,301
Cost of sales		(6,048)	(5,981)
GROSS PROFIT		2,675,875	2,617,320
ADMINISTRATIVE EXPENSES		(132,626)	(168,923)
OPERATING PROFIT		2,543,249	2,448,397
Interest receivable and similar income		1,332	1,121
Interest payable and similar charges	4	(1,048,776)	(1,500,591)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		1,495,805	948,927
Tax on profit on ordinary activities	16	(350,540)	(273,959)
PROFIT FOR THE FINANCIAL YEAR		1,145,265	674,968

Continuing operations

There is no material difference between the profit for the years and their historical cost equivalents. The results for the years are derived from continuing operations.

(The notes on pages 13 to 22 form part of these audited financial statements)

MPG HOSPITAL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2015**

	<u>Note</u>	<u>2015</u> £	<u>2014</u> £
Profit for the year		1,145,265	674,968
Unrealised deficit on revaluation of investment properties	6	-	(2,600,000)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>1,145,265</u>	<u>(1,925,032)</u>

(The notes on pages 13 to 22 form part of these audited financial statements)

MPG HOSPITAL HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Interest rate cap	5	-	110
Investment properties	6	30,230,000	30,250,000
		<u>30,250,000</u>	<u>30,250,110</u>
CURRENT ASSETS			
Debtors	8	-	1,156
Cash at bank	9	1,118,394	870,555
		<u>1,118,394</u>	<u>871,711</u>
CREDITORS: (Amounts falling due within one year)			
Creditors	10	(29,792,376)	(1,028,012)
NET CURRENT LIABILITIES		<u>(28,673,982)</u>	<u>(156,301)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,576,018</u>	<u>30,093,809</u>
CREDITORS: (Amounts falling due after more than one year)			
	11	-	(29,663,056)
TOTAL NET ASSETS		<u>1,576,018</u>	<u>430,753</u>
CAPITAL AND RESERVES			
Share capital	13	100	100
Revaluation reserves	14	(1,088,005)	(1,088,005)
Revenue reserves	14	2,663,923	1,518,658
SHAREHOLDER'S FUNDS	15	<u>1,576,018</u>	<u>430,753</u>

The financial statements were approved and authorised for issue by the Board of Directors on the 29 day of December 2015 and were signed on its behalf by:

Director:
Jeremy Jensen



(The notes on pages 13 to 22 form part of these audited financial statements)

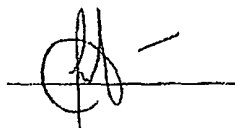
MPG HOSPITAL HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 MARCH 2015

	<u>Notes</u>	<u>2015</u> £	<u>2014</u> £
FIXED ASSETS			
Interest rate cap	5	-	110
Investment in subsidiary undertaking	7	1	1
		<u>1</u>	<u>111</u>
CURRENT ASSETS			
Debtors	8	26,093,431	27,768,967
Cash at bank	9	1,118,394	870,555
		<u>27,211,825</u>	<u>28,639,522</u>
CREDITORS: (Amounts falling due within one year)			
Creditors	10	(28,741,574)	(212,659)
NET CURRENT (LIABILITIES) / ASSETS		<u>(1,529,749)</u>	<u>28,426,863</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,529,748)</u>	<u>28,426,974</u>
CREDITORS: (Amounts falling due after more than one year)	11	-	(29,663,056)
TOTAL NET LIABILITIES		<u>(1,529,748)</u>	<u>(1,236,082)</u>
CAPITAL AND RESERVES			
Share capital	13	100	100
Revenue reserves	14	(1,529,848)	(1,236,182)
SHAREHOLDER'S DEFICIT	15	<u>(1,529,748)</u>	<u>(1,236,082)</u>

The financial statements were approved and authorised for issue by the Board of Directors on the 29 day of December 2015 and were signed on its behalf by:

Director:
Jeremy Jensen



(The notes on pages 13 to 22 form part of these audited financial statements)

MPG HOSPITAL HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015**

	<u>Notes</u>	<u>2015</u> £	<u>2014</u> £
Net cash inflow from operating activities	17	2,555,691	2,506,330
Returns on investment and servicing of finance	18	(906,436)	(1,429,790)
Taxation		(162,343)	(177,129)
Capital expenditure and financial investment	18	-	(40,000)
Net cash inflow before financing		1,486,912	859,411
Financing	18	(1,239,073)	(751,807)
Increase in cash for the year		247,839	107,604
Opening cash balance		870,555	762,951
Closing cash balance		1,118,394	870,555
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase in cash in the year		247,839	107,604
Cash outflow from decrease in debt financing		1,239,073	751,807
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		1,486,912	859,411
Other non-cash changes		(145,102)	(143,466)
MOVEMENT IN NET DEBT IN THE YEAR		1,341,810	715,945
Opening net debt		(28,792,501)	(29,508,446)
Closing net debt	19	(27,450,691)	(28,792,501)

(The notes on pages 13 to 22 form part of these audited financial statements)

MPG HOSPITAL HOLDINGS LIMITED

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

1. GENERAL INFORMATION

MPG Hospital Holdings Limited (the "Company") was incorporated on 5 March 2010 under the Companies Act 2006. The principal activity of the Company and its subsidiary (together the "Group") is property investment.

2. ACCOUNTING POLICIES

Basis of preparation

These audited consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with applicable United Kingdom Accounting Standards. In accordance with Financial Reporting Standard (FRS) 18, the Group's accounting policies are reviewed annually to confirm that they remain appropriate and are in accordance with United Kingdom Accounting Standards. The financial statements are presented in GBP.

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary as at 31 March 2015, using the acquisition method of accounting.

Going concern

As at 31 March 2015 the Group was in a net current liabilities position amounting to £28,673,982 (2014: £156,301). The Group has a loan facility which was due to expire in May 2015, but has been extended on a monthly rolling basis until a buyer is secured. The loan is secured against the investment properties of the subsidiary undertaking. The Directors of the Group are working alongside its lender, which is a related party, to explore sale of the investment.

Terms have been agreed and contracts have been exchanged for the sale of the remaining investment properties within the group, for an aggregate price of £30,000,000. The completion process for this transaction will involve the repayment of the existing loan facility, ensuring that the company will continue in business. As a result the Directors consider the company to be a going concern and the accounts have been prepared on that basis.

Investment properties

Investment properties are included in the balance sheet at Market Value at the balance sheet date. Market value represents the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Aggregate surpluses or deficits arising on valuation are transferred to the revaluation reserve. Permanent diminutions in the value of 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.

MRG HOSPITAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

2. ACCOUNTING POLICIES - (CONTINUED)

Investment properties - (continued)

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 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.

Expenses

The expenses of the Group are recognised in the profit and loss account on an accruals basis.

Turnover

Turnover represents rent receivable at invoiced amounts net of VAT. Turnover is wholly attributable to the principal activity of the Group and arises solely in the United Kingdom.

Deferred tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

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.

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.

Cash at bank

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.

MPG HOSPITAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**2. ACCOUNTING POLICIES - (CONTINUED)****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. Interest rate caps are initially recognised at cost and are then amortised as a finance cost in the profit and loss account over the instrument term. Assets are reviewed for impairment at each reporting date, with any impairments charged directly to the profit and loss account. Gains or losses on other hedging instruments are not recognised in the financial statements until the related interest in the hedging instrument is realised.

Loan issue costs

Costs relating to the raising of 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 loans are disclosed net of the unamortised loan issue costs.

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>2015</u> £	<u>2014</u> £
Amortisation and impairment of interest rate cap:		
- owned by the Company	110	39,890
Auditors' remuneration	9,232	8,000
	<u>9,342</u>	<u>47,890</u>

During the year, no director received any emoluments (2014: £nil).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2015</u> £	<u>2014</u> £
Interest on secured loans	981,370	1,002,200
Other interest payable	-	563
Amortisation and impairment of interest rate cap	110	39,890
Swap interest	-	390,642
Amortisation of prepaid finance fees	67,296	67,296
	<u>1,048,776</u>	<u>1,500,591</u>

MPG HOSPITAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**5. INTEREST RATE CAP**

	<u>2015</u>	<u>2014</u>
	£	£
Group		
Cost		
Opening balance	40,000	-
Additions	-	40,000
Closing balance	<u>40,000</u>	<u>40,000</u>
Amortisation and impairment		
Opening balance	(39,890)	-
Charge for the year	(110)	(39,890)
Closing balance	<u>(40,000)</u>	<u>(39,890)</u>
Net book value	<u>-</u>	<u>110</u>
Company		
Cost		
Opening balance	40,000	-
Additions	-	40,000
Closing balance	<u>40,000</u>	<u>40,000</u>
Amortisation and impairment		
Opening balance	(39,890)	-
Charge for the year	(110)	(39,890)
Closing balance	<u>(40,000)</u>	<u>(39,890)</u>
Net book value	<u>-</u>	<u>110</u>

6. INVESTMENT PROPERTY

	<u>2015</u>	<u>2014</u>
	£	£
Opening balance	30,250,000	32,850,000
Change in fair value for the year	-	(2,600,000)
Closing balance	<u>30,250,000</u>	<u>30,250,000</u>

MPG HOSPITAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

6. INVESTMENT PROPERTY (CONTINUED)

The historic cost of the investment properties is £31,338,005 (2014: £31,338,005). The investment properties are held as security by a fixed charge in respect of loans provided to the Company's parent undertaking.

The properties were valued as at 31 March 2014 by CBRE Limited, Commercial Real Estate Advisers, in their capacity as external valuers. The valuation was prepared on a fixed fee basis, independent of the portfolio value. The valuation was undertaken in accordance with the RICS Valuation - Professional Standards January 2014 on the basis of market value. As at 31 March 2015, the directors have considered the valuation of the properties to remain unchanged.

7. INVESTMENT IN SUBSIDIARY UNDERTAKING

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

Company	<u>2015</u> £	<u>2014</u> £
Cost		
Opening and closing cost	1	1
Net book value	1	1

8. DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>2015</u> £	<u>2014</u> £	<u>2015</u> £	<u>2014</u> £
Amounts due from subsidiary undertaking	-	-	26,089,434	27,768,967
Prepayments	-	1,156	-	-
VAT receivable	-	-	3,997	-
	-	1,156	26,093,431	27,768,967

Amounts due from subsidiary undertaking have no fixed repayment date and incur interest at a rate equivalent to that paid by the Company's parent undertaking on its bank borrowings, which averaged 4.6% in the year (2014: 4.6%).

MPG HOSPITAL HOLDINGS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015****9. CASH AT BANK**

Included within the Group and Company's cash balances is £676,294 (2014: £660,196) of cash in accounts held as security by the provider of the secured loans.

10. CREDITORS: (Amounts falling due within one year)

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade creditors	-	7,920	-	4,140
Corporation tax	350,643	162,446	-	19
VAT payable	48,833	28,281	-	-
Accruals and deferred income	823,815	829,365	172,489	208,500
Secured loans	28,579,594	-	28,579,594	-
Prepaid finance fees	(10,509)	-	(10,509)	-
	<u>29,792,376</u>	<u>1,028,012</u>	<u>28,741,574</u>	<u>212,659</u>

The 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 loans bear interest at three month LIBOR plus a lender's margin. Interest is hedged through an interest rate cap which fixes the maximum interest rate payable (inclusive of lender's margin) at 5.5%. In previous years interest was hedged through interest rate swaps that fixed the actual interest rate payable at 5.5%. This hedging structure was terminated during the prior year at £nil cost.

The loans are partly repayable quarterly from rental surpluses within the Group and the balance was payable in full on 28 May 2015, however this has been extended on a monthly rolling basis, in order to allow the Directors to work alongside the lenders to explore the sale of the properties.

11. CREDITORS: (Amounts falling due after more than one year)

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Secured loans	-	29,740,861	-	29,740,861
Prepaid finance fees	-	(77,805)	-	(77,805)
	<u>-</u>	<u>29,663,056</u>	<u>-</u>	<u>29,663,056</u>

MPG HOSPITAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**12. FINANCIAL INSTRUMENTS**

The narrative disclosures required by FRS 25 in relation to the principal risks arising from the Group's financial instruments and the policies in respect of them are shown in the Directors' report. The Group's strategy in respect of the use of financial instruments is to hedge future interest rate risk for the term of the bank loans to ensure that expected loan balances are fully hedged.

	<u>2015</u>	<u>2014</u>
	<u>£</u>	<u>£</u>
£29.9m amortising interest rate cap at 2.74% expiring May 2015 (see note 5)	-	110
	-	110

13. SHARE CAPITAL

	<u>2015</u>	<u>2014</u>
	<u>£</u>	<u>£</u>
ALLIOTED, 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

14. RESERVES

	<u>Revaluation</u>	<u>Profit and loss</u>
	<u>reserve</u>	<u>account</u>
	<u>£</u>	<u>£</u>
Group		
Balance brought forward	(1,088,005)	1,518,658
Profit for the financial year	-	1,145,265
Balance carried forward	(1,088,005)	2,663,923
		<u>Profit and loss</u>
		<u>account</u>
		<u>£</u>
Company		
Balance brought forward		(1,236,182)
Loss for the financial year		(293,666)
Balance carried forward		(1,529,848)

MPG HOSPITAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS / (DEFICIT)	<u>2015</u> £	<u>2014</u> £
Group		
Opening shareholder's funds	430,753	2,355,785
Profit for the financial year	1,145,265	674,968
Other recognised gains and losses during the year	-	(2,600,000)
Closing shareholder's funds	<u>1,576,018</u>	<u>430,753</u>
	<u>2015</u> £	<u>2014</u> £
Company		
Opening shareholder's deficit	(1,236,082)	(823,047)
Loss for the financial year	(293,666)	(413,035)
Closing shareholder's deficit	<u>(1,529,748)</u>	<u>(1,236,082)</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 accounts.

The loss for the year dealt with in the accounts of the Company was £293,666 (2014: £413,035).

16. TAXATION	<u>2015</u> £	<u>2014</u> £
Analysis of tax charge in the year		
UK Corporation tax charge on profit for the year	350,643	274,480
Adjustments in respect of prior periods	(103)	(521)
Tax on profit on ordinary activities	<u>350,540</u>	<u>273,959</u>

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

Factors affecting the tax charge for the year	<u>2015</u> £	<u>2014</u> £
Profit on ordinary activities before tax	1,495,805	948,927
Tax calculated at standard rate of corporation tax in the UK of 21% (2014: 23%)	<u>314,119</u>	<u>218,253</u>
Effect of:		
Adjustments to tax charge in respect of prior periods	(103)	(521)
Interest disallowed under Advance Thin Capitalisation Agreement	36,524	56,227
Current tax charge for the year (see above)	<u>350,540</u>	<u>273,959</u>

MPG HOSPITAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

16. TAXATION (CONTINUED)

Factors that may affect future tax charges

On 2 July 2013, the rate of UK corporation tax reduced to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015, which will reduce the levels of any current tax and deferred tax in future years.

17. NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>2015</u> £	<u>2014</u> £
Operating profit	2,543,249	2,448,397
Amortisation and impairment of interest rate cap	-	39,890
Decrease in debtors	1,156	231
Increase in creditors	11,286	17,812
Net cash inflow from operating activities	<u>2,555,691</u>	<u>2,506,330</u>

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT	<u>2015</u> £	<u>2014</u> £
Returns on investments and servicing of finance		
Interest received	1,332	1,121
Interest and other finance costs paid	(907,768)	(1,430,911)
Net cash outflow from returns on investments and servicing of finance	<u>(906,436)</u>	<u>(1,429,790)</u>
Capital expenditure and financial investment		
Purchase of interest rate cap	-	(40,000)
Financing		
Repayment of secured loans	<u>(1,239,073)</u>	<u>(751,807)</u>

19. ANALYSIS OF CHANGES IN NET DEBT

	<u>1 Apr 2014</u> £	<u>Cash flow</u> £	<u>Other non-cash changes</u> £	<u>31 Mar 2015</u> £
Cash at bank and in hand	870,555	247,839	-	1,118,394
Debt:				
Debts falling due after more than one year	(29,663,056)	1,239,073	28,423,983	-
Debts falling due within one year	-	-	(28,569,085)	(28,569,085)
Net cash inflow from operating activities	<u>(28,792,501)</u>	<u>1,486,912</u>	<u>(145,102)</u>	<u>(27,450,691)</u>

MPG HOSPITAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

20. CONTROLLING PARTY AND ULTIMATE CONTROLLING PARTY

The Company is jointly controlled by Remich Holding II S.à r.l., a company incorporated in Luxembourg and Max Investor Limited, a company incorporated in Jersey, Channel Islands.

21. RELATED PARTIES

The Group has taken advantage of the exemption in FRS8 and has not disclosed transactions between members of the Group.

22. POST BALANCE SHEET EVENTS

Terms have been agreed and contracts have been exchanged for the sale of the remaining investment properties within the group, for an aggregate price of £30,000,000. The completion process for this transaction will involve the repayment of the existing loan facility, ensuring that the company will continue in business. As a result the Directors consider the company to be a going concern and the accounts have been prepared on that basis.