

COMMUNITY HEALTH PARTNERSHIPS LIMITED

Directors' report and financial statements
For the year ended 31 March 2011

Company number: 4220587

COMMUNITY HEALTH PARTNERSHIPS LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2011

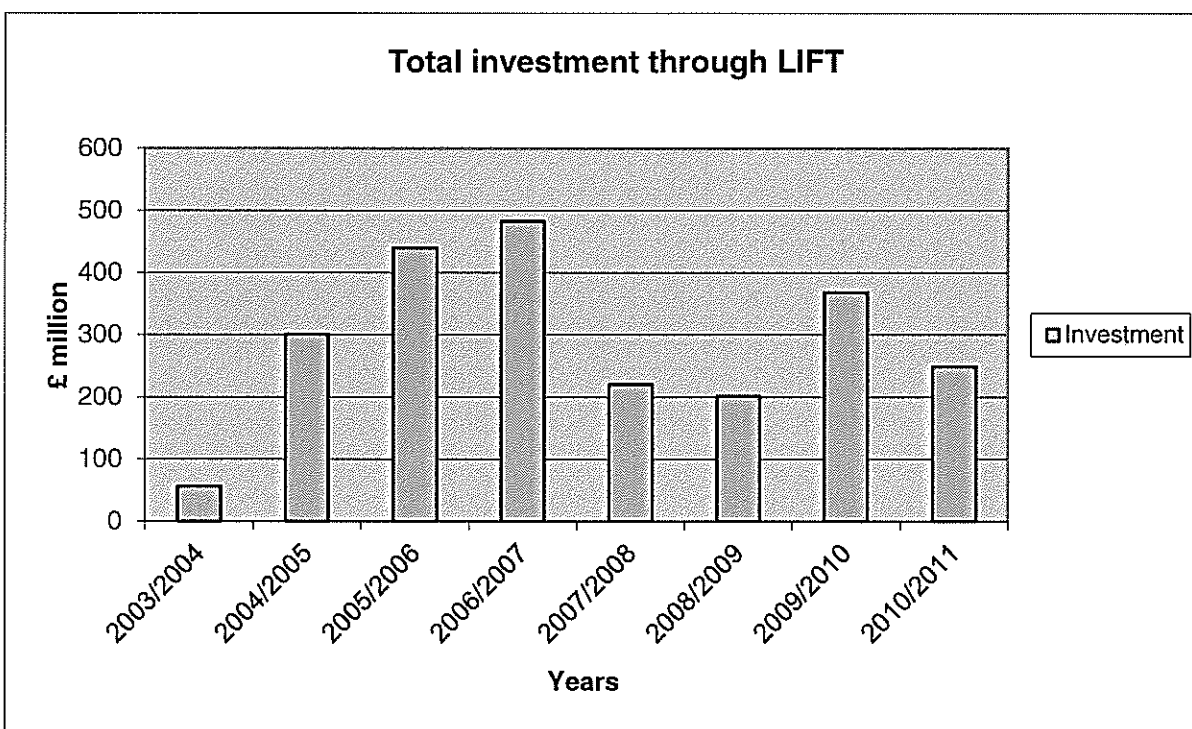
The Directors present their report together with the audited financial statements of Community Health Partnerships Limited ("the Company") for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was set up to invest in, and to provide procurement support in respect of investing in, community-based healthcare facilities through public private partnerships under the National Health Service Local Improvement Finance Trust ("LIFT") Programme. 49 LIFT companies have been established as at 31 March 2011. The Company receives a procurement fee in respect of each newly established LIFT company and it recognises revenue from such advisory assignments on a percentage of completion basis when the outcome becomes reasonably certain.

During the financial year the second LIFT company under the Express LIFT procurement route was established in West Sussex. Initiated by the Department of Health, Express LIFT is a fast track route to select a private sector partner from a national framework established through competition.

The Company invests equity and subordinated debt in the LIFT companies and the projects being undertaken by the LIFT companies, often structured via special purpose companies. During the year ended 31 March 2011 the Company's investment portfolio increased from £47,300,931 to £49,795,074. The Company's contribution is part of an overall investment through the LIFT programme in community based healthcare facilities, which now stands at circa £2.3bn. See the illustration below:



During the financial year, the Company implemented the "Shaping the Future" initiative. This entailed devolving operational services to three regions to work more closely with LIFT companies and the local public sector whilst retaining a small central hub, effective from 1st October 2010. The Company remains as one company and with one shareholder, the Department of Health.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

DIRECTORS' REPORT (continued)

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (continued)

The Company's overriding purpose on behalf of the Department of Health is to deliver innovative ways to improve health and local authority services. LIFT provides the platform and opportunity for Health and Local Government to explore where and how to best locate and design, multi-functional health, social care and community services and facilities.

Key performance indicators monitored by the Company during the financial year included the embedding of the new regional structure, an assessment of all LIFT companies, revised governance arrangements, business continuity, knowledge transfer and operational efficiency.

RESULTS AND DIVIDEND

The Company's profit for the financial year was £1,864,480 (2010: £1,706,449). The Company made a charitable donation of £500 (2010: £500).

The Directors do not propose the payment of a dividend for the financial year (2010: £ nil).

EMPLOYEES

During the financial year the Company has used a combination of employed staff, and consultants retained under short-term contract.

SHAREHOLDER

At 31 March 2011, the issued shares of the Company were held as follows:

	Shares	Percentage holding
Ordinary shares		
The Secretary of State for Health	<u>43,500,000</u>	<u>100 %</u>

COMMUNITY HEALTH PARTNERSHIPS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors of the Company who were in office during the financial year and up to the date of signing the financial statements were:

	Date of appointment or reappointment	Date of resignation
Dr Richard Baldwin (Executive Chairman)		30/07/2010
Peter Coates CBE (1)		17/02/2011
John Bacon (Chairman)	16/02/2011	
Nigel Beer		
Dr Susanna Davidson (nee O'Connell)		
Dr Anthony Everington OBE		
Dr Donald Macgregor		06/05/2011
Caroline Russell		
Patrick Clyne		
Benjamin Masterson	29/11/2010	
Mark Day	03/05/2011	
Dr Sarah Raper	03/05/2011	
Neil McElduff	03/05/2011	
Angela Prideaux (nee Lennox)	06/05/2011	

(1) – Peter Coates CBE acted as the interim Chairman between 1 August 2010 and 17 February 2011.

DIRECTORS' IMMUNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

CORPORATE GOVERNANCE

The Board has established Audit, Investment and Remuneration Committees to undertake its activities in these areas, operating under delegated authority from the Board. The membership of the respective Committees during the year, which includes shareholder representatives (*) in addition to Board members, was as follows:

COMMUNITY HEALTH PARTNERSHIPS LIMITED

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE (continued)

	Audit Committee	Investment Committee	Remuneration Committee
Dr Richard Baldwin (1)		√	√
Nigel Beer	√		√
Peter Coates CBE (1)			√
Patrick Clyne	√	√	
Dr Anthony Everington OBE			√
Nick Rose *		√	
Dr Donald Macgregor	√		
John Bacon			√

(1) – Dr Richard Baldwin and Peter Coates CBE resigned as Directors of the Company on 30 July 2010 and 17 February 2011 respectively.

The Board has agreed that full compliance with the requirements of the Financial Reporting Council's Combined Code on Corporate Governance, annexed to the Listing Rules of the Financial Services Authority, would be excessive for a company of this nature.

THE AUDIT COMMITTEE

During the financial year the Audit Committee met on four occasions, the work undertaken by the committee included:

- Oversight of the introduction of a new accounting system for the Company including overseeing internal preplanning to ensure continuity of internal controls;
- Regular review of the company risk register and mitigations;
- Scrutiny at each meeting of the management accounts of the Company to supplement the review by the main Board;
- A review of corporate governance arrangements resulting from the Company restructuring, including terms of reference for Board sub committees and delegated functions to new regional offices;
- Reviews of investment controls and LIFT company monitoring, company funding and liquidity, insurance arrangements, IT policies and procedures and disaster recovery plans; and
- Liaising with the external auditors on any matters arising from the audit of the accounts and finalising the statutory financial statements.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

DIRECTORS' REPORT (continued)

GENERAL RISK MANAGEMENT

The Company operates a corporate risk register, which is formally reported to the Board and reviewed monthly by the Executive. The principal risks and mitigations are set out below:

- Significant changes in policy and legislation; this is mitigated by Department of Health shareholder representation on the Board and engagement in policy development;
- Disaster recovery and Information Technology failure; this is mitigated by new service contracts and revised policies and procedures; and
- Poor performance of LIFT companies and impact on cash flow; this is mitigated by the creation of the new regions, directorships on LIFT company Boards and monitoring of key performance information.

FINANCIAL RISK MANAGEMENT

The Company has borrowings of £10,000,000 as at 31 March 2011. The Company receives interest income from its investment portfolio and on its cash balances. The interest payments on its investments in subordinated debt are generally based on fixed interest rates whilst the Company generally receives a floating rate of interest on its cash balances. The Company does not hold any derivative financial instruments to manage interest rate risk and no other interest rate hedging is considered necessary.

The Company is exposed to fluctuations in the market value of its portfolio investments, which are accounted for at cost in accordance with the accounting policy set out in Note 1 to the financial statements. It is also exposed to counterparty credit risk in respect of the payments of interest and capital on subordinated debt advanced to LIFT companies. These risks are managed through the Company's representation on the boards of the LIFT companies, the regular monitoring of information provided by the LIFT companies, and through the scrutiny provided by the Investment Committee and the Company's dedicated investment management function.

Separate from its investment activities the Company also provides procurement support and advisory services primarily for public sector entities and consequently has low counterparty credit risk in respect of these activities.

The Company monitors on a regular basis all anticipated commitments to fund additional investments, to ensure that these are matched by available funds. Additional funding is obtained from the Company's shareholder, as and when necessary, through the issue of new shares or debt funding. The Company's surplus cash balances are held on deposit with major banks and can be accessed without giving significant periods of notice.

The Company's transactions are all denominated in Sterling and hence it does not have an exposure to foreign currencies.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 prepared 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.

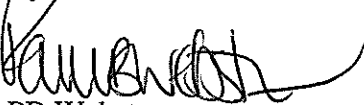
The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The Directors confirm that, for all Directors in office at the date of this report:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- Each Director has taken all reasonable steps that he/she ought to have taken in his/her duty as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



PB Webster
Secretary

19 July 2011

Wellington House,
133 – 155 Waterloo Road,
London,
United Kingdom.
SE1 8UG

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMUNITY HEALTH PARTNERSHIPS LIMITED

We have audited the financial statements of Community Health Partnerships for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the 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).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 6 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 Director's Report 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 profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMUNITY
HEALTH PARTNERSHIPS LIMITED (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, 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.

S. Isted

Sarah Isted (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 July 2011

COMMUNITY HEALTH PARTNERSHIPS LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	2	425,856	1,269,739
Administrative expenses		(2,927,939)	(3,123,674)
Operating loss		<u>(2,502,083)</u>	<u>(1,853,935)</u>
Interest receivable and similar income	3	5,574,175	4,661,379
Interest payable and similar charges	3	(474,944)	(432,585)
Profit on ordinary activities before taxation	4	<u>2,597,148</u>	<u>2,374,859</u>
Tax on profit on ordinary activities	7	(732,668)	(668,410)
Profit for the financial year	17	<u><u>1,864,480</u></u>	<u><u>1,706,449</u></u>

There are no recognised gains or losses other than the profit for the financial year.

The Company's results are wholly attributable to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years, as reported above, and their historical cost equivalents.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

BALANCE SHEET as at 31 March 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible fixed assets	9	29,556	-
Portfolio investments	10	49,795,074	47,300,931
Shares in Group undertakings	11	1	-
		<u>49,824,631</u>	<u>47,300,931</u>
CURRENT ASSETS			
Debtors	12	1,837,551	1,495,768
Cash at bank and in hand		<u>12,734,111</u>	<u>14,046,638</u>
		14,571,662	15,542,406
Creditors: amounts falling due within one year	13	<u>(884,325)</u>	<u>(1,204,125)</u>
NET CURRENT ASSETS		13,687,337	14,338,281
TOTAL ASSETS LESS CURRENT LIABILITIES		63,511,968	61,639,212
Creditors: amounts falling due after more than one year	14	(10,000,000)	(10,000,000)
Provisions for liabilities	15	(8,276)	-
NET ASSETS		53,503,692	51,639,212
CAPITAL AND RESERVES			
Called up share capital	16	43,500,000	43,500,000
Profit and loss account	17	10,003,692	8,139,212
TOTAL SHAREHOLDER'S FUNDS	18	53,503,692	51,639,212

Approved by the Board on 19 July 2011 and signed on its behalf:


 Dr Susanna Davidson
Director


 John Bacon
Director

Company number: 4220587

The notes on pages 12 to 26 form an integral part of these financial statements.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2011

	Note	2011 £	2010 £
Cash outflow from operating activities	8	(2,659,658)	(3,090,736)
Returns on investments and servicing of finance:			
Interest received		4,488,294	3,183,275
Interest paid		<u>(468,370)</u>	<u>(417,585)</u>
		4,019,924	2,765,690
Taxation paid		(669,250)	(750,370)
Capital expenditure and Investment:			
Purchase of equipment	9	(33,280)	-
Repayment of subordinated debt	10	1,667,880	422,620
Purchase of new investments	10	<u>(3,638,143)</u>	<u>(7,364,836)</u>
		(2,003,543)	(6,942,216)
Cash outflow before financing		<u>(1,312,527)</u>	<u>(8,017,632)</u>
Financing:			
Issue of share capital	16	-	6,000,000
Decrease in cash in the year		<u>(1,312,527)</u>	<u>(2,017,632)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash		(1,312,527)	(2,017,632)
Change in net funds resulting from cash flows		<u>(1,312,527)</u>	<u>(2,017,632)</u>
Net funds 1 April		4,046,638	6,064,270
Net funds 31 March	21	<u>2,734,111</u>	<u>4,046,638</u>

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1 ACCOUNTING POLICIES

Basis of accounting

These accounts are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the financial year, are outlined below.

Portfolio investments

The Directors have reviewed the accounting policy relating to portfolio investments, being those held within an investment fund as part of a group of investments. The Directors have concluded that it is appropriate to continue to value portfolio investments at the balance sheet date at cost, in accordance with FRS 9 'Associates and Joint Ventures', less the estimated extent of any impairment.

Portfolio investments are intended to be held to maturity.

Turnover

Turnover comprises revenue from the Company's procurement support activities, directors' fees received from LIFT companies, and income from other advisory services and grants. All turnover arises from continuing activities within the United Kingdom.

Revenue from procurement support agreements and grants is recognised on the basis described below. Other revenue is recognised as it is earned.

Procurement support

The Company's procurement support agreements are accounted for as long-term contracts as their activity falls into different accounting periods. Revenue from these contracts comprises the value of the work carried out and is recognised on a percentage of completion basis when there is reasonable certainty that financial close (the date on which the finance required in respect of the obligations of a contractor becomes unconditionally available) will take place. A procurement support agreement has to be substantially complete before the outcome can be predicted with reasonable certainty and it becomes appropriate to accrue revenue. As a result, no revenue is recognised until the later stages of each procurement project. The revenue recognised from procurement support agreements, less payments received and receivable, is included in debtors as "Amounts recoverable from contracts". The Company's costs expended on procurement support agreements are written-off to the profit and loss account as incurred.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

1 ACCOUNTING POLICIES – (continued)

Grants

Revenue from grant funding in respect of designated programmes is recorded as turnover in the year to the extent that expenditure has been made in respect of each programme during the financial year. The excess of grants received over expenditure is included as “Grants - deferred income” within creditors.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual instalments over the lease term.

Pension costs

Pension costs payable in respect of the group personal pension defined contribution scheme managed by Standard Life plc are charged to the profit and loss account as they become due.

Provisions

Provisions are recognised on the balance sheet when a present obligation exists as a result of a past event, it is probable that transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Tangible Fixed Assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis.

Straight line annual rates most widely used are:

Office equipment	3 years
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COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

1 ACCOUNTING POLICIES – (continued)

Deferred taxation

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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Group accounts

Group accounts are not prepared as the Directors consider the value of its subsidiary, Partnerships for Health Limited, to be immaterial. There were no related party transactions processed during the financial year or intercompany balances at the financial year end.

2 TURNOVER

	2011	2010
	£	£
Procurement support revenue	-	371,592
Government grant funding	141,634	539,157
Directors' fees reimbursed by LIFT companies	213,888	243,015
Other advisory services	70,334	115,975
	<u>425,856</u>	<u>1,269,739</u>

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

3 INTEREST

Interest receivable and similar income

Interest receivable relates to the interest income due to the Company on its fixed asset investments in subordinated debt and from its cash balances.

	2011 £	2010 £
Interest income from subordinated debt	5,475,068	4,548,448
Interest income on cash deposits	99,107	112,931
	<u>5,574,175</u>	<u>4,661,379</u>

Interest payable and similar charges

	2011 £	2010 £
Interest payable on Unsecured loan Facility 2033 (see note 14)	474,944	431,360
Other interest payable	-	1,225
	<u>474,944</u>	<u>432,585</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging the following amounts:

	2011 £	2010 £
Auditors' remuneration	47,100	41,200
Depreciation	3,724	-
Operating leases – Plant and machinery	1,353	-
Operating leases – Other	101,910	69,546
Reorganisation costs	<u>121,629</u>	<u>82,000</u>

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

5 EMPLOYEES

	2011 £	2010 £
Wages	1,359,189	1,386,396
Social security costs	141,382	160,350
Pension costs	105,238	118,367
Contractors	215,697	334,637
	<u>1,821,506</u>	<u>1,999,750</u>

The average number of employees of the Company during the year was 22 (2010: 25); of which the average number of Directors on a service contract was 4 (2010: 4). During the financial year, the Company has used a combination of employed staff, and consultants retained under short-term contract. The Company did not use any seconded staff during the financial year (2010: £18,686).

The services of the Company secretary are being provided by the Department of Health.

The Company contributes to the group personal pension scheme established on behalf of its employees. As at 31 March 2011, the Company owed to Standard Life plc, the scheme managers £21,523 (2010: £nil).

6 DIRECTORS' EMOLUMENTS

The total salaries and bonuses paid to Directors amounted to £386,000 for the financial year (2010: £458,000). Pension contributions amounted to £27,000 for the financial year (2010: £27,000) and were paid to a defined contribution scheme in respect of two Directors (2010: four). The aggregate amount of compensation for loss of office in the financial year amounted to £nil (2010: £nil). Directors of the Company who are employed by the Department of Health and other NHS organisations do not receive emoluments from the Company.

The emoluments of the highest paid Director were £176,000 (2010: £190,000) and contributions to a defined contribution pension scheme were £15,700 (2010: £15,700).

Remuneration of individual Board Directors is presented below:

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

6 DIRECTORS' EMOLUMENTS – (continued)

Directors	Date of appointment	Date of resignation	2010-2011		2009-2010	
			Remuneration £'000	Benefits in kind £'000	Remuneration £'000	Benefits in kind £'000
Dr Richard Baldwin Executive Chairman	15/11/2001	30/07/2010	38	nil	75	nil
Dr Susanna Davidson Chief Executive	26/01/2005		176	nil	190	nil
George Farley Dep Chief Executive & Dir. Of Operations	20/06/2008	06/05/2009	nil	nil	45	nil
Anthony Bicknell Director of Investment & Finance	20/06/2008	03/04/2009	nil	nil	4	nil
Nigel Beer Non Executive Director	01/05/2008		18	nil	18	nil
Dr Anthony Everington OBE Non Executive Director	01/11/2007		13	nil	13	nil
Dr Donald Macgregor Non Executive Director	01/11/2007		14	nil	11	nil
John Bacon Non Executive Chairman	16/02/2011		3	nil	nil	nil
Benjamin Masterson Shareholder Representative	29/11/2010		nil	nil	nil	nil
Peter Coates CBE Shareholder Representative	27/04/2006	17/02/2011	nil	nil	nil	nil
Caroline Russell (*) Chief Operating Officer	19/06/2009		124	nil	102	nil
Patrick Clyne Shareholder Representative	29/01/2010		nil	nil	nil	nil

(*) = Caroline Russell is seconded to the NHS for two days a week; the cost of which is recovered from the NHS.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £	2010 £
Current Tax:		
Corporation tax for the year at 28% (2010: 28%)	711,340	666,975
Under provision previous year	13,053	1,435
	<u>724,393</u>	<u>668,410</u>
Deferred tax charge (see note 15)	8,276	-
	<u>732,668</u>	<u>668,410</u>

The tax charge for the financial year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>2,597,148</u>	<u>2,374,859</u>
Profit on ordinary activities before taxation at 28% (2010: 28%)	727,202	664,961
Effects of:		
Disallowed items	5,142	2,014
Timing differences	(12,728)	-
Accelerated capital allowances	(8,276)	-
Under provision previous year	13,053	1,435
Current tax charge for the year	<u>724,393</u>	<u>668,410</u>

8 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	2011 £	2010 £
Operating loss	(2,502,083)	(1,853,935)
Add back depreciation expense for the year	3,724	-
Decrease / (Increase) in debtors	220,218	(266,595)
(Decrease) in creditors	(299,517)	(1,052,206)
(Decrease) / Increase in provisions	(82,000)	82,000
Cash (outflow)/inflow from operating activities	<u>(2,659,658)</u>	<u>(3,090,736)</u>

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

9 TANGIBLE FIXED ASSETS

	Office equipment 2011 £
Cost	
At 1 April 2010	-
Additions in the year	33,280
At 31 March 2011	<u>33,280</u>
Accumulated depreciation	
At 1 April 2010	-
Charge for the year	3,724
At 31 March 2011	<u>3,724</u>
Net book value	
At 31 March 2011	<u>29,556</u>
At 31 March 2010	<u>-</u>

10 PORTFOLIO INVESTMENTS

	£	
Cost at 1 April 2010		47,300,931
Additions in the year:		
Investment in equity and subordinated debt	3,638,143	
Interest income capitalised during the year	523,880	
		4,162,023
Repayments of subordinated debt		<u>(1,667,880)</u>
Cost at 31 March 2011		<u>49,795,074</u>
These investments comprise:		
	2011	2010
	£	£
Equity	1,013,201	983,401
Subordinated debt	48,781,873	46,317,530
	<u>49,795,074</u>	<u>47,300,931</u>

The Directors believe the carrying value of the investments is supported by their underlying net assets.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

10 PORTFOLIO INVESTMENTS – (continued)

The Directors have reviewed the investment portfolio and concluded that no impairment provisions are necessary.

The Company generally owns a 20% equity investment in the ordinary shares of each LIFT company. During the current financial year, the Company invested £29,800 of additional equity in certain Lift companies (2010: £nil). Interest on subordinated debt was earned at an average of 11% per annum during the financial year (2010: 10% per annum). In some cases, investment agreements provide for interest to be capitalised before LIFT companies commence with principal and interest repayments.

As at 31 March 2011, the Company had made equity investments in each of the LIFT companies listed below, including their project financing subsidiaries where applicable.

Assemble Community Partnership Limited
Barking & Havering Lift (Holdings) Limited
Barnsley Community Solutions Limited
Bexley, Bromley and Greenwich Lift Company Limited
BHH Lift Company Limited
Birmingham & Solihull Local Improvement Finance Trust Limited
Bradford & Airedale Care Partnerships Limited
Brahm Lift Limited
Bristol Infracare Lift Limited
Building Better Health –Lambeth Southwark Lewisham Limited
Building Better Health – West London Limited
Bury, Tameside & Glossop Community Solutions Limited
Camden & Islington Community Solutions Limited
Care Partnerships 25 Limited
Community 1st Cornwall Limited
Community 1st Oldham Limited
Community 1st Sheffield Limited
Community Ventures Company (No 1) Limited (formerly Leeds Lift Limited)
Coventry Care Partnership Limited
Cumbria Lift Company Limited
Doncaster Community Solutions (LiftCo) Limited
Dudley Infracare Lift Limited
East Lancashire Building Partnership Limited
East London LIFT Accommodation Services Limited
Elevate Partnerships Limited
Foundation for Life Limited
GRT Nottingham Lift Company Limited
Healthcare Improvement Partnership (Wolverhampton City and Walsall) Limited
Hull Citycare Limited
Leicester Lift Company Limited
Liftco Topco (Mast) Limited

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

10 PORTFOLIO INVESTMENTS – (continued)

Liverpool & Sefton Health Partnership Limited
Medway Liftco Limited
NNT Lift Company Limited
Norlife Limited
North Nottinghamshire Lift Company Limited
Oxford Infracare Lift Limited
Prima 200 Limited
Realise Health Limited
Renova Developments Limited (formerly Partners 4 Lift Limited)
Resound (Health) Limited
RWF Health & Community Developers Limited
Sandwell Lift Company Limited
Solent Community Solutions Limited
Southern Derbyshire Lift Company Limited
South East Essex Lift Limited
South West Hampshire Lift Limited
South West London Health Partnerships Limited
West Sussex Community Solutions Limited

Each of the LIFT companies is engaged in providing community-based healthcare facilities and related services.

11 SHARES IN GROUP UNDERTAKING

	2011
	£
Cost at 1 April 2010	-
Additions in the year:	
Partnerships for Health Limited at cost	1
Cost at 31 March 2011	<u>1</u>

On 11 November 2010, the Company acquired the whole of the equity share capital of Partnerships for Health Limited from the Secretary of State for Health for a cost of £1 cash. Partnerships for Health Limited (Company number: 06019358) is a dormant company incorporated in the United Kingdom and has never traded.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

12 DEBTORS

	2011 £	2010 £
Trade debtors	92,757	25,116
Accrued interest due on subordinated debt	1,589,427	1,011,418
Other debtors	155,367	459,234
	<u>1,837,551</u>	<u>1,495,768</u>

Trade debtors include amounts owed by portfolio investment companies of £92,757 (2010: £25,116) which is payable by the portfolio investments companies under the normal terms of trade of 30 days when an invoice is raised.

13 CREDITORS – amounts falling due within one year

	2011 £	2010 £
Trade creditors	65,306	21,143
Other creditors	495,363	358,568
Accruals and deferred income	323,656	824,414
	<u>884,325</u>	<u>1,204,125</u>

Included in accruals is £119,000 of accrued interest relating to the Unsecured Loan Facility 2033 (2010: £112,000), see note 14.

14 CREDITORS – amounts falling due after more than one year

	2011 £	2010 £
Debts maturing in more than five years:		
Unsecured Loan Facility 2033	<u>10,000,000</u>	<u>10,000,000</u>

Interest is payable half yearly at the end of June and December. Until 31 March 2010, interest was payable at annual rates of 3.5% and 4.73% subject to the volume of new investments made by the Company; the rate for funds utilised by the Company for new investments is 4.73%. After 1 April 2010 interest is payable at 4.73% per annum.

The principal of £10 million is repayable in full at the end of the term of the loan facility. The Company may, however, repay any amount on giving 10 days notice, provided the repayment is at least £1,000,000. All amounts outstanding under the Facility are due on 15 February 2033. There are early payment provisions in the event of certain changes in ownership of the Company.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

15 PROVISIONS FOR LIABILITIES

	2011 £	2010 £
Deferred tax provision		
Accelerated Capital Allowances	8,276	-
Other timing differences	-	-
	<u>8,276</u>	<u>-</u>
Provision as at 1 April	-	
Deferred tax charge in profit and loss account (see note 7)	8,276	
Provision as at 31 March	<u>8,276</u>	

16 CALLED UP SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid Ordinary shares of £1 each		
As at 1 April	43,500,000	37,500,000
Issued during the year	-	6,000,000
As at 31 March	<u>43,500,000</u>	<u>43,500,000</u>

On 5 March 2010, the Company allotted 6,000,000 ordinary shares of £1 each, having an aggregate nominal value of £6,000,000, for a cash consideration of £6,000,000. There were no share issues during the year ended 31 March 2011.

17 PROFIT AND LOSS ACCOUNT

	2011 £
Retained profit brought forward at 1 April 2010	8,139,212
Profit for the year	1,864,480
Retained profit carried forward at 31 March 2011	<u>10,003,692</u>

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

18 MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £
Shareholder's funds as at 1 April 2010	51,639,212
Profit for the year	1,864,480
Shareholder's funds as at 31 March 2011	<u>53,503,692</u>

19 PROVISIONS

At 31 March 2011, the company made a provision on the balance sheet of £nil (2010: £82,000) to meet the costs of redundancy arising from restructuring.

	2011 £
Provision as at 1 April 2010	82,000
Utilised in the year	(25,600)
Released in the year	(56,400)
Provision as at 31 March 2011	<u>-</u>

20 CONTINGENCIES AND COMMITMENTS

At 31 March 2011, the Company had commitments of £nil (2010: £nil) in respect of additional investment in its LIFT investment portfolio.

At 31 March 2011, the Company had commitments under operating leases related to rental agreements and service agreements as follows:

	2011	
	Land and buildings	Office equipment
Operating leases which expire:		
within one year	22,650	-
in the second to fifth year	80,324	3,045
	<u>102,974</u>	<u>3,045</u>

The Company has entered into a lease agreement for the Wellington House office with the Department of Health on 1 November 2010 until 31 March 2013. Lease payments are calculated and charged at 1.01% of the Department's total agreed premises costs for Wellington House in each financial year. The Department estimated premises costs attributable to the Company of £40,162 for the 2010-2011 year.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

20 CONTINGENCIES AND COMMITMENTS (continued)

The Company has entered into a lease agreement for the Nottingham office situated at 6th Floor, City Gate East, Toll House Hill, Nottingham on 1 October 2010 until 30 September 2011. Lease payments of £1,925 are payable on a monthly basis for the duration of the lease agreement.

The Company has entered into a lease agreement for the Manchester office situated at Suite 107, 11 Piccadilly, Manchester on 20 September 2010 until 30 September 2011. Lease payments of £1,850 are payable on a monthly basis for the duration of the lease agreement.

The Company has entered into a lease agreement for a Xerox photocopier situated in the Wellington House office on 15 September 2010 for a period of three years. Lease payments of £338 are payable in advance on a quarterly basis for the duration of the lease agreement.

21 ANALYSIS OF NET FUNDS

	At 1 April 2010 £	Cash flow £	At 31 March 2011 £
Cash at bank	14,046,638	(1,312,527)	12,734,111
Debt due after one year	(10,000,000)	-	(10,000,000)
	<u>4,046,638</u>	<u>(1,312,527)</u>	<u>2,734,111</u>

22 ULTIMATE CONTROLLING ENTITY

At the year-end, the Secretary of State for Health owned 100% of the share capital. The Directors regard the Secretary of State of Health as the ultimate controlling party.

As at 31 March 2011, the Company owed the Department of Health £10,000,000 (2010: £10,000,000) in respect of the Unsecured Loan Facility 2033 and £119,000 (2010: £112,000) in respect of accrued interest.

The Department of Health did not provide any additional grants in support of programmes undertaken by the Company (2010: £nil). During the financial year £141,634 has been recognised as income (2010: £539,157) from existing deferred grant balances. As at 31 March 2011, the Company was owed £nil in respect of grants from the Department of Health (2010: £nil). The Company owed £nil to the Department of Health as at 31 March 2011 in respect of unused grants. All outstanding balances were repaid to the Department of Health in April 2010.

During the financial year, the Department of Health provided accommodation and other services to the Company amounting to £76,869 (2010: £79,198). As at 31 March 2011, the Company owed £10,000 (2010: £10,000) in respect of these services.

COMMUNITY HEALTH PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

23 THIRD PARTY FUNDS

As at 31 March 2011, the Company owed the Department of Health £nil (2010: £35,441) in respect of collection services included in the Company's grant programme activities. The financial statements exclude £nil (2010: £35,441) in cash and creditor balances in relation to Third Party Funds. The balance was repaid in full in May 2010.

24 RELATED PARTY TRANSACTIONS

The Company is an independent company, which is a wholly owned by the Secretary of State for Health as outlined in note 22. Note 22 outlines all relevant transactions the Company has with the Secretary of State for Health.

The Company is the sole shareholder to Partnerships for Health Limited as outlined in note 11. There were no related party transactions processed during the financial year or intercompany balances at the financial year end with Partnerships for Health Limited.

During the financial year, the Company acquired the services of Nigel Beer, a Non-Executive Director of the Company, on a consultancy basis. The cost to the Company for this service was £4,950.

During the financial year, the Company did not acquire any additional consultancy services from any other members of the Board.

25 POST BALANCE DATE EVENTS

There are no known post balance date events that has occurred that would materially impact on the financial statements outlined in this annual report.