

Registered number 03381546

InHealth Facilities Management Limited

**Directors' report and financial statements
for the year ended 30 September 2012**

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InHealth Facilities Management Limited
Directors' report and financial statements
for the year ended 30 September 2012

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InHealth Facilities Management Limited
Directors' report and financial statements
for the year ended 30 September 2012

COMPANY INFORMATION

DIRECTORS

S L Bricknell
A S L Cummings

SECRETARY

S L Bricknell

REGISTERED OFFICE

Beechwood Hall
Kingsmead Road
High Wycombe
Buckinghamshire
HP11 1JL

REGISTERED NUMBER:

03381546 (England and Wales)

AUDITOR

KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

BANKERS

Bank of Scotland
4th Floor
25 Gresham Street
London
EC2V 7HN

InHealth Facilities Management Limited
Directors' report and financial statements
for the year ended 30 September 2012

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the Company for the year ended 30 September 2012

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as the holding company for the defined benefit pension scheme which was set up for the former employees

REVIEW OF BUSINESS

The investment policy of the Trustees of the defined benefit pension scheme is to obtain an adequate return while minimising risk. The Trustees have invested the Scheme's funds in a combination of cash on deposit and in Pooled Investment Vehicles (PIV). The day to day management of the Scheme's investments in Pooled Investment Vehicles has been delegated to Aviva Life and Pensions Limited. Information on the Scheme's assets and liabilities is set out in note 9 of this report.

The most recent actuarial valuation of the Scheme dated 1 October 2010 has been agreed between the Trustees and the Company.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2011: £nil).

POLITICAL AND CHARITABLE DONATIONS

The Company made charitable donations of £nil (2011: £nil) and no political donations (2011: £nil).

DIRECTORS

The Directors who held office during the year were as follows:

S L Bricknell

A S L Cummings – appointed 14 December 2011

L J Ballinger-Finch – resigned 31 October 2011

H C Lodge – resigned 14 December 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). 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 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, and
- 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 have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INDEPENDENT AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board



A S L Cummings - Director

Date 22 January 2013

KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INHEALTH FACILITIES MANAGEMENT LIMITED

We have audited the financial statements of InHealth Facilities Management Limited for the year ended 30 September 2012 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Financial Reporting Council'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 company's affairs as at 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

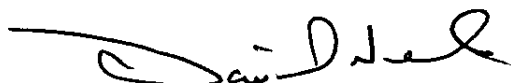
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



David Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Date 22.1.13

InHealth Facilities Management Limited
 Directors' report and financial statements
 for the year ended 30 September 2012

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2012

| | Notes | 2012 £000 | 2011 £000 |
|---|----------|--------------|--------------|
| Total administrative expenses | | 13 | (75) |
| OPERATING PROFIT/(LOSS) | 2 | 13 | (75) |
| Other interest receivable and similar income | 3 | 48 | 40 |
| Interest payable and similar charges | 4 | (58) | (59) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 3 | (94) |
| Tax on profit/(loss) on ordinary activities | 5 | - | - |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 3 | (94) |

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current year or previous year

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

The notes from pages 8 to 13 form part of these financial statements

InHealth Facilities Management Limited
 Directors' report and financial statements
 for the year ended 30 September 2012

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 September 2012

| | Notes | 2012 £000 | 2011 £000 |
|---|-------|--------------|--------------|
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 3 | (94) |
| Actuarial gain | 10 | 8 | 135 |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR | | <u>11</u> | <u>41</u> |


The notes from pages 8 to 13 form part of these financial statements

InHealth Facilities Management Limited
Directors' report and financial statements
for the year ended 30 September 2012

BALANCE SHEET
At 30 September 2012

| | | 2012 | | 2011 | |
|---|-------|--------------|--------------|--------------|--------------|
| | Notes | £000 | £000 | £000 | £000 |
| CURRENT ASSETS | | | | | |
| Debtors | 6 | 485 | | 490 | |
| CREDITORS: Amounts falling due within one year | 7 | <u>(323)</u> | | <u>(238)</u> | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 162 | | 252 |
| PENSION LIABILITY | 10 | | <u>(232)</u> | | <u>(333)</u> |
| NET LIABILITIES | | | <u>(70)</u> | | <u>(81)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 8 | | 500 | | 500 |
| Profit and loss account | 9 | | <u>(570)</u> | | <u>(581)</u> |
| SHAREHOLDERS' DEFICIT | | | <u>(70)</u> | | <u>(81)</u> |

These financial statements were approved by the Board of Directors on 22 January 2013 and were signed on its behalf by



A S L Cummings - Director

Company registration number 03381546

The notes from pages 8 to 13 form part of these financial statements

Notes to the Financial Statements

1. ACCOUNTING POLICIES

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

Basis of preparation

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

Under FRS 1 'Cash Flow Statements' the Company is exempt from the requirement to prepare a cash flow statement as the ultimate parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary within the Group headed by InHealth UK Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of that Group

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Principal Activities and Review of Business sections of the Directors' report on page 2

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. In order to finance the working capital and capital investment, the Company's immediate parent undertaking (InHealth Group Limited) has provided written confirmation that it will for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The Directors believe that these banking arrangements will continue for the foreseeable future.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of InHealth Group Limited, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Post retirement benefits

The Company operates a multi-employer defined benefit pension scheme (within the Group). The assets of the scheme are held separately from those of the Company and comprise a unitised with-profits policy held with AVIVA. The pension costs are accounted for in accordance with FRS 17.

Pension scheme assets are measured using market values. For quoted securities the currency bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and in the statement of total recognised gains and losses, actuarial gains and losses.

Taxation

The charge for taxation is based on the profit/(loss) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

InHealth Facilities Management Limited
Directors' report and financial statements
for the year ended 30 September 2012

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19 Deferred Taxation

2. NOTES TO THE PROFIT AND LOSS ACCOUNT

The operating profit/(loss) is stated after charging

Auditor's remuneration

| | 2012 | 2011 |
|-------------------------------------|-------------|-------------|
| | £000 | £000 |
| Audit of these financial statements | <u>3</u> | <u>-</u> |

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the ultimate parent company InHealth UK Holdings Limited

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2012 | 2011 |
|--|-------------|-------------|
| | £000 | £000 |
| Expected return on defined benefit pension plan assets | <u>48</u> | <u>40</u> |

4. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2012 | 2011 |
|---|-------------|-------------|
| | £000 | £000 |
| Interest on defined benefit pension plan obligation | <u>58</u> | <u>59</u> |

5. TAXATION

Analysis of charge in period

| | 2012 | 2011 |
|---|-------------|-------------|
| | £000 | £000 |
| <i>UK corporation tax</i> | | |
| Total tax on profit/(loss) on ordinary activities | <u>-</u> | <u>-</u> |

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2011 higher) than the standard rate of corporation tax in the UK. The differences are explained below

| | 2012 | 2011 |
|---|-------------|-------------|
| | £000 | £000 |
| <i>Current tax reconciliation</i> | | |
| Profit/(loss) on ordinary activities before tax | <u>3</u> | <u>(94)</u> |
| Current tax at 25% (2011 27%) | 1 | (25) |
| <i>Effects of</i> | | |
| Losses surrendered as Group relief | 14 | 26 |
| Other short term timing differences | (16) | (1) |
| Amounts credited directly to STRGL or otherwise transferred | <u>2</u> | <u>-</u> |
| Tax on profit/(loss) on ordinary activities | <u>-</u> | <u>-</u> |

InHealth Facilities Management Limited
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Notes to the Financial Statements (*continued*)

5. **TAXATION** (*continued*)

Factors that may affect future, current and total tax charges

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2011) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Company's future current tax charge accordingly.

It is not anticipated that the effect of the announced further 1% rate reduction will have a significant impact on the Company's results, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly.

The elements of unrecognised deferred taxation are as follows

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| Short term timing differences | - | (83) |
| Unutilised non-trading losses carried forward | (4) | (4) |
| | <u>(4)</u> | <u>(87)</u> |

Deferred tax assets are only recognised to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. The Company did not recognise the above deferred tax assets in the period due to uncertainty as to the timing of the realisation of the amount. There are no unprovided tax liabilities.

6. **DEBTORS**

| | 2012 £000 | 2011 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by Group undertakings | <u>485</u> | <u>490</u> |

7. **CREDITORS: amounts falling due within one year**

| | 2012 £000 | 2011 £000 |
|------------------------------------|--------------|--------------|
| Bank loans and overdrafts | 2 | 2 |
| Amounts owed to Group undertakings | <u>321</u> | <u>236</u> |
| | <u>323</u> | <u>238</u> |

The bank overdraft is secured by fixed and floating charges over the Group and all property and assets, present and future, including goodwill, book debts, uncalled capital, building, fixtures and fixed plant and machinery.

The Group has an umbrella banking arrangement and at 30 September 2012 it had an overdraft facility of £5m (2011: £5m).

8. **CALLED UP SHARE CAPITAL**

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| <i>Allotted, called up and fully paid</i> | | |
| 500,490 Ordinary shares of £1 each | <u>500</u> | <u>500</u> |

InHealth Facilities Management Limited
Directors' report and financial statements
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Notes to the Financial Statements (continued)

9 RESERVES

| | Profit and loss account £000 |
|----------------------|------------------------------------|
| At 1 October 2011 | (581) |
| Profit for the year | 3 |
| Actuarial gain | 8 |
| At 30 September 2012 | (570) |

10. PENSION SCHEME

Defined Benefit scheme

The Company operates a pension scheme providing benefits based on final pensionable pay. The latest actuarial valuation was carried out at 1 October 2010 which has been agreed between the Trustees and the Company.

The information disclosed below is in respect of the whole of the plan relating to all 34 people in the scheme for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed Group policy throughout the periods shown. 23 deferred members, 2 deferred pensioners and 2 pensioners relate to individuals who used to be employed by this Company.

The amounts recognised in the balance sheet are as follows

| | 2012 £000 | 2011 £000 |
|-------------------------------------|--------------|--------------|
| Present value of funded obligations | (1,186) | (1,143) |
| Fair value of plan assets | 954 | 810 |
| | (232) | (333) |

The amounts recognised in the profit and loss account are as follows

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| Current service cost | 71 | 75 |
| Interest on defined benefit pension plan obligation | 58 | 59 |
| Expected return on defined benefit pension plan assets | (48) | (40) |
| | 81 | 94 |
| Actual return on plan assets | 8 | 43 |

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Changes in the present value of the defined benefit obligation are as follows

| | 2012 £000 | 2011 £000 |
|--------------------------------------|--------------|--------------|
| Opening defined benefit obligation | 1,143 | 1,191 |
| Current service cost | 71 | 75 |
| Contributions by scheme participants | 12 | 12 |
| Interest cost | 58 | 59 |
| Actuarial (gains) | (48) | (132) |
| Benefits paid | (50) | (62) |
| | 1,186 | 1,143 |

InHealth Facilities Management Limited
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Notes to the Financial Statements (continued)

10. PENSION SCHEME (continued)

Changes in the fair value of scheme assets are as follows

| | 2012 | 2011 |
|--------------------------------------|-------------|-------------|
| | £000 | £000 |
| Opening fair value of scheme assets | 810 | 721 |
| Contributions by employer | 174 | 96 |
| Contributions by scheme participants | 12 | 12 |
| Expected return | 48 | 40 |
| Actuarial (gains)/losses | (40) | 3 |
| Benefits paid | (50) | (62) |
| | 954 | 810 |

The amounts recognised in the statement of total recognised gains and losses are as follows

| | 2012 | 2011 |
|---------------------------------------|--------------|--------------|
| | £000 | £000 |
| Actuarial gains | 8 | 135 |
| Cumulative amount of actuarial losses | (186) | (194) |

The major categories of scheme assets as a percentage of total scheme assets are as follows

| | 2012 | 2011 |
|------------------------------|---------------|---------------|
| Unitised with profits policy | 83.3% | 87.6% |
| Cash | 16.7% | 12.4% |
| | 100.0% | 100.0% |

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

| | 2012 | 2011 |
|---|-------------|-------------|
| Discount rate | 4.60% | 5.00% |
| Expected return on scheme assets | 4.42% | 5.47% |
| Future salary increases | 3.55% | 4.80% |
| Pension escalation in payment to Oct 05 | 5.00% | 5.00% |
| Pension escalation in payment from 1 Oct 05 to 30 Sept 12 | 2.80% | 3.30% |
| Inflation assumption | 2.80% | 3.30% |
| Pension revaluation in deferment | 2.00% | 2.80% |
| Pension escalation in payment from 1 Oct 12 | 2.80% | - |

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

- Current pensioner aged 65: 24 years (male), 26 years (female)
- Future retiree upon reaching 65: 26 years (male), 27.2 years (female)

InHealth Facilities Management Limited
 Directors' report and financial statements
 for the year ended 30 September 2012

Notes to the Financial Statements (continued)

10. PENSION SCHEME (continued)

Amounts for the current and previous four periods are as follows

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|-------------|-------------|-------------|-------------|-------------|
| | £000 | £000 | £000 | £000 | £000 |
| Defined benefit pension plans | | | | | |
| Defined benefit obligation | (1,186) | (1,143) | (1,191) | (1,287) | (978) |
| Fair value of scheme assets | 954 | 810 | 721 | 1,030 | 1,258 |
| (Deficit)/surplus | (232) | (333) | (470) | (257) | 280 |
| Experience adjustments on scheme liabilities | (7) | 88 | (19) | (54) | 189 |
| Experience adjustments on scheme assets | (40) | 3 | 22 | (251) | (96) |

11. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking and controlling party is the Damask Trust, the Trustees of which are I H Bradbury and the Embleton Trust Corporation Limited

The largest Group in which the Company will be consolidated is InHealth UK Holdings Limited. The smallest Group in which the Company is consolidated is InHealth Group Limited. Both Companies are incorporated in England and Wales. The consolidated financial statements of these Groups are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.