

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

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## **MPG HOSPITAL PROPERTIES LIMITED**

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### **TABLE OF CONTENTS**

	<u>Pages</u>
Company information	2
Report of the directors	3 and 4
Independent auditors' report	5 and 6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the audited financial statements	10 to 14

## **MPG HOSPITAL PROPERTIES LIMITED**

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### **COMPANY INFORMATION**

<b>Directors</b>	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) M. Pegler (appointed 18 August 2014 and resigned 13 April 2015) J.R. Lock (appointed 13 April 2015)
<b>Company Secretary</b>	Sanne Group Secretaries (UK) Limited
<b>Registered Number</b>	07179949
<b>Registered Office</b>	(From 23 January 2015) (Up to 22 January 2015) Pollen House 40 Berkeley Square 10 Cork Street London London W1J 5AL W1S 3NP
<b>Independent Auditors</b>	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

## **MPG HOSPITAL PROPERTIES LIMITED**

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### **REPORT OF THE DIRECTORS**

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

### **INCORPORATION**

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

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is property investment.

### **RESULTS AND DIVIDENDS**

The result for the year amounted to a profit of £1,438,933 (2014: £1,088,003). 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)
M. Pegler	(appointed 18 August 2014 and resigned 13 April 2015)
J.R. Lock	(appointed 13 April 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 Company's investment properties in the books of its parent undertaking 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 investment properties. The completion process for this transaction will involve the repayment of the existing loan facility, ensuring that the company will continue in business.

## **MPG HOSPITAL PROPERTIES LIMITED**

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### **REPORT OF THE DIRECTORS - (CONTINUED)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES - (CONTINUED)**

##### **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.

The Company does not have a bank account, so income and expenditure is received by its parent undertaking and accounted for through the intercompany loan balance. The Company is therefore exposed to liquidity risk and credit risk with its parent undertaking. This is monitored by the Directors and is not considered significant at the balance sheet date.

The leases entered into by the Company 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. In this way, the Company'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 Company's net profits.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

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

In preparing the 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 Company 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 Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company 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.

#### **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.

Approved by the Board and signed on its behalf by:

Director: Jeremy Jensen

Date: 29/12/15

## **MPG HOSPITAL PROPERTIES LIMITED**

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### **AUDIT REPORT**

#### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MPG HOSPITAL PROPERTIES LIMITED**

We have audited the financial statements of MPG Hospital Properties Limited for the year ended 31 March 2015 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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](http://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 31 March 2015 and of its 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 PROPERTIES LIMITED

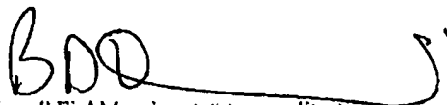
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### AUDIT REPORT - (CONTINUED)

#### 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, 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, 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 PROPERTIES LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2015**

	<u>Note</u>	<u>2015</u> £	<u>2014</u> £
<b>TURNOVER</b>		2,681,923	2,623,301
Cost of sales		(6,048)	(5,981)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		2,675,875	2,617,320
<b>ADMINISTRATIVE EXPENSES</b>		(55,193)	(14,570)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		2,620,682	2,602,750
Interest receivable and similar income		3	-
Interest payable and similar charges		(831,212)	(1,294,619)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		1,789,473	1,308,131
Tax on profit on ordinary activities	11	(350,540)	(220,128)
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,438,933</u>	<u>1,088,003</u>

**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 10 to 14 form part of these audited financial statements)*

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**MPG HOSPITAL PROPERTIES LIMITED**

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**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		1,438,933	1,088,003
Unrealised deficit on revaluation of investment property	4	-	(2,600,000)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u>1,438,933</u>	<u>(1,511,997)</u>

*(The notes on pages 10 to 14 form part of these audited financial statements)*

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**MPG HOSPITAL PROPERTIES LIMITED**

**BALANCE SHEET  
AS AT 31 MARCH 2015**

	<u>Notes</u>	<u>2015</u> £	<u>2014</u> £
<b>FIXED ASSETS</b>			
Investment properties	4	30,250,000	30,250,000
<b>CURRENT ASSETS</b>			
Debtors	5	-	1,155
<b>CREDITORS: (Amounts falling due within one year)</b>			
Creditors	6	(27,144,232)	(28,584,320)
<b>NET CURRENT LIABILITIES</b>		<u>(27,144,232)</u>	<u>(28,583,165)</u>
<b>TOTAL NET ASSETS</b>		<u>3,105,768</u>	<u>1,666,835</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	7	1	1
Revaluation reserves	8	(1,088,005)	(1,088,005)
Revenue reserves	9	4,193,772	2,754,839
<b>SHAREHOLDER'S FUNDS</b>	10	<u>3,105,768</u>	<u>1,666,835</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 10 to 14 form part of these audited financial statements)*

## **MPG HOSPITAL PROPERTIES LIMITED**

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### **NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

#### **1. GENERAL INFORMATION**

MPG Hospital Properties Limited (the "Company") was incorporated on 5 March 2010 under the Companies Act 2006. The principal activity of the Company is property investment.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparation**

These audited 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 Company'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.

##### **Going concern**

As at 31 March 2015, the Company was in a net current liabilities position amounting to £27,144,232 (2014: £28,583,165). The Company's parent undertaking has a loan facility which expires in May 2015, but has been extended on monthly rolling basis until a buyer is secured. The loan is secured against the investment properties of the Company. The directors of the parent undertaking 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 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.

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 Company'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.

## MPG HOSPITAL PROPERTIES LIMITED

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

#### 2. ACCOUNTING POLICIES - (CONTINUED)

##### Expenses

The expenses of the Company 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 Company and arises solely in the United Kingdom.

##### Cash flow statement

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within a group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard No.1 (Revised) "Cash Flow Statements".

##### Deferred tax

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

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

Deferred tax balances are not discounted.

#### 3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>2015</u> £	<u>2014</u> £
Auditors' remuneration	4,616	3,475

#### 4. 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	30,250,000	30,250,000

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 RIC 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.

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**MPG HOSPITAL PROPERTIES LIMITED**

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**NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2015****4. 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.

<b>5. DEBTORS</b>	<u>2015</u>	<u>2014</u>
	£	£
Prepayments	-	1,155
	-	1,155

<b>6. CREDITORS</b>	<u>2015</u>	<u>2014</u>
	£	£
Trade creditors	-	3,780
Amounts owed to parent undertaking	26,089,434	27,767,543
Corporation tax	350,643	162,427
VAT payable	52,830	29,705
Accruals and deferred income	651,325	620,865
	27,144,232	28,584,320

Amounts owed to parent 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%).

<b>7. SHARE CAPITAL</b>	<u>2015</u>	<u>2014</u>
	£	£
ALLOTTED, CALLED UP AND FULLY PAID:		
1 ordinary share of £1	1	1

<b>8. REVALUATION RESERVES</b>	<u>2015</u>	<u>2014</u>
	£	£
Balance brought forward	(1,088,005)	1,511,995
Unrealised deficit on revaluation of investment property during the year	-	(2,600,000)
Balance carried forward	(1,088,005)	(1,088,005)

**MPG HOSPITAL PROPERTIES LIMITED****NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2015**

<b>9. REVENUE RESERVES</b>	<u>2015</u>	<u>2014</u>
	£	£
Balance brought forward	2,754,839	1,666,836
Profit for the financial year	1,438,933	1,088,003
Balance carried forward	<u>4,193,772</u>	<u>2,754,839</u>

<b>10. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS</b>	<u>2015</u>	<u>2014</u>
	£	£
Opening shareholder's funds	1,666,835	3,178,832
Profit for the financial year	1,438,933	1,088,003
Other recognised gains and losses during the year	-	(2,600,000)
Closing shareholder's funds	<u>3,105,768</u>	<u>1,666,835</u>

**11. TAXATION**

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

<b>Factors affecting the tax charge for the year</b>	<u>2015</u>	<u>2014</u>
	£	£
Profit on ordinary activities before tax	1,789,473	1,308,131
Tax calculated at standard rate of corporation tax in the UK of 21% (2014: 23%)	375,789	300,870
Effect of:		
Group relief received	(25,249)	(80,742)
Current tax charge	<u>350,540</u>	<u>220,128</u>

## **MPG HOSPITAL PROPERTIES LIMITED**

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### **NOTES TO THE AUDITED FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015**

#### **11. 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.

#### **12. CONTROLLING PARTY AND ULTIMATE CONTROLLING PARTY**

The immediate parent is MPG Hospital Holdings Limited, which is registered in England and Wales. MPG Hospital Holdings Limited 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.

Copies of the financial statements of MPG Hospital Holdings Limited are available from Pollen House, 10 Cork Street, London, W1S 3NP.

#### **13. RELATED PARTIES**

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under FRS8 not to disclose details of any transactions with entities that are included in the consolidated financial statements of its parent company, MPG Hospital Holdings Limited.

#### **14. 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 going concern and the accounts have been prepared on that basis.