Company Registration No. 05783490

GHG 15 (Highfield Hospital) Limited

Report and Financial Statements

30 September 2013

GHG 18 (Saxon Clinic) Limited

Report and financial statements 2013

Contents

GHG 15 (Highfield Hospital) Limited

Report and financial statements 2013

Officers and professional advisers

Directors

David Duggins
Richard Smee
Andrew Wollaston

Company Secretary

Citco Management (UK) Limited
London

Registered Office

7 Albemarle Street, London W1S 4HQ

Solicitors

Simmons & Simmons LLP
London

Auditor

Deloitte LLP
Chartered Accountants
London

GHG 15 (Highfield Hospital) Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Background

The company is one of 36 companies which were formed in 2006 to each acquire a single UK private hospital property which were simultaneously all leased to a single tenant on long term leases expiring in 2031, with the tenant having the right to extend for a further ten years. Collectively, those companies are hereinafter referred to as the "Theatre Propcos" and each a "Theatre Propco".

Debt funding for the acquisition of the properties was provided to the Theatre Propcos under a single set of finance agreements by multiple banks on a medium term basis, with final repayment due in October 2013. Each Theatre Propco, including the company, received an allocated amount of the debt and became and continues to be a joint guarantor under those financing arrangements; the assets of each Theatre Propco being pledged to guarantee and secure the entire debt which was £1.65 billion at outset, together with related interest rate swaps.

It was always envisaged that the debt would be refinanced at or before maturity. However, the debt was neither repaid nor refinanced by October 2013.

The debt maturity has been extended currently through to 15 October 2014 in anticipation of a refinancing of the debt and associated interest rate swap obligations ("Refinancing").

Ownership

As further described in note 18 to the financial statements, for much of the financial year under review, the company's ultimate parent entity was General Healthcare Holding Partnership LLP (which does not prepare consolidated financial statements) and the largest group of companies in which the company was consolidated was that company's subsidiary undertaking, General Healthcare Mixer Partnership LLP.

In 2012, the company and all Theatre Propcos began discussions with the lenders regarding the Refinancing and these discussions are continuing, as described further below. During the year ended 30 September 2013, the then directors of the company (who were employees or representatives of the then parent or other group companies) resigned and were replaced by the current directors.

General Healthcare Mixer Partnership LLP determined that it no longer controlled the company or any of the Theatre Propcos and advised the company that it would cease to consolidate the company and all Theatre Propcos within its financial statements with effect from 31 August 2013. From that date, the company is therefore no longer considered for accounting purposes to be a member of the General Healthcare Mixer Partnership LLP group and is not consolidated into the financial statements of any other parent undertaking. Accordingly, many of the company's former fellow group undertakings are no longer classified for accounting purposes as such but remain related parties, as described in the attached financial statements.

The matters above have implications for the presentation of certain matters in the company's financial statements attached to this report, including the need to treat its property as an Investment Property within the provisions of Statement of Standard Accounting Practice 19 and to carry the property at market value rather than at cost less depreciation and impairment provisions, as was required previously when the tenant was a fellow group undertaking. Other changes and additional disclosures are set out within the financial statements.

GHG 15 (Highfield Hospital) Limited

Strategic report

Review of business

The company owns a single UK private hospital/healthcare property (Highfield Hospital), which is occupied and operated by a single tenant (a related party and formerly a fellow group undertaking which is also the sole tenant of all the properties owned by the Theatre Propcos) on a long term lease, with the tenant being responsible for the insurance of, repairs to and maintenance of the property. The rent under the lease is increased annually by reference to changes in the UK Retail Prices Index. The tenant is solely responsible for the operation of the private hospital/healthcare facility, including compliance with applicable health and safety legislation as it relates to the property.

The company's business is therefore one of a passive investment property company. The company's only source of income is the rent from the property, which is received quarterly in advance and paid directly to an agent company as described in the financial statements. Those funds are used to pay interest on, and the quarterly repayments of the company's bank debt and interest rate swap costs, together with lenders' fees and certain administrative costs. For each Theatre Propco, any surplus funds each quarter are swept by the lenders to further repay that company's debt facility and/or the bank debt of other Theatre Propcos of which the company is a joint guarantor. Conversely, if a Theatre Propco's income is insufficient to meet its mandatory debt repayment, interest and swap costs, it is made good by other Theatre Propcos which have surpluses.

The company has no cash and no bank account; all its cash receipts and payments being administered by GHG 38 (Property Holdings) Limited which acts as cash collection and disbursement agent for all the Theatre Propcos. The company has no permanent staff and is reliant upon arrangements with its tenant for day-to-day administrative (including accounting) services and upon its tenant to pay for other outsourced services in that regard, all as more fully explained in the financial statements. Those services are provided at no cost to the company and, without them, the true administrative costs on a stand-alone basis would be higher.

Company objectives

The company's objectives are to manage its property, collect the rent due and service and gradually pay down the company's debt.

The company's current primary focus, together with that of its fellow Theatre Propcos, is to agree and implement the Refinancing. As described in note 12 to the financial statements, the principal terms of the Refinancing currently proposed are:

- An extension of existing debt maturity until April 2019;
- Changes to the amortisation rate of debt repayments;
- Changes to interest margins, with some of the future interest obligations being converted to a payment-in-kind basis, i.e. adding to the debt principal rather than involving the payment by the Theatre Propcos of regular cash interest;
- A re-profiling of the interest rate swaps to a lower contracted amount and with a shorter maturity, with the balance of the existing swap obligations being converted into fixed term, interest bearing debt; and
- No disposals of properties owned by Theatre Propcos are permitted except with the consent of the Lenders.

In the short term, the costs of the Refinancing, including the costs of the lenders and their advisers, are likely to be a significant burden on the Theatre Propcos, including the company. It is not possible to forecast with any accuracy the total amount of the Refinancing costs but they are likely to be many tens of £millions across the Theatre Propcos.

GHG 15 (Highfield Hospital) Limited

Strategic report

Results and dividends

2012 Re-stated result

In preparing the financial statements for the year under review, various errors and omissions of disclosure were found in the financial statements previously published for the year ended 30 September 2012 and the need for a change in accounting policy. The cumulative effect of the errors is considered to be fundamental in nature and size and therefore requires re-statement of the comparative figures, together with the change in accounting policy, in order that the financial statements show a true and fair view of the results of the company for the period under review and the comparative period and the balance sheet at 30 September 2012. The figures quoted below in respect of the 2012 financial year have therefore been re-stated, where indicated. A summary of the amendments made is set out in notes 2 and 19 to the financial statements.

2013 result

As will be seen in the Profit and Loss Account within the attached financial statements, the company's rental income for the year more than covered its debt interest cost and the company earned a profit before taxation for the year of £332,000 (2012: restated at a loss of £13,755,000). The loss after tax has been transferred to reserves. Surplus net rental income was used to further repay the debt owed by the company and/or other Theatre Propcos. The directors are unable to recommend the payment of a dividend (2012: £nil) as the company does not have distributable reserves.

Comparison with the prior year

The substantial movement in the results between the two years was due to several factors:

(i) A provision in respect of interest rate swaps of £9,088,000 (as restated) was made in 2012, of which £614,000 was released in the 2013 financial year. As set out in more detail in note 13 to the financial statements, as a result of the clear need for the Refinancing and the uncertainties surrounding it, accounting standards required that a provision was made relating to the company's forecast future obligations under the swap contracts. The swaps were out-of-the-money, likely to have to be settled for cash or additional loans, and therefore considered onerous contracts and the provision represented an estimate of the amount that would have needed to have been paid at 30 September 2012 to terminate the contracts. That provision has been re-assessed at 30 September 2013 and is a smaller amount, thereby leading to a release of part of the 2012 provision. The reduction is partly due to the changing trends and future forecasts of long term interest rates and partly due to the contractual swap payments made by the company during the year.

(ii) A provison for the impairment of the company's property was made in 2012 of £2,850,000 reflecting a significant fall in the property's value during the year. The market value partially recovered during 2013, allowing £1,812,000 of the impairment provision to be released.

(iii) Over the years, the company had built up receivables with the other Theatre Propcos and with its immediate holding company. Following the significant fall in the value of the company's property in 2012 and the provison required to recognise a liability for the interest rate swaps, the company's assets were worth less than the value of its liabilities, as was the case for all the Theatre Propcos, rendering it unlikley that value would be obtained for the receivables in the foreseeable future. At 30 September 2012 (as restated), a provision was made in full against the cumulative receivables of £1,348,000. In 2013, a provision was also made but only in respect of the additional amounts advanced during that financial year, amounting to £199,000, including interest where charged.

(iv) The 2013 result has also been affected by an allocation to the company of the Theatre Propco's Refinancing costs incurred up to 30 September 2013. No such costs were incurred during the year ended 30 September 2012.

Strategic report

Principal risks and uncertainties

The company is exposed to financial risk through its assets and liabilities. The most important components of financial risk are interest rate risk, currency risk, liquidity risk, credit risk and price risk.

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the directors consider that all financial risks except currency risk are relevant to the company.

Interest rate risk

The only significant assets and liabilities of the company that are interest bearing are its obligations to its bank lenders. The interest rate on that debt was established in 2006 on a floating rate basis. However, to protect the company from unexpected rises in interest rates, interest rate swap agreements were put in place to cover the period until the expiry of the existing lease on the company's property in 2031. Details of these arrangements, which convert the company's floating rate exposure to known fixed rates, are set out within note 13 to the financial statements. The company does not speculate in the trading of derivative instruments.

Liquidity risk

The company's income is contractually determined within a long term lease of its property and, subject to a deduction for certain pre-agreed company expenditure which may be agreed from to time to time, its bank lenders are entitled to sweep the entirety of that income towards repayment and servicing of the bank debt and the interest rate swap costs. Subject to the eventual terms of the Refinancing, the company has no control over the residual amounts available and is reliant upon the related party arrangements described in note 16 to the financial statements under which the company's tenant provides services to the company for no charge and also settles the majority of its day-to-day expenditures.

The company is in breach of a number of covenants in respect of its existing financial arrangements with its lenders. Those breaches may be remedied as part of the Refinancing. However, the Refinancing on the terms currently proposed will not reduce the company's liabilities or its guarantor obligations. The continued availability of finance to the company will depend upon its ability to meet loan covenants in the future.

Credit risk

The company has one property that is occupied by a single tenant. The company therefore monitors the financial position of its tenant. The rent is indexed upwards annually. In addition, the tenant owes the company and other Theatre Propcos deferred rent totalling some £28 million in respect of the initial quarter's rent in 2006, which both parties agreed to defer at the outset of the property leases in 2006.

On the basis of publicly available information, the directors believe that the tenant is capable of continuing to pay the rent in the short term and settling the deferred rent when it becomes due. In the longer term, the tenant's ability to meet the increasing rent and all other required expenditures will be dependent on its ability to grow its business profitably.

Also, as described in more detail in note 16 to the financial statements, there is an indemnity agreement between the company, the other Theatre Propcos and the tenant, which may give rise to other material obligations on the tenant, including the continued payment of the company's future day-to-day expenditures.

Price risk

The terms of the lease over the property between the company and the tenant are established within a long term lease which runs to 2031, with a tenant option to extend for a further ten years. The lease requires the rent to be increased (but not reduced) each year by reference to the United Kingdom Index of Retail Prices, subject to a cap of 4% pa. Other than through future changes to the lease arrangements, the company is not able to manage price risk until the maturity of the current lease.

GHG 15 (Highfield Hospital) Limited

Strategic report

Going concern

As described in note 1 to the financial statements, a material uncertainty exists as to the company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, for the reasons set out in note 1 to the financial statements, the directors have concluded that it is appropriate to prepare the financial statements on the going concern basis and therefore present the financial statements accordingly. No adjustments have therefore been made to reduce the value of assets or to provide for further liabilities that might arise should the going concern basis cease to be appropriate.

Approved by the Board of Directors
and signed for and on behalf of the Board

D. K. HUGGINS

Director

25 September 2014

GHG 15 (Highfield Hospital) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2013. Certain matters have been dealt with in the Strategic Report and are not repeated here.

Incorporation

The company was incorporated on 18 April 2006 in the United Kingdom. The company's name on incorporation was Pantomime Propco 15 Limited and it was changed to GHG 15 (Highfield Hospital) Limited on 7 November 2006.

Directors

The directors, who served throughout the year (except as noted) are as shown below:

Jason Marshall Blank	(resigned 23 January 2013)
Brian Roy Cole	(resigned 21 August 2013)
David Duggins	(appointed 5 July 2013)
Steven Dyson	(resigned 5 July 2013)
Keith Norman Gibson	(resigned 19 August 2013)
Azar Paul Hindelly Jammine	(resigned 19 August 2013)
Martin John Kuscus	(resigned 19 August 2013)
Bradley Jonathan Sacks	(resigned 5 July 2013)
Richard Smee	(appointed 15 August 2013)
Andrew Wollaston	(appointed 16 May 2013)

Directors' and officers' insurance

The company has directors' and officers' insurance for the benefit of, amongst others, the directors of the company, which is in place at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to continue in office as auditor. The appointment of the next auditor will be considered by the directors and an appropriate resolution will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed for and on behalf of the Board

D.K. DUGGINS
Director

25 September 2014

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the audited 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 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 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 at any time the company's transactions with reasonable accuracy, the financial position of the company and to 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of GHG 15 (Highfield Hospital) Limited

We have audited the financial statements of GHG 15 (Highfield Hospital) Limited for the year ended 30 September 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Definitions, the Statement of Accounting Policies and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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, 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

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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 30 September 2013 and of its loss 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern.

As described in the financial statements, the company is a joint guarantor to debt finance which matured on 15 October 2013. As described in Note 1, the Lenders have granted several quarterly extensions the most recent being until 15 October 2014. At the date of signing, the Lenders and Interest Rate Swap counterparties have proposed terms for a Refinancing however those terms are not legally binding and will require the eventual approval of many parties. There remains a risk that the Refinancing may not be achieved in its current form, albeit the Directors consider it more likely than not that some form of debt refinancing will eventually be agreed. These conditions, along with others explained in note 1, indicate a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.

Emma Cox BA ACA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

26 September 2014

GHG 15 (Highfield Hospital) Limited

Profit and loss account
Year ended 30 September 2013

	Notes	2013 £'000	Restated* 2012 £'000
Turnover	3	3,016	2,963
Other operating expenses		-	(11)
Depreciation	7	(983)	(1,138)
Impairment of fixed assets	7	(1,812)	(2,850)
Provisions against amounts receivable from Immediate Holding Company	8	(33)	(54)
Provisions against amounts receivable from other Theatre Propcos	8	(166)	(1,294)
Operating profit/(loss)		21	(2,383)
Refinancing cost	5	(216)	-
Profit/(loss) on ordinary activities before finance charges		(194)	(2,383)
Interest receivable	4	1	1
Interest payable and similar charges	4	(753)	(2,284)
Release/(provision) relating to Interest Rate Swap liability	13	614	(9,088)
Profit/(loss) on ordinary activities before taxation	5	(332)	(13,754)
Tax on profit/(loss) on ordinary activities	6	(2,048)	1,927
Profit/(loss) for the financial year	15	(2,379)	(11,827)

* Certain figures for the year ended 30 September 2012 have been restated from those originally published in the financial statements for that year as further described in notes 2 and 19 to the financial statements.

There were no recognised gains or losses in the year or the prior year other than as disclosed within the Profit and loss account.

All activities relate to continuing operations. The accompanying definitions, accounting policies and notes are an integral part of this profit and loss account and this statement of total recognised gains and losses.

GHG 15 (Highfield Hospital) Limited

Balance sheet
30 September 2013

	Notes	2013 £'000	Restated* 2012 £'000
Fixed assets			
Investment properties (2012 - Tangible assets)	7	29,716	32,511
Current assets			
Debtors: amounts falling due within one year	8	640	686
Debtors: amounts falling due after more than one year	9	-	2,048
Current liabilities			
Creditors: amounts falling due within one year	10	(33,791)	(2,682)
Net current assets/(liabilities)		(33,151)	52
Total assets less current liabilities		(3,435)	32,563
Creditors: amounts falling due after more than one year	11	-	(31,658)
Provisions for liabilities	13	(9,124)	(11,084)
Net assets/(liabilities)		(12,559)	(10,179)
Capital and reserves			
Called up share capital	14	6,221	6,221
Profit and loss account	15	(18,780)	(16,400)
Shareholder's funds/(deficit)		(12,559)	(10,179)

* Certain figures for the year ended 30 September 2012 have been restated from those originally published in the financial statements for that year as further described in notes 2 and 19 to the financial statements.

All activities relate to continuing operations. The accompanying definitions, accounting policies and notes are an integral part of this balance sheet.

The financial statements of GHG 15 (Highfield Hospital) Limited, registered number 05783490, were approved by the Board of Directors and authorised for issue on 25 September 2014.

Signed for and on behalf of the Board of Directors

D. K. DUGGINS

Director

GHG 15 (Highfield Hospital) Limited

Definitions

Due to the complexity and inter-related nature of a number of matters set out within these financial statements, to eliminate the need for repeated descriptions, the following defined terms are used throughout the financial statements:

"**2012 Financial Statements**" means the financial statements of the company for the year ended 30 September 2012, which were approved by the company's directors in office on 7 December 2012 and filed at Companies House;

"**Deferred Rent Agreement**" means the agreement entered into in 2006 between the Theatre Propcos and the Tenant under which it was mutually agreed that the Tenant deferred payment of the first quarter's rent under its leases with the Theatre Propcos. The deferred rent amount is due in whole or in part in a number of circumstances as set out in note 16 (a) (ii) to the financial statements;

"**Directors**" means the three directors of the company currently in office who are also the current directors of each of the other Theatre Propcos;

"**Immediate Holding Company**" means GHG 15 (BVI Property Holdings) Limited which owns 100 per cent. of the shares issued by the company. Each Theatre Propco is wholly owned by a separate holding company registered in The British Virgin Islands and "**Immediate Holding Companies**" means all of those holding companies;

"**Interest Rate Swaps**" mean the arrangements described in more detail in note 13 to the financial statements under which the Theatre Propcos pay interest on the Theatre Propcos' Debt at a fixed rate of interest rather than the floating rate that was originally specified by the Lenders;

"**Lenders**" means the various banks and other financial institutions which provided and continue to provide the Theatre Propcos' Debt, including at any time new lenders that have subsequently bought such debt from the original issuers;

"**Refinancing**" means the proposed refinancing and restructuring of the Theatre Propcos' Debt and Interest Rate Swaps as more fully described in notes 1 and 12 to the financial statements;

"**Rent Swap Agreement**" means the agreement executed in 2008 between the Tenant, each of the Immediate Holding Companies (in respect of the property owned by their wholly owned Theatre Propco) and an intermediate third party under which the Tenant has converted is obligation to pay rent increased annually in line with the United Kingdom Retail Prices Index (as required in the lease) to an obligation to pay rent increased annually at the fixed rate of 2.5%. As the Theatre Propcos are not party to the Rent Swap Agreement, this arrangement does not affect the amount of rent received by the Theatre Propcos from the Tenant;

"**Rent Swap Agreement Loan**" means amounts advanced by each Theatre Propco to its Immediate Holding Company to enable that Immediate Holding Company to settle amounts payable by it under the terms of the Rent Swap Agreement;

"**Tax & Expenses Indemnity**" means the agreement entered into in 2006 between the Theatre Propcos, the Tenant and others under which the Tenant is required to settle (without being entitled to reimbursement by the relevant Theatre Propco) any costs, fees and expenses required to maintain each Theatre Propco's corporate existence and any administrative costs, directors' fees, professional fees and regulatory costs incurred in the ordinary course of each Theatre Propco's business and, under certain circumstances, liabilities to taxation for which each Theatre Propco becomes liable , as further described in note 16 (a) (iii) to the financial statements;

"**Tenant**" means BMI Healthcare Limited, which is the sole lessee of all properties owned by the Theatre Propcos;

"**Theatre Propcos**" means the company and 35 other UK companies which are each joint guarantors of the Theatre Propcos' Debt and a further company which acts as agent; each Theatre Propco owning or having owned a UK hospital property, the acquisition of which was partly financed by the Theatre Propcos' Debt and which properties are leased to and operated by the Tenant and "**Theatre Propco**" means any one of the Theatre Propcos; and

"**Theatre Propcos' Debt**" means the amount outstanding at any time of the loan facility of £1.65 billion advanced by the Lenders and drawn in full by the Theatre Propcos in 2006 (of which the company's bank debt forms a part) and which is secured upon all the assets and shares of the Theatre Propcos and their Immediate Holding Companies.

GHG 15 (Highfield Hospital) Limited

Statement of accounting policies
Year ended 30 September 2013

The principal accounting policies are summarised below, which have all been applied consistently throughout the year and prior year, as restated, except where stated otherwise.

a) **Basis of accounting**

The financial statements are prepared under the historical cost convention, except for the revaluation of investment property, and in accordance with United Kingdom accounting standards and the provisions of the Companies Act 2006.

b) **Going concern**

The financial statements are prepared on the going concern basis unless it is inappropriate to assume that the company will be able to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

Note 1 to the financial statements sets out the matters considered by the Directors in arriving at their conclusion that it is appropriate to prepare these financial statements on the going concern basis.

c) **Tangible fixed assets**

As explained in the Strategic report, with effect from 1 September 2013, the financial statements of the company were no longer consolidated into the financial statements of General Healthcare Mixer Partnership LLP. In the prior year and in the current year until 31 August 2013, the property was considered to be leased to, and occupied by, a fellow group undertaking and it was therefore treated as an owner-occupied property under United Kingdom accounting standards. However, from 1 September 2013, the Tenant ceased to be a group undertaking and accordingly, the property has been reclassified as an investment property in accordance with Statement of Standard Accounting Practice 19 *Accounting for Investment Properties*.

In the prior year and in the current year until 31 August 2013, tangible fixed assets were shown at cost net of depreciation and any provision for impairment. Tangible fixed assets were considered for impairment if there was any reason to believe that impairment may be necessary. The fair value of property assets less cost to sell was used in the impairment assessment, using an estimate of fair market value taking into account advice from external professional valuers. Key judgements in determining the fair market value included the fair market rental amount and the effective yield. The fair value less costs to sell was compared to the asset carrying value and, if lower, the assets were impaired to that value.

In the prior year and in the current year until 31 August 2013 depreciation was provided at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings and fixed plant (longer life)	-	50 years
Freehold buildings and fixed plan (shorter life)	-	10 years

No depreciation is provided on land.

Statement of accounting policies
Year ended 30 September 2013

d) Investment properties

From 1 September 2013, the property has been classified as an investment property. Investment properties are revalued annually to market value. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over deemed cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Where a property was previously not treated as an investment property and was subject to depreciation, its deemed cost as an investment property represents the historical cost less depreciation and less provision for impairment as assessed at the time that the property was reclassified as an investment property.

Depreciation is not provided in respect of freehold investment properties, or in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19. The financial effect of the departure from the statutory accounting rules is shown in the notes to the financial statements.

e) Turnover

Company turnover comprises rental income receivable from operating leases in the normal course of the business net of all refunds, allowances and value added tax. Rental income recognition is based on an accruals basis.

f) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded 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 from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when the fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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 a non-discounted basis.

g) Finance costs

Issue costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Periodic debt service costs are recognised as incurred on an accruals basis.

Statement of accounting policies
Year ended 30 September 2013

h) Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs (arrangement fees). Issue costs are amortised on a straight-line basis over the period of the debt, and are included within finance costs. The carrying amount of debt is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

i) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

j) Cash flow statement

The company does not have a bank account. The rental income receivable by the company from the Tenant is paid to one of the Theatre Propcos, GHG 38 (Property Holdings) Limited ("**GHG 38**"), which acts as cash collection and disbursement agent for all the Theatre Propcos and is distributed from there principally to the Lenders and Interest Rate Swap counterparties in accordance with the overall finance documents.

The company is a Small Company as defined by the Companies Act 2006 and is therefore not required to present a cash flow statement.

k) Derivative financial instruments

The company entered into derivative financial instruments to eliminate exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

Since incorporation in 2006, the company has taken the exemption, permitted under UK GAAP, from applying FRS26 *Financial Instruments: Recognition and Measurement* and has therefore not carried the Interest Rate Swaps on the balance sheet at fair value. Instead, the company has treated the Interest Rate Swaps as a hedge against the floating rate interest exposure of the underlying liabilities.

For an interest rate swap to be treated as a hedge, the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Amounts payable or receivable under interest rate derivatives are matched with and recognised by adjusting the interest payable on the debt which the derivatives hedge.

FRS12 provisions

However, where it is expected that a swap liability will be settled by cash or another transfer of economic benefits in advance of the contractual payments, then a provision is recognised through the profit and loss account, in accordance with FRS12, equal to the fair value of the future liabilities under the Interest Rate Swap contracts. At each subsequent balance sheet date, for so long as the fair value of a swap is a liability and that it is likely to be settled by cash or an alternative transfer of economic benefits prior to its contractual maturity, the fair value of the swaps is re-assessed and an adjustment is made to the provision through the profit and loss account to increase or reduce the balance sheet liability to an amount equal to the fair value of the swap contracts at that balance sheet date.

Whilst an FRS12 provision remains on the balance sheet, the amount of the interest payment obligation that is recognised in the profit and loss account will be the amount of the contractual obligation in respect of the underlying debt instrument. Amounts paid to or received from the swap counterparties are subsumed within the movement in the swap provision each year.

Notes to the financial statements
Year ended 30 September 2013

1. **Going concern**

In determining whether there is a reasonable prospect of the company continuing in business as a going concern, there are two separate but inter-related matters that must be considered and addressed in due course:

(i) Debt due to the Lenders

A description of the company's bank debt which forms part of and is an allocated portion of the Theatre Propcos' Debt is set out in note 12 to the financial statements. As described in that note, the Theatre Propcos' Debt was due for full repayment on 15 October 2013. No such repayment was made.

In anticipation of being unable to make repayment on the above repayment date, in 2012 the Theatre Propco directors began discussions with the Lenders with a view to restructuring and refinancing the Theatre Propcos' Debt. Those discussions also included the counterparties to the Interest Rate Swaps, which are the company's most senior class of creditor.

To enable the Refinancing discussions to continue, whilst reserving all of their contractual rights, the Lenders have granted four successive quarterly extensions to the maturity of the Theatre Propcos' Debt; the most recent being until 15 October 2014. The company and the Theatre Propcos as a whole have continued to make payments of interest and repayment of debt principal and have continued to make the necessary payments due to the Interest Rate Swap counterparties. However, the Theatre Propcos remain in default of multiple covenants and obligations under the terms of the finance agreements.

The Lenders and Interest Rate Swap counterparties have proposed terms for the Refinancing (see note 12). However, those terms are not legally binding and will require the eventual approval of many parties. At the date of approval of these financial statements, the Directors understand that the Lenders currently plan to implement the Refinancing before the end of calendar year 2014. There remains a risk that the Refinancing may not be achieved in its current form. However, if that occurs, the Directors consider that it is more likely than not that some alternative form of debt refinancing will eventually be agreed.

The currently proposed terms of the Refinancing do not reduce the total liabilities of the Theatre Propcos (in fact, it increases them) and no disposals of properties owned by the Theatre Propcos are permitted except with the consent of the Lenders. The ability of the Theatre Propcos, including the company, to continue to service and repay the Theatre Propcos' Debt and observe covenants specified by the Lenders will therefore be dependent, amongst other things, on continuity of income from the Tenant and the future market value of the properties owned by the Theatre Propcos.

(ii) Tenant's financial position

The company has one property, which is occupied by the Tenant. The company therefore monitors the financial position of the Tenant. The rent is indexed upwards annually. In addition, the Tenant owes the company and other Theatre Propcos deferred rent totalling some £28 million under the terms of the Deferred Rent Agreement.

On the basis of publicly available information, the Directors believe that the Tenant is capable of continuing to pay the rent in the short term and settling the deferred rent when it becomes due. In the longer term, the Tenant's ability to meet the increasing rent and all other required expenditures will be dependent on its ability to grow its business profitably.

Also, as described in more detail in note 16 to the financial statements, there is an indemnity agreement between the company, the other Theatre Propcos and the Tenant that will give rise to other material financial obligations on the Tenant.

Notes to the financial statements
Year ended 30 September 2013

1. Going concern (continued)

Conclusion

For the reasons set out above, a material uncertainty exists as to the company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, also for the reasons set out above, the directors have concluded that it is appropriate to prepare the financial statements on the going concern basis and therefore present the financial statements accordingly. No adjustments have therefore been made to reduce the value of assets or to provide for further liabilities that might arise should the going concern basis cease to be appropriate.

2. Restatement of comparative figures and information

Comparative figures

In the course of preparing these financial statements, it has become apparent to the Directors that there were errors in the 2012 Financial Statements, the cumulative effect of which constitute a fundamental error in those financial statements and therefore require re-statement of the comparative figures within these financial statements in order that these financial statements show a true and fair view of the results of the company for the period under review and the comparative period and the company's balance sheet at 30 September 2012.

In addition, the Directors have concluded that the company should change the accounting treatment for an Interest Rate Swap transaction undertaken in 2006 (described further in note 11 to the financial statements) and this change of policy has been reflected as a prior year adjustment.

As a result of the errors and change in accounting policy, the comparative figures have been restated from those originally presented in the 2012 Financial Statements. A summary of the amendments made is set out in note 19 to these financial statements which is cross referred to more detailed explanations of the amendments set out in various other notes to these financial statements.

Comparative information

The 2012 Financial Statements did not state that the company is a party to and co-guarantor of the Theatre Propcos' Debt and the Interest Rate Swaps and has pledged it assets to the various Lenders and Interest Rate Swap counterparties on a cross-collateralised basis with all Theatre Propcos. The position is described in note 17 (i) to these financial statements, which was the same at 30 September 2012 and should have been so disclosed in the 2012 Financial Statements.

Certain other disclosures required by company law and/or accounting standards were not made in the 2012 Financial Statements. These additional disclosures have been made in these financial statements and are marked "not previously disclosed".

3. Segment information

Turnover and profit/(loss) before tax arise from continuing operations entirely in the United Kingdom.

In previous years, a recurring error was made in calculating the amount of rent received in advance, deferred income, in each financial year. This has been corrected in the current year and the comparative figures have been restated as set out in note 19 to the financial statements.

Notes to the financial statements
Year ended 30 September 2013

4. Interest receivable, interest payable and similar charges

	2013 £'000	Restated 2012 £'000
Interest receivable on loans to Immediate Holding Company in respect of Rent Swap Agreement Loan (note 8 (ii))	(1)	(1)
Interest payable on bank loans	644	2,035
Release of discount inherent within the fair value of a liability incurred in 2006 in connection with the novation of an Interest Rate Swap		109
Debt service cost	34	18
Amortisation of debt arrangement fees	75	122
Interest payable and similar charges	753	2,284

Following the provision made at 30 September 2012 for the fair value of the Interest Rate Swaps liability (see note 13), although the company continues to pay the fixed rate of interest specified in the Interest Rate Swap agreements, only the floating rate of interest has been charged to the current year's profit and loss account; with the difference between the floating and fixed rates of interest being charged against the balance sheet provision for the Interest Rate Swaps (2012: restated – the total amount payable under both the debt instrument and the Interest Rate Swaps was charged to the profit and loss account).

5. Profit/(loss) on ordinary activities before taxation

There were no employees of the company in either year.

Each of the Directors received remuneration for their activities as a Director of all the Theatre Propcos.

The remuneration for Mr Wollaston, who was appointed as Chief Restructuring Officer, was paid to the firm of which he is a partner, Ernst & Young LLP, from the total rental income of the Theatre Propcos, of which £6,188 was borne by the company which is included with Refinancing costs within the Profit & Loss Account.

The remuneration for Messrs Duggins and Smee was paid by parties related to the Theatre Propcos. Neither the company nor any other Theatre Propco has borne any part of the cost.

It is understood by the Directors that the previous directors did not receive emoluments as directors of the company or the Theatre Propcos, in either the current or previous financial year.

The audit fees for the audit of the company's annual accounts of £2,800 (2012: £945) were borne by the Tenant for the current and prior year. The auditor received no non-audit fees during the year or the prior year.

Refinancing costs of £216,000 arose in the year in respect of professional and other fees related to the Refinancing; being the company's share of the total amount borne by the Theatre Propcos.

Notes to the financial statements
Year ended 30 September 2013

6. Tax on profit/(loss) on ordinary activities

	2013 £'000	Restated 2012 £'000
The tax (charge)/credit is based on the profit/(loss) for the year and comprises:		
Corporation tax at 23.5% (2012: 25%)	-	-
Deferred tax (note 9)		
- current year	(2,048)	2,105
- change in tax rate	-	(178)
Total tax (charge on profit)/credit on loss on ordinary activities	(2,048)	1,927

Factors affecting current tax charge

The difference between the corporation tax shown above and the amounts calculated by applying the standard rate of corporation tax to the profit/(loss) before tax is as follows:

	2013 £'000	Restated 2012 £'000
Profit/(loss) on ordinary activities before taxation	(332)	(13,755)
UK corporation tax (charge)/credit at the standard rate of 23.5% (2012: 25%)	(78)	(3,438)
Effects of:		
Expenses not deductible for tax purposes	704	1,334
Tax losses utilised in the year	(626)	2,105
Corporation tax charge for the year	-	-

The Directors estimate that the company has tax losses available for offset against future taxable profits of £6,240,000 (2012: restated £8,902,000). Those losses arose principally from the provisions made to state the value of the company's Interest Rate Swaps in accordance with FRS 12 (see note 13). It should be noted that HMRC has queried the basis upon which this provision was made in 2012 and hence the timing of the tax losses arising. The Directors are in discussion with HMRC on this matter. Having taken advice from the company's advisers, the Directors believe that the basis for a provision was and remains sound and reflects United Kingdom Generally Accepted Accounting Practice upon which the company's financial statements and tax computations are based.

The amount of tax losses at 30 September 2012 has been adjusted for an error in the calculation of the provision made in that year for the fair value of the Interest Rate Swap liability, as further described in notes 13 and 19 to the financial statements..

Notes to the financial statements
Year ended 30 September 2013

7. Investment properties (2012 - Tangible fixed assets)

	Freehold investment property Total £'000	Freehold land and buildings Total £'000
Cost or valuation:		
Beginning of the year	-	42,376
Transfers	29,716	(42,376)
Revaluations	-	-
At 30 September 2013	29,716	-
Accumulated depreciation:		
Beginning of the year	-	9,865
Charge for the year	-	983
Impairment provision		1,812
Transfers	-	(12,660)
At 30 September 2013	-	-
Valuation or net book value		
Valuation at 30 September 2013	29,716	-
Net book value at 30 September 2012	-	32,511

In the prior year and in the current year until 31 August 2013, the property was stated at cost of acquisition, which was based on an independent external valuation carried out in July 2006, less subsequent depreciation and impairment.

In the prior year and in the current year until 31 August 2013, the land and building property assets were reviewed for possible impairment. The review considered assessments of both the value in use and the fair value less costs to sell. It was considered that the fair value less cost to sell was higher than value in use. The directors made an assessment of the market value of the property taking account of advice received from external, qualified valuers. In the case of the valuation at 31 August 2013, the Valuation (as defined and described further below at 30 September 2013) was considered an appropriate estimate of the market value at 31 August 2013.

At 30 September 2012, the review led to an impairment provision being made of £2,850,000. The review at 31 August 2013 resulted in a further impairment provision which has been recognised in the profit and loss account for the year ended 30 September 2013.

Notes to the financial statements
Year ended 30 September 2013

7. Investment properties (2012 - Tangible fixed assets) (continued)

From 1 September 2013, the property has been reclassified as an investment property and has been revalued to market value. The company's investment property was valued at market value as at 30 September 2013 by DTZ ("Valuation"); being a valuer knowledgeable in the type of property owned by the company. The Valuation was undertaken in accordance with the valuation standards issued by the International Valuation Standards Council and by the Royal Institution of Chartered Surveyors in the United Kingdom. In arriving at its estimate of market value, the valuer used its market knowledge and professional judgment and not only relied on historical transactional comparables. The key assumptions used in arriving at the valuation included an assessment of the structural soundness and maintenance of the property, the current and future passing rents under the lease, the market level of rent, the operating profit achieved by and the financial position of the Tenant, together with current market norms for the expected yields achievable on sale for this type of asset.

The Directors note that the Valuation and the equivalent valuation undertaken by professional valuers at 30 September 2012 were based, in part, on the erroneous assumption that the company receives rent which rises at a fixed annual indexation of 2.5%. In fact, the company is not a party to the Rent Swap Agreement described elsewhere in these financial statements and, following a change to the lease terms in 2008, receives rent indexed annually in line with the United Kingdom Index of Retail Prices, the cumulative effect of which has been to increase the rent by a greater amount than fixed indexation at 2.5% per annum. The Directors have consulted the valuer and understand that the overall impact at 30 September 2013 was to understate the market value of the company's property by less than 1% and by a similar amount at 30 September 2012. In view of the inherently estimated nature of any property valuation, the Directors have determined that this error is within the acceptable range of estimation and have therefore included the Valuation within these financial statements.

The historical cost of the Investment Property at acquisition in 2006 was £42,376,000 but this was reduced in subsequent years, whilst the property was deemed not to be an Investment Property in accordance with SSAP19, to a reduced cost, net of depreciation and impairment of £29,716,000.

Had the property continued to have been depreciated and impaired under the historical cost convention beyond 31 August 2013, the net book value at 30 September 2013 would have been substantially the same as the value shown at that date in the table above.

As a result of the transfer of the property between group undertakings in earlier years, the tax base cost of the property is lower than the historical cost in 2006. If the property had been sold on 30 September 2013 at the value at which it is included in these financial statements a liability to taxation of some £4,554,000 would have arisen (2012: not previously disclosed £5,173,000), calculated at the rate of tax ruling at that time of 23.5% (2012: 25%). As set out in note 6 to the financial statements, the company had tax losses at that date estimated at £6,240,000 (2012: restated £8,902,000) which could have been used to mitigate the liability.

Notes to the financial statements
Year ended 30 September 2013

8. Debtors: amounts falling due within one year

	2013 £'000	Restated 2012 £'000
Deferred rent due from Tenant	640	640
Amounts due from Immediate Holding Company – Rent Swap Agreement Loan	87	54
Less provision	(87)	(54)
Amounts due from other Theatre Propcos	1,460	1,294
Less provision	(1,460)	(1,294)
Taxation		46
	640	686

The 2012 Financial Statements showed amounts due to and/or from group undertakings (from 1 September 2013 referred to as related parties). In each of the Theatre Propcos, those amounts were aggregated and/or netted off between Debtors and Creditors, either completely or to some extent, which was inconsistent with the underlying agreements between the parties and the terms of subordination within the financial arrangements with the Lenders. The various balances have been restated in the comparative figures shown both in this note and note 10 to these financial statements, so as to show the individual constituent parts. In addition, amounts of taxation recoverable have now been disclosed as such rather than, previously deemed to have been recoverable from GHG 38, which acts simply as an agent for the company and all the Theatre Propcos and has no substance of its own. In evaluating the correct re-classifications, minor discrepancies have been dealt with in the profit and loss account.

(i) Deferred rent

The deferred rent receivable by the company from the Tenant under the terms of the Deferred Rent Agreement has been shown as falling due within one year; being the earliest that the amount could be recovered under the terms of the Deferred Rent Agreement. The Directors have considered the recoverability of the amount due, alongside amounts due under the Deferred Rent Agreement to other Theatre Propcos. Based upon publicly available information concerning the financial circumstances of the Tenant, the Directors have concluded that there is a reasonable prospect that the amount is recoverable.

(ii) Amounts due from the company's Immediate Holding Company – Rent Swap Agreement Loan

These amounts arose in respect of the Rent Swap Agreement Loan. Although the company owes its Immediate Holding Company other amounts, as set out in note 10 to the financial statements, the two amounts may not legally be offset. The Immediate Holding Company has no source of income and no assets other than the amounts payable to it by the company, which are subordinated to the amounts payable by the company to the Lenders on its own behalf and as a joint guarantor with other Theatre Propcos.

The loans above are stated inclusive of interest at the rate of 6 month LIBOR plus 1% on a compound basis in accordance with the loan agreement. No such interest was accrued in previous years in error and accordingly, the comparative figures have been restated to reflect the interest accrued to 30 September 2011 of £1,000 and in the year ended 30 September 2012 of £1,000, as set out in note 19 to the financial statements (needs to be reconciled to the new note 19).

8. Debtors: amounts falling due within one year (continued)

There is considerable risk that the amounts receivable from the Immediate Holding Company will not be received and there is no current prospect of any such receipt. The Directors have therefore made full provision against the total amount receivable from the company's Immediate Holding Company. In the opinion of the Directors, such a provision should have been made in the previous financial year, given that the Theatre Propcos and Immediate Holding Companies were balance sheet insolvent at that time, and the comparative figures have therefore been adjusted and restated, as set out in note 19 to the financial statements.

£33,000 of the provision has been charged to the Profit and Loss Account of the current year, representing the additional monies loaned to the Immediate Holding Company during the year and £54,000 has been included as a provision in the restated comparative figures for the 2012 financial year, representing the amount outstanding at 30 September 2012. No adjustment has been made to the company's reserves at 30 September 2011 as the Theatre Propcos were balance sheet solvent at that time and the recovery of the balances due might reasonably have been expected at that time.

In addition, the Directors have considered the potentially onerous nature of the company's existing contractual obligation to lend money to its Immediate Holding Company in the future under the Rent Swap Agreement Loan. No provision has been made and consideration of this financial commitment is described within note 17 to the financial statements.

(iii) Amounts due from other Theatre Propcos

These amounts arose from payments made by the company on behalf of other Theatre Propcos to repay and/or service the Theatre Propcos' Debt allocated to those companies, where their own rental income is insufficient to cover their obligations. These loans are deemed to be interest free and repayable on demand.

For the same reasons noted in (ii) above, the Directors have made full provision against the total amount receivable from the other Theatre Propcos and believe that such a provision should have been made in the previous financial year and the comparative figures have therefore been adjusted and restated, as set out in note 19 to the financial statements.

£166,000 of the provision has been charged to the Profit and Loss Account of the current year, representing the additional monies advanced in respect of other Theatre Propcos during the year and £1,294,000 has been included as a provision in the restated comparative figures for the 2012 financial year, representing the amount outstanding at 30 September 2012. No adjustment has been made to the company's reserves at 30 September 2011 as the Theatre Propcos were balance sheet solvent at that time and the recovery of the balances might reasonably have been expected at that time.

In addition, the Directors have considered the potentially onerous nature of the company's obligation to lend money for the benefit of its fellow Theatre Propcos in the future as a joint guarantor of the Theatre Propcos' Debt. However, the amounts involved cannot be forecast with any accuracy and will in the future also depend upon the precise terms of the Refinancing and the costs of achieving that Refinancing. Accordingly, the company's future obligations are noted as a contingent liability in note 17 to the financial statements and no provision has been recognised in these financial statements.

8. Debtors: amounts falling due within one year (continued)

It should be noted that an agreement was entered into in 2006 by the Theatre Propcos, the Immediate Holding Companies and a parent entity which provided that any amounts paid by one Theatre Propco on behalf of another should have been paid as a loan to its Immediate Holding Company and then to the parent which would then lend the sum down to the recipient Theatre Propco via its Immediate Holding Company. This could have had the effect over time of reducing the amount shown in note 11 to these financial statements as being payable to the Immediate Holding Company. However, the Directors can find no evidence that this agreement has been followed at any time since it was executed. Furthermore, the agreement is in conflict with requirements of the Theatre Propcos' Debt under which all assets of the Theatre Propcos and the Immediate Holding Companies are subordinated in favour of the Lenders. The Directors have therefore treated the agreement as being inoperable.

9. Debtors: amounts falling due after more than one year

	2013 £'000	Restated 2012 £'000
Deferred tax asset	-	2,048

The movement on deferred tax comprises:

	2013 £'000	Restated 2012 £'000
Beginning of the year	2,048	121
(Charge)/credit to the profit and loss account	(2,048)	1,927
End of year	-	2,048

As set out in note 6 to the financial statements, subject to the outcome of discussions with HMRC, the Directors believe that the company has tax losses of £6,240,000 (2012: restated £8,902,000) available to be used against taxable profits in future years.

Aside from the discussions with HMRC noted above regarding the timing and quantum of the tax losses available, the recognition and quantum of the deferred tax asset in relation to those tax losses is determined by United Kingdom Generally Accepted Accounting Practice, with which the company's accounting policies conform. This requires that a deferred tax asset is recognised only and to the extent that it is more likely than not that the company will generate taxable profits in the foreseeable future which will utilise the tax losses and therefore make it prudent to recognise a deferred tax asset.

9. Debtors: amounts falling due after more than one year (continued)

Year ended 30 September 2013

The Directors have considered projections of the company's profitability for the year ending 30 September 2014 and for the 3 months ending 31 December 2014 by which date it is currently anticipated that the Refinancing is likely to have taken place. The nature of these projections is inherently subjective, particularly given that the company has little, if any, control over the costs being incurred by the Lenders and their advisers in connection with the Refinancing, which will likely be borne by the Theatre Propcos and reduce their taxable profits, at least in the first instance but which may be recoverable in due course from the Tenant. Additionally, Interest Rate Swap provisions or releases of provisions are subject to external market forces over which the company has no control. The Directors have concluded that the company is unlikely to make taxable profits of any magnitude, if any, during the fifteen months to 31 December 2014.

Additionally, the Directors have considered projections during the period of some 4 further years currently proposed by the Lenders as the term of the Theatre Propcos' Debt as refinanced, using the terms currently proposed by the Lenders for such Refinancing. Those terms are highly complex and yet to be finalised. The projections are therefore highly subjective and there is a significant risk that the amount of future taxable profits may be very different from those projected.

Given the uncertainties described above, the Directors have concluded that until the Refinancing has been executed and its precise terms and costs are known, it would be inappropriate to recognise a deferred tax asset in respect of the company's tax losses and, accordingly, no such asset is recognised at 30 September 2013. Had recognition been made in full, the amount of the deferred tax liability would have been £1,248,000.

Year ended 30 September 2012

The Directors have also considered the circumstances that existed at the time of approval of the 2012 Financial Statements in which recognition was given in full to the tax losses as a deferred tax asset. At that time, the expectation was that the Theatre Propcos' Debt would be refinanced involving the disposal of properties over a period of some years. The taxable profits prior to disposal and the taxable gains from the disposal of properties were anticipated at that time as likely to utilise the entirety of the tax losses. The Refinancing has evolved in a different way. The Directors see no reason to change the judgments made by previous directors with regard to the 2012 Financial Statements and a deferred tax asset continues to be recognised in full. However, as a result of certain of the restatements set out in note 19 to the financial statements and the resulting change to the amount of tax losses, the deferred tax asset reported in the 2012 Financial Statements of £2,369,000 has been reduced by £321,000 to the amount of £2,048,000 reported in these financial statements (needs to be reconciled to the new note 19).

Notes to the financial statements
Year ended 30 September 2013

10. Creditors: amounts falling due within one year

	2013 £'000	Restated 2012 £'000
Accruals and deferred income	351	243
Loans from group undertakings	-	-
Amounts owed to Immediate Holding Company	1,532	1,532
Bank loan (note 12)	31,484	487
Other creditors	423	420
	33,791	2,682

(i) Accruals and deferred income represent rent received in advance.

(ii) Loans from group undertakings

The 2012 Financial Statements showed amounts due to and/or from group undertakings (from 1 September 2013 referred to as related parties). In each of the Theatre Propcos, those amounts were aggregated and/or netted off between Debtors and Creditors, either completely or to some extent, which was inconsistent with the underlying agreements between the parties and the terms of subordination within the financial arrangements with the Lenders. The various balances have been restated in the comparative figures shown both in this note and note 8 to these financial statements, so as to show the individual constituent parts. In addition, amounts of taxation recoverable have now been disclosed as such (within note 8) rather than, previously deemed to have been recoverable from GHG 38, which acts simply as an agent for the company and all the Theatre Propcos and has no substance of its own. In evaluating the correct re-classifications, minor discrepancies have been dealt with in the profit and loss account.

(iii) Amounts owed to the Immediate Holding Company

These amounts do not bear interest and are repayable on demand. However, the loans are subordinated to the amounts owed by the company to the Lenders and the Interest Rate Swap counterparties.

At the time of approving the 2012 Financial Statements, the then directors of the company obtained a written assurance from the Immediate Holding Company that the amounts would not be demanded for a period of at least twelve months. The Directors have not sought further assurance in this regard, as the liability to the Immediate Holding Company is already legally subordinated in favour of the secured Theatre Propcos' Debt.

Notes to the financial statements
Year ended 30 September 2013

11. Creditors: amounts falling due after more than one year

	2013 £'000	Restated 2012 £'000
Bank loans (note 12)	-	31,658
Amounts due to Immediate Holding Company	-	-
Deferred income	-	-
	-	31,658

(i) Amounts due to Immediate Holding Company

These amounts do not bear interest and are repayable on demand. However, the loans are subordinated to the amounts owed by the company to the Lenders and the Interest Rate Swap counterparties. At 30 September 2012, with the repayment date of the company's debt being more than one year hence, the amounts due to the Immediate Holding Company were therefore similarly classified. At 30 September 2013, the amounts due are shown as due within one year (see note 10).

(ii) Deferred income

In 2006, a then fellow group undertaking had interest rate swap contracts which were no longer required but which were out-of-the-money. The Directors understand that rather than pay a cash break cost to the interest rate swap counterparties, in exchange for a receivable from that group undertaking as consideration, the company (and each of the other Theatre Propcos) agreed to increase the fixed interest rate on certain of its own Interest Rate Swaps to effectively buy out the unwanted swaps. The consideration was calculated as the fair value at the date of the transaction of the unwanted swaps; being equivalent to the discounted value of the additional interest payable by the company in the future, starting in 2016. The company subsequently sold the receivable it received as consideration for the transaction at face value to another group undertaking to partially repay amounts owed by the company to that party. The company has carried the discounted liability as Deferred income in its financial statements in subsequent years, with the intention of amortising that amount against Interest Rate Swap payments which are due from 2016 to 2031. In the 2012 Financial Statements, creditors falling due after more than one year therefore included Deferred Income of £1,424,000 representing the 2006 fair value of the above transaction.

However, in the opinion of the Directors, the accounting treatment described above did not take fully into consideration that the company had taken on future cash obligations which on an undiscounted basis were over 2.5 times the amount of the fair value in 2006. Accordingly, the Directors have concluded that the company (and each of the Theatre Propcos) should change the accounting treatment for this transaction and adopt the preferable policy of unwinding the inherent discount utilised in arriving at that fair value, such that, over time, a liability for the total, undiscounted cash obligation is accreted.

This change in accounting policy has been reflected as a prior year adjustment regarding earlier years' financial statements, by increasing the Deferred Income and reducing reserves at 30 September 2011 by £464,000; being the cumulative amount of interest (discount unwind) that should have been charged to the company's profit and loss accounts in the periods then ended, as shown in note 19 to the financial statements. The 2012 profit and loss account comparatives shown in these financial statements have also been amended to reflect the unwind of the discount in that year of £109,000 again as shown in note 19.

Notes to the financial statements
Year ended 30 September 2013

11. Creditors: amounts falling due after more than one year (continued)

At 30 September 2012, in the expectation of the Refinancing and the likely advance settlement of the Interest Rate Swaps, as set out in note 13 to the these financial statements, full provision was made for the fair value liabilities under the Interest Swaps as at that date. The Deferred Income should have been recognised as an existing partial provision and thereafter subsumed within the calculation of the overall fair value of the Interest Rate Swaps. Accordingly, the 2012 Financial Statements have also been restated to re-classify the above restated amount of Deferred Income of £1,996,000 to Provisions for Interest Rate Swaps, thereby amalgamating it with provisions of a similar nature made at the end of the 2012 financial year.

12. Bank loan

The bank loan shown below represents the company's allocated portion of the Theatre Propcos' Debt.

	2013 £'000	2012 £'000
Due within one year (note 10)		
Secured loan	31,484	562
Arrangement fees	-	(75)
	31,484	487
Due between 1 and 2 years (note 11)		
Secured loan	-	31,659
	-	31,659
Total due	31,484	32,146

The principal terms of the secured bank loan are set out below:

	2013 Interest rate*	2013 £'000	2012 Interest rate*	2012 £'000
Repayable in quarterly instalments with a lump sum payment on 15 October 2013	2.01%	31,484	2.34%	32,221

*The interest rate disclosed is the floating rate at year end, excluding the effect of the Interest Rate Swaps (see note 13).

Notes to the financial statements
Year ended 30 September 2013

12. Bank loan (continued)

Security

The loan to the company is secured upon:

- the property owned by the company and its other assets,
- rental income received from the company's property,
- the shares held in the company by its Immediate Holding Company,
- the assets of the Immediate Holding Company and its shares.

Similar security is provided by each Theatre Propco in respect of the Theatre Propcos' Debt and the loan amounts allocated to each Theatre Propco are cross-collateralised. The company is therefore a guarantor of the total Theatre Propcos' Debt. At 30 September 2013 the total Theatre Propcos' Debt outstanding was £1,536.7 million (2012: not previously disclosed £1,562.1 million) and the total value of the secured properties held by the Theatre Propcos was £1,580.3 million (2012: book value of £1,448.8 million). Other assets were of nominal value.

Those same properties also provide security to the providers of the Interest Rate Swaps to the Theatre Propcos, which are again cross-collateralised across all the Theatre Propcos and cross default with the Theatre Propcos' Debt. The fair market value at 30 September 2013 of the Interest Rate Swaps held by all Theatre Propcos at that date was some £442 million (2012: £537 million). The providers of the Interest Rate Swaps rank ahead of the lenders of the bank loans in terms of their claim upon the security.

Repayment

The Theatre Propcos' Debt was due for repayment in full on 15 October 2013. The Lenders have extended the maturity of the existing facility to allow the Refinancing discussions to continue. Extensions have been granted successively to 15 January 2014, 15 April 2014, 15 July 2014 and 15 October 2014. Meanwhile, the Lenders have reserved their rights and the various defaults under the facility agreement continue without contractual forgiveness.

Throughout the extension periods, the Theatre Propcos' Debt has continued to be serviced from net rental income in accordance with the original terms, after allowing for certain Refinancing related expenditures. It is anticipated that a further extension may need to be granted before the Refinancing takes place.

Refinancing

In anticipation of the loan maturity in October 2013, the directors of the Theatre Propcos began discussions with the Lenders in 2012 with a view to arranging a restructuring and refinancing of the Theatre Propcos' Debt. Those discussions are continuing.

12. Bank loan (continued)

As at the date of approval of these financial statements, arrangements have been proposed which the Directors understand have been approved in principle by all classes of Lender and by the Interest Rate Swap counterparties. If executed as they stand, the principal terms of those arrangements include:

- An extension of existing debt maturity until April 2019;
- Changes to the amortisation rate of debt repayments;
- Changes to interest margins, with some of the future interest obligations being converted to a payment-in-kind basis, i.e. adding to the debt principal rather than involving the payment by the Theatre Propcos of regular cash interest;
- A re-profiling of the interest rate swaps to a lower contracted amount and with a shorter maturity, with the balance of the existing swap obligations being converted into fixed term, interest bearing debt; and
- No disposals of properties owned by Theatre Propcos are permitted except with the consent of the Lenders.

Based on their continuing discussions with the Lenders, the Directors anticipate that the Refinancing described above, as may be amended prior to execution, is likely to be completed by the end of calendar year 2014. However, given the number of Lenders and the various different classes involved, the Refinancing and documentation required are highly complex and it may take longer than expected to finalise the Refinancing to the satisfaction of all parties and the final arrangements may differ materially from those noted above. However, the Directors believe that some form of refinancing will eventually be agreed and implemented to enable the company and the Theatre Propcos to remain going concerns.

Undrawn borrowing facilities

The company has no undrawn borrowing facilities.

13. Provision for liabilities

The company's secured bank loan bears interest at floating rates linked to 3 month Libor. However, the Lenders required that Interest Rate Swaps were put in place with banking counterparties, so as to convert the future interest obligation to known and certain fixed rates, the details of which are set out further below. In recent years, low market rates of interest, have meant that the Interest Rate Swaps have required the company to pay higher rates of interest than the floating rates specified in the financing agreements. The Interest Rate Swap contracts are therefore 'out-of-the money'.

	2013 £	Restated 2012 £
Fair value liability:		
Beginning of the year	11,084	-
Transfer of Deferred income (note 11)	-	1,996
Swap interest paid or accrued during the year (note 4)	(1,346)	-
(Credit)/charge to profit and loss account re change in fair value	(614)	9,088
End of the year	9,124	11,084

13. Provision for liabilities (continued)

Since incorporation in 2006, the company has taken the exemption, permitted under UK GAAP, from applying FRS26 Financial Instruments: Recognition and Measurement and has therefore not carried the Interest Rate Swaps on the balance sheet at fair value. However, FRS12 Provisions, Contingent Liabilities and Contingent Assets applies to swaps for companies that have not adopted FRS26 and requires a provision to be made where it is probable that a swap liability will be settled though an outflow of economic benefits in advance of the contractual terms.

2012 comparative figures

In the prior year, the then directors reviewed the swaps in light of the expectations for long term interest rates and the Refinancing expectations for the company and concluded that provision should be made under FRS 12 for the Interest Rate Swap liabilities at that year end on the grounds that it appeared likely that those liabilities would need to be cash-settled and/or payment otherwise accelerated as part of the Refinancing.

However, an error was made in the calculation of the provision, as it did not take into account (as described in note 11 to the financial statements) that a partial provision in the form of Deferred Income (as restated) already existed on the company's balance sheet. The comparative figures have therefore been restated to reduce the profit and loss account charge for the provision from £11,084,000 to £9,088,000– see also note 19 to the financial statements, whilst leaving the balance sheet liability unchanged at the fair value of the Interest Rate Swaps as reported at £11,084,000.

Year ended 30 September 2013

The Directors have considered the requirements of FRS12 in respect of the position at 30 September 2013. Taking into consideration the approximately 4 year term of the proposed Refinancing which is not co-terminous with the term of the Interest Rate Swaps, either currently or as may be refinanced, together with proposals within the Refinancing for a significant proportion of the Interest Rate Swap liabilities to be converted into interest bearing term debt, the Directors have concluded that provision should continue to be made under FRS12 and that the Interest Rate Swaps should therefore be carried at their fair value at the balance sheet date.

The Directors have received from the counterparties a statement of the liability at 30 September 2013 of the Interest Rate Swaps. They have also received valuations from two appropriately skilled independent valuers, which corroborate the value received from the counterparties.

The Directors see no evidence and no requirement under United Kingdom Generally Accepted Accounting Practice for a Credit Value Adjustment ("CVA") to be made to reduce the fair value. No adjustment has been made for a CVA (2012 – an adjustment was made to reduce the provision by c6.8% representing the CVA estimated by the then directors). Accordingly, the provision in respect of Interest Rate Swaps is carried in the balance sheet at 30 September 2013 at the mark-to-market fair values provided to the company by the Interest Rate Swap counterparties.

The movement in the Interest Rate Swap liabilities during the year and the partial release of the provision in that regard therefore reflects changes in anticipated future long term interest rates, the elimination of the CVA made in the 2012 Financial Statements and the contracted amounts payable by the company during the year for the difference between floating and fixed interest rates.

Notes to the financial statements
Year ended 30 September 2013

13. Provision for liabilities (continued)

Summary of Interest Rate Swap contracts

Interest rate swap contracts (years 2006 to 2016)

Interest Rate Swap contracts with a principal amount of £31,662,000 (2012: £32,223,000) have floating interest receipts linked to the 3 month Libor rate and have fixed interest rate payments at an interest rate of 4.75% (2012: 4.75%).

Interest rate swap contracts (years 2016 to 2031)

Interest Rate Swap contracts with a principal amount of £29,246,000 (2012: £29,246,000) come into effect on 15 April 2016, have floating interest receipts linked to the 3 month Libor rate and have fixed interest rate payments at an interest rate of 5.80% (2012: restated 5.80%).

Prior year information

As noted above, until 30 September 2012 the company did not carry the Interest Rate Swaps on its balance sheet. The fair value information concerning the Interest Rate Swaps at 30 September 2011 and therefore at the beginning of the 2012 financial year is shown below:

Interest rate swap contract (years 2006 to 2016) - £4,309,000

Interest rate swap contract (years 2016 to 2031) - £3,985,000

14. Called up share capital

	2013 £'000	2012 £'000
Authorised, allotted, called up and fully paid		
100 ordinary shares of £62,210 each	6,221	6,221

15. Reserves and Shareholder's funds

	Profit and loss account £'000	Share Capital £'000	Share holder's Funds £'000
At 30 September 2011 as previously reported	(4,212)	6,221	2,009
Prior year adjustments (note 19)	(361)	-	(361)
At 30 September 2011 as restated	(4,573)	6,221	1,648
Loss for the year ended 30 September 2012			
As previously reported	(11,919)	-	(11,919)
Adjustments (note 19)	92	-	92
As restated	(11,827)	-	(11,827)
At 30 September 2012 as restated	(16,400)	6,221	(10,179)
Profit for the year ended 30 September 2013	(2,379)	-	(2,379)
At 30 September 2013	(18,779)	6,221	(12,558)

16. Related party transactions

Directors' transactions

Andrew Wollaston, a Director of the company, is also a partner at the firm of Ernst & Young LLP that provides advisory services to the company. In addition to the fees paid for Mr Wollaston's services as a Director (set out in note 5 to the financial statements), during the year, £660,000 was paid by the Theatre Propcos in respect of advisory services (2012: £nil) of which £13,738 has been charged to the company.

As reported in note 5 to these financial statements, the other Directors received remuneration paid by parties that are related to the company. Mr Duggins received his remuneration from Apax Europe VI GP Co and Mr Smee received his remuneration from Netcare Limited; both companies being shareholders in the company's holding companies. During the year ended 30 September 2013, both directors were remunerated at the rate of £5,000 per month plus reimbursed expenses in respect of their duties as directors of all the Theatre Propcos. Mr Smee also received a "read-in" allowance of £5,000 at the date of his appointment.

Other related party transactions

As described in note 18 below, the company was part of a group for the majority of the financial year and therefore, in accordance with FRS8 *Related Party Disclosures*, each member of that group must be considered related parties for the entirety of the financial year. However, following the decision of the company's parent to exclude the company from its consolidated accounts with effect from 31 August 2013, the company is no longer able to take advantage of the exemption in paragraph 3 of FRS8 from disclosing transactions with other members of the group. Accordingly, details are set out below of all such transactions. Comparative figures have not been provided, as these were not required as the company qualified for the exemption from disclosure afforded by FRS8 in that year.

Notes to the financial statements
Year ended 30 September 2013

16. Related party transactions (continued)

a) Transactions with the Tenant

(i) The company has no permanent staff and has relied since 2006 on the Tenant to maintain its accounting and tax records and to prepare management and statutory accounts, under the supervision of the company's directors. These services have been provided by the Tenant at no charge to the company in each of financial years 2012 and 2013.

Whilst the Directors have endeavoured subsequently to agree a Service Level Agreement with the Tenant for the provision of these services, none existed during the year ended 30 September 2013, or previously. The monetary value of such services has not been quantified.

(ii) Deferred Rent is payable by the Tenant under the Deferred Rent Agreement between the Tenant and the Theatre Propcos, in whole or in part as the circumstances dictate, and is to be paid upon the earlier of:

a. A sale of the company's property;

b. A change in ownership of the company;

c. A cancellation or assignment of the lease by the Tenant;

d. The company's requirement to make payments of taxation; and

e. The expiry of the lease.

The amount deferred was £645,000. In 2012, an amount of £5,000 was paid by the Tenant to assist the company with the payment of its taxation obligations. The amount outstanding at 30 September 2013 was £640,000 and the total amount due to the Theatre Propcos was some £28.0 million

(iii) In 2006, concurrent with the financing transaction under which the Theatre Propcos' Debt arose, mindful of the fact that neither the company nor the other Theatre Propcos had any permanent staff and that its rental income was swept to the Lenders (after deducting an allowance for certain permitted expenditures), the company and each of the Theatre Propcos entered into an agreement with the Tenant known as the Tax & Expenses Indemnity, as defined within these financial statements.

The allowance for permitted expenditures has in recent financial periods been utilised fully to meet certain increasing charges from the Lenders, leaving the Theatre Propcos with no means of funding its ordinary course of business expenditures. Accordingly, the company and all the Theatre Propcos are reliant upon the Tax & Expenses Indemnity and hence the Tenant to pay all ordinary course of business costs, including taxation, of the company and each of its fellow Theatre Propcos.

During the financial year ended 30 September 2013, the Tenant paid a total of £1,015,000 on behalf of the Theatre Propcos, of which the company's share is estimated to be approximately £ 21,000. These payments covered expenses such as interim management fees, legal and advisory fees, property valuation fees and other day-to-day costs of the Theatre Propcos. As these payments were made without the possibility of reimbursement by the Theatre Propcos, they are not recorded in the company's profit and loss account.

Notes to the financial statements
Year ended 30 September 2013

16. Related party transactions (continued)

The company and other members of the Theatre Propcos are currently bearing the costs of the Refinancing, including the costs of the Lenders and their advisers, under arrangements agreed temporarily with the Lenders to allow part of the rental income receipts to be used for that purpose rather than applying it to reduce the Theatre Propcos' Debt. The Refinancing expenses incurred to 30 September 2013 are set out in these financial statements. The Directors believe, on the basis of legal advice, that all costs incurred in respect of the Refinancing are recoverable under the terms of the Tax & Expenses Indemnity. However, the Directors have been informed that the Tenant has received legal advice to the contrary. Therefore, in the event that a claim is brought, it is likely that it will be disputed. It is anticipated that the full costs of the Refinancing across all the Theatre Propcos will amount to many tens of £millions.

(iv) The Tenant pays rent to the company's agent, GHG 38, under its lease agreement for the company's property. The rent receivable during the year is shown in the Profit & Loss Account.

The comparative figure for rent receivable during the year ended 30 September 2012 has been re-stated to reflect the adjustment described in note 19 to the financial statements.

b) Transactions with the Immediate Holding Company – Rent Swap Agreement Loan

In 2008, the company entered into an agreement with its Immediate Holding Company concerning the Rent Swap Agreement Loan. The company has loaned a total of £ 87,000 to its Immediate Holding Company up to 30 September 2013 in respect of this arrangement. As further described in note 8, the company has made full provision against this amount receivable from its Immediate Holding Company.

c) Transactions with other Theatre Propcos

As described in note 8 to the financial statements, certain Theatre Propcos have either a surplus or a deficit between their rental income and the amounts due to the Lenders and Interest rate Swap counterparties. All monies are paid to GHG 38 for distribution to the Lenders and Interest Rate Swap counterparties. As further described in note 8, the company has made full provision against this amount receivable from other Theatre Propcos.

d) Transactions with GHG 38

As described more fully in accounting policy (j), all cash receipts and payments on behalf of the company are administered by GHG 38, a Theatre Propco, as agent for all the Theatre Propcos. The company has no bank account or cash in hand.

As a Small Company as defined by the Companies Act 2006 the company is not required to present a cash flow statement or reconciliation of cash flow to its principal financial statements and does not do so.

Notes to the financial statements
Year ended 30 September 2013

17. Contingent liabilities and financial commitments

(i) Security provided regarding the Theatre Propcos' Debt

The company has charged all its assets to secure its liabilities to the Lenders and to Interest Rate Swap counterparties. The company has cross-collateralised that security with loans and Interest Rate Swaps made at the same time under the same overall arrangements to other Theatre Propcos and is therefore a guarantor of all such arrangements. At 30 September 2013, the total amounts owed to the Lenders by all members of the Theatre Propcos was £1,536.7 million (2012: not previously disclosed £1,562.1 million), the mark-to-market value of the Interest Rate Swaps was £442.3 million (2012: not previously disclosed £537.3 million) and the aggregate market value of the property assets provided as security was £1,580.3 million (2012: not previously disclosed £1,448.8 million book value).

(ii) Taxation

As set out in note 6 to the financial statements, HMRC has queried the basis upon which the company has claimed tax losses arising from the provision against Interest Rate Swaps needed to state these contracts at their fair value. Should HMRC be successful in challenging the timing of the tax losses arising, the company could have a liability to taxation in respect of both the current year and 2012. The assessment of any cash tax implications is difficult until discussions with HMRC have been progressed.

(iii) Rent Swap Agreement Loan

As described in note 16 (b) to the financial statements, the company has an agreement with its Immediate Holding Company to lend that company funds in connection with its obligation under the Rent Swap Agreement. The Directors have obtained a valuation of the present liability of the future obligations under this arrangement which indicates a liability at 30 September 2013 of £246,000. However, this estimate is highly subjective as it is based upon forecasts of future changes in the United Kingdom Retail Prices Index. Additionally, the Refinancing proposals may also include changes to the Rent Swap Agreement. Accordingly, the Directors have not made provision for the above-mentioned commitment but hereby note its potential.

(iv) Refinancing costs

The company is bearing its share (amongst the Theatre Propcos) of the costs of the Refinancing, including the costs incurred by the Lenders and their advisers. The cost incurred up to 30 September 2013 has been included within these financial statements. The eventual total amount cannot be forecast with any accuracy but is likely to be many tens of £millions. In which event, the company's share of the future costs may well be in excess of £1 million.

18. Ultimate parent company

The company is a subsidiary undertaking of GHG 15 (BVI Property Holdings) Limited which is not required to and does not prepare consolidated financial statements.

At 30 September 2012, the ultimate parent and controlling party was Netcare Limited, a company incorporated in the Republic of South Africa, whose financial results are publicly available. The smallest group into which the financial statements of the company were consolidated was General Healthcare Mixer Partnership LLP, whose consolidated financial statements can be obtained from BMI Healthcare House, 3 Paris Garden, Southwark, London SE1 8ND. The largest group in which the results of the company were consolidated was Netcare Limited, whose financial statements can be obtained from 76 Maude Street, Sandton, 2196, South Africa.

Notes to the financial statements
Year ended 30 September 2013

18. Ultimate parent company (continued)

On 16 November 2012, Netcare Limited sold certain beneficial interests in the company (these interests being such economic and voting rights as would take the residual economic and voting interests of Netcare Limited in the company to exactly 50%). Thereafter, Netcare Limited ceased to hold a majority interest in the company.

From that date (until 31 August 2013, as described further below), the ultimate parent and controlling party was General Healthcare Holding Partnership LLP, which does not prepare consolidated financial statements. That entity's subsidiary undertaking, General Healthcare Mixer Partnership LLP, became the largest group in which the results of the company were consolidated.

As described further elsewhere in the financial statements, it became clear that the company would not be able to repay its debts when due and discussions with the Lenders for the refinancing of that debt began in 2012, and are continuing at the date of signing of these financial statements. During the course of 2013, the then directors of the company (who were employees or representatives of parent or other group companies) resigned and were replaced by the Directors.

General Healthcare Mixer Partnership LLP determined that it no longer controlled the company and ceased to consolidate the company and any of the Theatre Propcos within its financial statements with effect from 31 August 2013. From that date, the company was therefore no longer considered for accounting purposes to be a member of the General Healthcare Mixer Partnership LLP group and was not a member of any group which prepares consolidated financial statements.

Since 31 August 2013, there has been no ultimate controlling party of the company.

19. Restatement of comparative figures

As stated in note 2, the comparative figures have been restated to reflect a change of accounting policy and errors found in the 2012 Financial Statements. The matters requiring adjustment, the amounts of the adjustments to the comparative figures and the cumulative adjustments to prior periods, inclusive of the impact upon taxation, are set out in the table that follows.

GHG 15 (Highfield Hospital) Limited

Notes to the financial statements
Year ended 30 September 2013

19. Restatement of comparative figures (continued)

	2012 Profit & Loss Account						2012 Balance Sheet						Profit & loss reserve at 30 September 2011
	Net Operating profit £'000	Interest receivable £'000	Interest payable £'000	Interest Rate Swap provision £'000	Taxation £'000	Loss for the year £'000	Debtors within 1 yr £'000	Debtors > 1 yr Deferred tax £'000	Creditors within 1 yr £'000	Creditors > 1 yr £'000	Provision for liabilities £'000	Net liabilities £'000	£'000
Adjustments:													
(a) Interest Rate Swaps (note 11)													
Unwind interest discount inherent within the fair value assumed in 2006	-	-	(109)	-	25	(84)	-	25	-	(572)	-	(547)	(464)
Reduce FRS12 provision at 30 September 2012	-	-	-	1,996	(459)	1,537	-	(459)	-	-	1,996	1,537	-
Reclassify deferred income to provisions	-	-	-	-	-	-	-	-	-	1,996	(1,996)	-	-
	-	-	(109)	1,996	(434)	1,454	-	(434)	-	1,424	-	990	(464)
(b) Amounts due to/from group undertakings													
Gross up balances which were inappropriately netted off (note 10 (ii))													
Amounts due from Immediate Holding Company - Rent Swap Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due to Immediate Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from Tenant - Deferred rent	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from other Theatre Propcos	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due to other Theatre Propcos	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the financial statements
Year ended 30 September 2013

19. Restatement of comparative figures (continued)

	2012 Profit & Loss Account						2012 Balance Sheet						
	Net Operating profit £'000	Interest receivable £'000	Interest payable £'000	Interest Rate Swap provision £'000	Taxation £'000	Loss for the year £'000	Debtors within 1 yr £'000	Debtors > 1 yr Deferred tax £'000	Creditors within 1 yr £'000	Creditors > 1 yr £'000	Provision for liabilities £'000	Net liabilities £'000	Profit & loss Reserve at 30 September 2011 £'000
Accrue interest on amounts due from the Immediate Holding Company in respect of the Rent Swap Agreement Loan (note 8 (ii))	-	1	-	-	-	-	1	-	-	-	-	-	1
Provision against amounts due from the Immediate Holding Company in respect of the Rent Swap Agreement Loan (note 8 (ii))	(54)	-	-	-	-	(54)	(54)	-	-	-	-	(54)	-
Provision against amounts due from other Theatre Propcos (note 8 (iii))	(1,294)	-	-	-	-	(1,294)	(1,294)	-	-	-	-	(1,294)	-
(c) Rental income received in advance (note 3) Correction of deferred income relating to rent received in advance	(3)	-	-	-	1	(2)	-	1	(22)	-	-	(21)	(19)
(d) Reclassify tax recoverable	(4)	-	-	-	1	(3)	46	1	(51)	-	-	(3)	-
(e) Reclassify GHG 38 cash to reduce Propco bank loans	-	-	-	-	-	-	-	-	-	1	-	-	-
(f) Adjust 2011 deferred tax asset to 2012 tax rates (note 9)	-	-	-	-	(10)	(10)	-	(10)	-	-	-	(10)	-
(g) Deferred tax asset in respect of tax losses not previously recognised	-	-	-	-	-	-	-	-	-	-	-	-	-
h) Deferred tax adjustment following adjustments to 2011 and prior years	-	-	-	-	-	-	-	130	-	-	-	130	130
Total adjustments	(1,354)	1	(109)	1,996	(443)	92	(1,300)	(312)	(73)	1,425	-	(260)	(352)
Amounts recorded in the 2012 Financial Statements	(1,029)	-	(2,175)	(11,084)	2,369	(11,919)	1,986	2,369	(2,609)	(33,083)	(11,084)	(9,910)	(4,212)
Restated amounts included in these financial statements	(2,383)	1	(2,284)	(9,088)	1,926	(11,827)	686	2,057	(2,682)	(31,658)	(11,084)	(10,170)	(4,564)