Public Service Properties Investments

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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DIRECTORS

Patrick Hall (Chairman)
Richard Barnes
Christopher Lovell
Jonas Rydell
Neel Sahai

SECRETARY

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CHAIRMAN'S STATEMENT FOR THE YEAR TO 31 DECEMBER 2014

I am pleased to report the Group's audited consolidated results for the year ended 31 December 2014.

Update on strategic review

The Company successfully disposed of its entire exposure to the UK care home market and ancillary businesses for cash on 4 March 2015. The Company was also successful in selling three of its eight care homes in Germany in separate transactions in November 2014 and January 2015.

The UK transaction comprised the sale of companies, businesses and assets to the Group's tenant, the Embrace Group ("Embrace") for approximately £34.5 million of which £2.5 million is conditional and deferred[1] until 31 December 2015. The three German properties were sold for a total of approximately £12.4 million. After total debt repayments of approximately £25.7 million, interest rate swap breakage costs, bank prepayment penalties, taxation and transaction fees, the Company received net proceeds from the UK and German disposals of approximately £15.8 million, excluding the deferred consideration on the UK disposal.

Current operations

The Group owns five care home properties in Germany which generated gross rental income of approximately £1.7 million for the year ended 31 December 2014. The retained investment properties have been independently valued at 31 December 2014 at an aggregate value of £16.0 million[2] with debt secured against three of the five properties of approximately £3.4 million on which interest is charged at 4.1% per annum. Debt is amortised at the rate of approximately £0.2 million per annum with the final repayment date in March 2020 and is secured against three properties leased to subsidiaries of Marseille Kliniken AG. The Company has not hedged the equity investment in Euro denominated assets.

The Asset Manager's Review below describes the financial results for 2014 in more detail.

Other matters

Recurring management fees will be reduced in line with the reduction of reported net asset value and non-recurring professional fees are expected to be lower in 2015 than in 2014.

The Company will continue to test the market in respect of its remaining properties in Germany. There are ongoing discussions which may result in the disposal of some or all of the assets which the Company will announce as required.

In accordance with the Company's Articles of Association[3] the Board has approved the use of approximately £16.0 million of available cash balances for the mandatory purchase for cancellation of approximately 67 million shares (representing approximately 64% of the Company's issued share capital) on a pro-rata basis at a price of 23.875p[4] per share from shareholders on the register on 24 April 2015. Formal notification will be sent to all shareholders and an additional announcement will be made in due course with the shares expected to be purchased on 30 April 2015. The Board will consider further purchases of shares once additional assets are sold and in the event that the deferred consideration in connection with the UK disposal is received later this year.

Patrick Hall
Chairman
23 March 2015

[1] The deferred consideration is payable if Embrace is successful in tendering for the ongoing domiciliary care contracts in Liverpool, the outcome of which is expected to be confirmed by Embrace in or around April 2015 and payment due by the end of 2015.
[2] Figures in Euros at 31 December 2014 are reflected at an exchange rate of €1.278:£1
[3]The Articles of Association were amended by a resolution approved at the general meeting of shareholders held on 3 March 2015.
[4] Being the closing price for the Company's shares on AIM on 20 March 2015

ASSET MANAGER'S REVIEW

Business Outlook

The Company owned property portfolios located in the UK and Germany during 2014; however, following the year end, all of the UK assets and businesses, which were leased and licensed to the Embrace Group ("Embrace"), were sold to the tenant in a transaction that completed on 4 March 2015. In addition, the Company entered into an agreement to sell a German partnership in November 2014 which owned two care homes leased to Marseille Kliniken AG ("MK"), and an agreement in January 2015 to sell a third property, also leased by MK, back to the tenant (the "German Sales").

UK disposals

The Group sold nine cares homes, office premises, a school and resource centre catering for 30 children and 70 adults with learning difficulties and a domiciliary care business providing care to individuals in their own residence. The Group's cash income from these assets and businesses increased by 2.8% from 19 February 2014 to £5.1 million per annum, including £0.9 million per annum in respect of finance lease income due in respect of the domiciliary care business.

The gross value of the assets and businesses sold to Embrace was approximately £34.5 million of which £2.5 million is conditional and deferred as set out above in the Chairman's Statement. The existing cash held by the lender plus a portion of the initial proceeds of £32.0 million for the disposals was used to repay £15.9 million of bank debt secured against the UK portfolio and £0.4 million in prepayment fees. In addition, the Company has made a provision for £1.5 million for corporation tax and other professional fees in respect of the disposal.

Germany

At the start of 2014, the Group owned eight properties catering for 563 residents in care homes and 154 in assisted living flats. The Group used three different operators in Germany with a gross rental income of €3.6 million. The rents for the German portfolio increase every three or four years by a proportion of the increase in the German Consumer Price Index.

The German Sales were completed at a gross sales price of approximately £12.4 million. The Group repaid £9.8 million to the bank, £1.0 million in interest rate swap breakage costs, prepayment penalties and provided for professional fees.

The remaining five properties were independently valued at €19.1 million by Colliers International at 31 December 2014, net of purchaser's costs, a decline of 9.3% over the independent valuation at 31 December 2013. Colliers ascribed capitalisation rates on the net rental incomes of between 9.85% and 13.76%. The properties are carried at €20.4 million gross of purchaser's costs in the consolidated balance sheet. Three of the properties, catering for 448 residents in care homes, are leased to subsidiaries of MK and are all located in North Rhine Westphalia ("NRW"). One property operated by Meritus is also located in NRW and is registered for 81 residents whilst the fifth property, operated by a private tenant, is located in Berlin and is registered for 80 residents.

Financial Review

In accordance with International Reporting Standards, the consolidated income statement reflects income and expense items relating to continuing operations, namely the ownership of the remaining care home assets in Germany. The results of ownership of care homes and other assets in the UK are reflected in a single line entitled "Loss for the year from discontinued operations" with a detailed breakdown provided in Note 18 to the consolidated financial statements. The 2013 comparative numbers have been restated to reflect this format. The consolidated balance sheets reflects separate assets and liabilities of the Group, whilst all assets and liabilities relating to the UK and the German Sales are reflected in separate lines entitled "Assets/Liabilities of disposal group classified as held for sale" with a detailed breakdown also provided in Note 18 to the consolidated financial statements.

Revenue from continuing operations comprises rental income from the German portfolio and was stated at £2.8 million for the year ended 31 December 2014 compared to £3.1 million for the year ended 31 December 2013. The decline was driven by a combination of a weakening Euro compared to sterling during the period and lower rental income from the sale of two properties announced on 3 November 2014. Fair value losses on the German portfolio of £3.2 million and losses on the sale of the German partnership of £1.7 million resulted in an operating loss of £3.8 million before finance costs of £2.0 million, which included £1.3 million of adverse foreign exchange movements relating to the German debt held during the year. Total administrative costs for 2014 were reported as £1.6 million which were 24% lower compared to 2013. These costs are split between continuing and discontinued operations.

ASSET MANAGER'S REVIEW (CONTINUED)

As a result of these factors, the loss from continuing operations was reported at £5.7 million (2013 – loss of £2.1 million).

The loss for the year from discontinued operations was £9.1 million (2013 - net loss of £4.3 million) which relates to the UK assets and businesses. The loss comprises income of £5.2 million (2013 - £5.3 million), interest expense of £1.5 million (2013 - £2.0 million), loss on disposal and/or fair value adjustments to the properties of £14.0 million (2013 - £2.3 million), impairment on loans receivable of £nil (2013- £1.8 million) and a net tax credit of £1.5 million (2013 - £2.0 million) which primarily relates to the release of provisions for deferred taxation.

Based on the net asset position at 31 December 2014, the annual management fees payable to the asset manager will be reduced to £0.4 million per annum compared to £0.7 million charged in 2013. The management fees will be reduced further once additional assets are sold and capital is returned to shareholders. Professional fees connected with the on-going strategic review, not directly attributable to the specific disposals will continue in 2015, but should also be reduced compared to the level incurred in 2014.

Independent valuations of the Group's UK and Germany investment property assets at 31 December 2014 were undertaken by Colliers International. Between 31 December 2013 and 31 December 2014, the aggregate capital value of the Group's investment properties decreased by 7.9%. The UK portfolio, which represented 56.3% of the Group's total investment property portfolio as at 31 December 2014, decreased by £0.3 million or 0.8%. This reflected an increase in the average Capitalisation Rate[2] from 10.63% at 31 December 2013 to 10.99% at 31 December 2014. Individual Capitalisation Rates varied between 6.0% and 30.0%. Whilst the year on year movement in the Capitalisation Rate was small, the movement from the average Capitalisation Rate at 30 June 2014 was greater, declining by 8% in the second half of 2014, primarily as a result of a poorer operating performance by the tenant in the second half of the year.

The decline in the value of the German investment portfolio reflected an increase in the average Capitalisation Rate[2] from 8.5% at 31 December 2013 to 9.7% at 31 December 2014. Individual Capitalisation Rates varied between 7.3% and 13.8% at 31 December 2014. Colliers adjusted the valuation on properties comprising the German Sales to reflect the sale values accepted by the Company. Colliers reduced the valuation on one home that had continued to experience operational difficulties and three further homes located in NRW where regulatory changes due to be introduced in 2018 would, as currently drafted, result in a reduction of permitted dual occupancy rooms, leading to a reduction in available beds without further investment to re-configure or extend the properties. The Company's adviser in Germany continues to believe that the planned provisions are likely to be amended, in favour of care home operators, due to the overall impact of the changes in NRW.

The Group's short and long term borrowings attributable to continuing operations, net of amortised finance costs, at 31 December 2014 were £0.2 million and £3.2 million, respectively, compared to £2.3 million and £29.4 million at 31 December 2013, including debt on discontinued operations. The overall decrease was as a result of the repayment of debt following the sale of a German partnership in November 2014 and contractual amortisation.

The Company guaranteed the debt secured against the UK assets and liabilities; however, the debt was repaid on 4 March 2015 and the guarantee was cancelled. The Company has a contingent liability to fund up to €1.5 million should one of the properties in Germany require redevelopment. There are currently no plans to commence a redevelopment at this property.

The Company has not hedged the equity exposure in Euro denominated assets which will have had a negative impact based on the further weakening of the Euro against Sterling since the year end.

ASSET MANAGER'S REVIEW (CONTINUED)

Total equity decreased from £51.8 million at 31 December 2013 to £36.4 million at 31 December 2014 reflecting the impact of the UK disposals and the German Sales in addition to fair value losses offset by other operating profits. The Net Asset Value ("NAV") per share[3] is 34.6 pence per share (2013 – 49.2 pence per share). The NAV includes the conditionally deferred consideration, does not reflect the impact of current exchange rates and makes no provision for any costs that would be incurred on the disposal of the remaining assets.

RP&C International
23 March 2015

Notes:
[1] The valuations are stated gross of certain costs of up to 7% that a purchaser may incur if the assets were sold which could affect the amount realised on the disposal of assets.
[2] Capitalisation Rate is represented by the net rental income receivable divided by the market value of the properties from which the rental income is derived
[3] Total equity divided by the number of ordinary shares in issue at 31 December 2014.

Report of the independent auditor to the General Meeting of
Public Service Properties Investments Limited
British Virgin Islands

Report of the independent group auditor on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Public Service Properties Investments Limited, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements (pages 7 to 49), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the results of operations, the financial position and the cash flows in accordance with the International Financial Reporting Standards (IFRS).

PricewaterhouseCoopers AG

Roger Kunz
Auditor in charge

Michael Ruble

Zurich, 23 March 2015

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PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013 (restated)
Continuing Operations		£	£
Revenue	6	2,764,020	3,087,492
Net loss from fair value adjustments on investment properties	11	(3,242,236)	(3,171,047)
Impairment of investments and loans	12,15	(2,000)	0
Gain/(loss) on disposal of subsidiaries	18	(2,118,293)	137,590
Administrative expenses	7	(1,422,536)	(1,887,664)
Finance income	8 (a)	958	331,591
Operating loss		(4,020,087)	(1,502,038)
Finance costs	8 (b)	(1,637,095)	(724,006)
Loss before income tax expense		(5,657,182)	(2,226,044)
Income tax expense	24	(32,674)	150,875
Loss for the year from continuing operations		(5,689,856)	(2,075,169)
Discontinued operations			
Loss for the year from discontinued operations	18	(9,126,163)	(4,275,300)
Loss for the year		(14,816,019)	(6,350,469)
Basic and diluted loss per share (in pence)			
From continuing operations	9	(5.40)	(1.97)
From discontinued operations	9	(8.66)	(4.06)
From loss for the year		(14.06)	(6.03)

The notes on pages 12 to 49 form part of these financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	**2013 (restated)**
	£	**£**
Loss for the year	(14,816,019)	(6,350,469)
Other comprehensive income		
Items that may be subsequently transferred to the income statement		
Cash flow hedges	(697,813)	338,715
Recycle of cash flow hedging reserve on disposal	516,569	-
Recycle of translation reserve on disposal	(443,494)	-
Currency translation differences	44,994	6,362
Other comprehensive (loss)/income for the year	**(579,744)**	**345,077**
Total comprehensive loss for the year	**(15,395,763)**	**(6,005,392)**

The notes on pages 12 to 49 form part of these financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		£	£
ASSETS			
Non current assets			
Investment property	11	15,954,390	72,092,779
Investments	12	-	1,000
Receivable from finance lease	14	-	9,492,854
Loans	15	-	2,000
		15,954,390	81,588,633
Current assets			
Receivables and prepayments	20	62,293	478,947
Restricted cash	20	502,593	1,209,828
Cash and cash equivalents		4,094,701	4,001,022
		4,659,587	5,689,797
Assets of disposal group classified as held for sale	18	40,031,308	-
		44,690,895	5,689,797
Total assets		60,645,285	87,278,430
EQUITY			
Capital and reserves			
Share capital	21	605,722	605,722
Share premium	21	89,736,103	89,736,103
Cashflow hedging reserve		(305,279)	(137,944)
Translation reserve		621,387	1,033,796
Retained earnings		(54,243,972)	(39,427,953)
Total equity		36,413,961	51,809,724
LIABILITIES			
Non current liabilities			
Borrowings	22	3,172,517	29,418,283
Derivative financial instruments	19	251,410	137,944
Deferred income tax liability	23	23,765	2,127,287
		3,447,692	31,683,514
Current liabilities			
Borrowings	22	211,269	2,323,921
Trade and other payables	25	147,512	279,731
Current income tax liabilities		-	448,565
Accruals	26	463,393	732,975
		822,174	3,785,192
Liabilities of disposal group classified as held for sale	18	19,961,458	-
		20,783,632	3,785,192
Total liabilities		24,231,324	35,468,706
Total equity and liabilities		60,645,285	87,278,430

The consolidated financial statements on pages 8 to 49 were approved by the board of directors on 23 March 2015 and were signed on its behalf by:

Patrick Hall
Director
23 March 2015

Neel Sahai
Director
23 March 2015

The notes on pages 12 to 49 form part of these financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		£	£
Loss for the year:		(14,816,019)	(6,350,469)
Adjustments for non-cash items:			
-Interest expense		1,527,488	2,101,431
- Net foreign exchange losses/(gains)		1,267,977	(328,422)
-Interest income		(1,294,997)	(1,309,052)
-Income tax expense		(1,428,505)	(2,168,132)
-Waived receivables		-	192,086
-Impairment of loan	15	2,000	1,749,000
-Proceeds from finance lease		933,025	907,025
-Loss on disposal of subsidiaries		16,140,120	-
-Amortisation of debt issue costs		626,722	561,106
-Changes in fair value of investment property	11	3,418,078	12,773,056
Changes in working capital			
-Changes in receivables and prepayments		184,480	432,688
-Changes in trade and other payables		(4,680)	(1,892,605)
-Changes in accruals		1,406,793	(4,370,526)
Cash generated from operations		7,962,482	2,297,186
Interest paid		(1,505,695)	(2,354,645)
Income tax paid		(332,714)	(484,641)
Net cash generated/(used) from operating activities		6,124,073	(542,100)
Cash flow from investing activities			
Change in restricted cash		(664,510)	(357,805)
Proceeds from sale of subsidiary		-	1,190,805
Proceeds from sale of investment property		7,913,965	7,895,230
Interest received		958	3,169
Net cash generated from investing activities		7,250,413	8,731,399
Cash flow from financing activities			
Proceeds from borrowings		-	7,738,142
Repayments of borrowings		(11,230,412)	(14,827,134)
Cost associated with new borrowings		(53,508)	-
Net cash used by financing activities		(11,283,920)	(7,088,992)
Net increase / (decrease) increase in cash and cash equivalents		2,090,566	1,100,307
Movement in cash and cash equivalents			
At start of year		4,001,022	2,869,610
Net increase / (decrease) in cash and cash equivalents		2,090,566	1,100,307
Foreign currency translation adjustments		(122,827)	31,105
At end of year		5,968,761	4,001,022
Cash and cash equivalents		4,094,701	4,001,022
Cash and cash equivalents - held for sale		1,874,060	-
		5,968,761	4,001,022

The notes on pages 12 to 49 form part of these financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the Company					
	Share Capital	**Share Premium**	**Cashflow Hedging Reserve**	**Translation Reserve**	**Retained Earnings**	**Total Equity**
	£	**£**	**£**	**£**	**£**	**£**
Balance as of 1 January 2013	605,722	89,736,103	(476,659)	1,027,434	(33,077,484)	57,815,116
Comprehensive income						
Loss for the year	-	-	-	-	(6,350,469)	(6,350,469)
Other comprehensive income						
Cash flow hedges – net of tax	-	-	338,715	-	-	338,715
Foreign currency translation	-	-	-	6,362	-	6,362
Total comprehensive income	-	-	338,715	6,362	(6,350,469)	(6,005,392)
Balance as of 31 December 2013	**605,722**	**89,736,103**	**(137,944)**	**1,033,796**	**(39,427,953)**	**51,809,724**
Balance as of 1 January 2014	**605,722**	**89,736,103**	**(137,944)**	**1,033,796**	**(39,427,953)**	**51,809,724**
Comprehensive income						
Loss for the year	-	-	-	-	(14,816,019)	(14,816,019)
Other comprehensive income						
Cash flow hedges – net of tax	-	-	(167,335)	-	-	(167,335)
Foreign currency translation	-	-	-	(412,409)	-	(412,409)
Total comprehensive income	-	-	(167,335)	(412,409)	-	(579,744)
Balance as of 31 December 2014	**605,722**	**89,736,103**	**(305,279)**	**621,387**	**(54,243,972)**	**36,413,961**

The notes on pages 12 to 49 form part of these consolidated financial statements.

1. GENERAL INFORMATION

Public Service Properties Investments Limited was incorporated in 2001 and is domiciled in the British Virgin Islands (registered office at Nerine Chambers, Road Town, Tortola, British Virgin Islands) and is the parent company of the PSPI Group. Public Service Properties Investments Limited and its subsidiaries (together “the Group” or “the Company”), is an investment property Group with a portfolio in the UK, Continental Europe and the USA. It is principally involved in leasing real estate where the rental income is primarily generated directly or indirectly from governmental sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB). The consolidated financial statements are reported in Pounds Sterling unless otherwise stated and are based on the annual accounts of the individual subsidiaries at 31 December 2014, which have been drawn up according to uniform Group accounting principles.

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties, other financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those estimates.

Comparative information in the consolidated income statement and consolidated statement of comprehensive income have been restated in order to be consistent with the presentation of certain items as discontinued operations in 2014 as detailed in Note 18.

The Group has adopted the following new standards, amendments to standards and interpretations for the financial year ended 31 December 2014. These amendments did not have a material impact on the consolidated financial statements.

IAS 32 (amendment) 'Offsetting financial assets and financial liabilities'.
Annual Improvement to IFRSs 2010-2012 Cycle - IAS 24 ‘Related party disclosures'.
Annual Improvements to IFRSs 2011-2013 Cycle - IAS 40 'Investment property’.

2.1 Basis of preparation (Continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year ended 31 December 2014 and have not been early adopted:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018, retrospective application, earlier application permitted). The complete version of IFRS 9 'Financial Instruments' includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortised cost, fair value through other comprehensive income (‘FVOCI’) and fair value through profit or loss (‘FVPL’). Classification for investments in debt instruments is driven by the entity's business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss IFRS 9 also contains a new impairment model which will result in earlier recognition of losses. The expected credit losses (ECL) model is a 'three-stage' model for impairment based on changes in credit quality since initial recognition. In addition, the new standard contains amendments to general hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The amendment is not expected to have a material impact on the consolidated financial statements.

IFRS 15 ‘Revenue from Contracts with Customers’ (effective for annual periods beginning on or after 1 January 2017, retrospective application, earlier application permitted). The new standard on the recognition of revenue from contracts with customers is based on a five step approach: 1)Identify the contract with the customer 2)Identify the separate performance obligations in the contract 3)Determine the transaction price 4)Allocate the transaction price to separate performance obligations 5)Recognize revenue when a performance obligation is satisfied. The new standard will likely require entities to redefine their principles in recognizing revenue, adjust the accounting systems and rephrase contracts with their clients. The amendment is not expected to have a material impact on the consolidated financial statements.

2.2 Principles of consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

All the Group companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Groups accounting policies.

2.2.2 Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.2.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The Group’s investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. If the ownership interest in an associate or significant influence is lost, the associate is derecognised and recognised as an investments measured at fair value. Any difference between the carrying value at the date of derecognised and fair value is recorded in the income statement.

The Group’s share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to ‘share of profit/(loss) of associates’ in the income statement.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Segmental Reporting

Segmental reporting has been prepared in accordance with IFRS 8 (Segment Reporting).

The chief operating decision maker has been identified as the board of directors, who review the Group’s internal reporting and management information in order to assess performance and allocate resources.

It has been determined that the board of directors reviews management information, considers the business and makes decisions from a geographic perspective. As such, the Group has been organised into the following segments:

- Activities in the United Kingdom (discontinued in 2014)
- Activities in Germany
- Activities in Switzerland (discontinued in 2012)
- Activities in the United States of America (discontinued in 2012)

A geographical segment is one that is engaged in providing products or services within a particular economic area which are subject to risks and returns that are different from those of segments operating in other economic areas. Revenues are wholly derived from operating leases and finance leases.

The board of directors assess the performance of the business using a number of measures; however particular emphasis is placed on “adjusted net earnings” (as shown in Note 9). This excludes the effects of any non-cash and exceptional one-off non-recurring income and expenses to give an indication of the Groups’ underlying business performance.

Total segment assets and liabilities excludes certain assets and liabilities which are managed on a central basis, these form the reconciliation to total balance sheet assets.

2.4 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Pounds Sterling, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance costs and finance income respectively, unless they are capitalised. All other foreign exchange gains and losses are presented net in the statement of comprehensive income.

Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of the balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the rates on those dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Group are reclassified to profit or loss.

The translation rates used are disclosed in Note 5 to the consolidated financial statements.

2.5 Investment property

Property not occupied by the Group but held for long-term rental yields, for capital appreciation or both is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises freehold land and buildings and is initially recognised at historic cost, including related transaction costs and borrowing costs. After initial recognition investment property is held at fair value which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with guidance issued by the International Valuation Standard Committee and are prepared annually by independent external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property.

Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property would otherwise be met. The operating lease is accounted for as if it were a finance lease.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized

Changes in fair values are recorded in the income statement. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement where necessary.

Where the Group disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

2.6 Leases

Finance lease:
When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

The Group has leased out a business under a licence agreement. The business is in respect of the provision of domiciliary care to clients in their own properties which has been licensed to an independent third party for 35 years with annual increases in line with the Retail Price Index, subject to a maximum increase of 5%. The operator maintains the right to run the Business and receive any benefits/losses derived from running the business.

Operating lease:
The Group currently treats all of its investment property leases as operating leases, however this classification is considered by the directors for each property on acquisition. An operating lease is a lease in which substantially all the risks and rewards of the asset (investment property) remain with the lessor and as such these assets remain in the Group's balance sheet. Lease payments from the lessee are recognised as rental income and as such disclosed in the income statement on a straight-line basis over the period of the lease.

Lease classification:
The Group determines the classification of leases on each asset having regard to whether substantially all risks and rewards incidental to ownership of the asset are transferred to the lessee.

2.7 Loans and receivables

Loans are classified as non-current assets unless management has the express intention of holding the loans for less than 12 months from the balance sheet date, in which case they are included in current assets. The directors determine the classification of the loans at initial recognition and re-evaluate the designation at every reporting date.

Purchases and sales of loans are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Loans are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of loans. In the case of loans, the financial position of the underlying companies and their ability to repay the preference share capital is considered in determining whether the loans are impaired.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. Loans are derecognised when the rights to receive cash flows from the loans have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. When investments are sold the resulting gains and losses are included in the income statement as gains and losses from loans.

2.8 Impairment of assets for non-financial assets

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

2.9 Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges:
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recognised in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, if the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the costs of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.10 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. In accordance with the Group's policy, a provision of 50% and 100% would be made against any trade receivables outstanding for more than six and twelve months, respectively. The provision is based on historical experience of the Group. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the trade receivables. The amount of the provision is recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand; deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings under current liabilities.

2.12 Share capital

Ordinary shares are classified as equity. Any transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

2.13 Trade payables and other payables

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Dividends

Dividends are recorded as a liability in the Group's financial statements in the period in which they are approved by the Group's shareholders.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 Current and deferred income tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Due to the tax jurisdictions of the Group companies no tax impact is anticipated.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue consists of minimum lease rentals payable over the terms of the operating leases, recognised on a straight line basis, and incremental lease rentals payable under rent escalation clauses in the leases recognised as they arise. Every investment property is accounted for individually. Operating lease agreements are based on long-term leasing contracts of 35 years.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

2.20 Finance income and expense

Interest income and expense are recognised within ‘finance income’ and ‘finance costs’ in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. ‘Finance income’ is presented before operating profit and ‘Finance costs’ are presented after operating profit.

2.21 Earnings per share

The Group has chosen to disclose an adjusted earnings per share figure. This provides an indication of the Group’s underlying business performance and excludes significant “non cash” items such as fair value movements on investment properties, the recognition of accrued income, foreign exchange movements and movements in the value of derivative financial instruments charged to the income statement.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency and price risk), cash flow and fair value interest rate risk, credit risk and liquidity rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the senior management of the asset manager under policies approved by the board of directors. Senior management identifies, evaluates and hedges financial risks. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to euros. Limited foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. However, most operating entities have limited exposure to exchange risk outside their functional currencies.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations in Continental Europe are managed primarily through borrowings denominated in the relevant foreign currencies, although the directors monitor and permit currency exposure in this regard as an element of its financing strategy.

Historically the Group has not entered into any hedging transactions in respect of the net assets of subsidiaries denominated in foreign currencies. The Group will review this policy from time to time.

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk mainly arises from long-term borrowings, derivative financial instruments and to a limited extent, from cash and cash equivalents. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates and derivative financial instruments expose the Group to fair value interest-rate risk. Group policy is to maintain a significant percentage of its borrowings in fixed rate instruments, through the use of derivative financial instruments if necessary. The board of directors regularly meet to review levels of fixed and variable borrowings and takes appropriate action as required.

The table below shows the sensitivity of profit and equity to movements in market interest rates. The impacts are disaggregated into the currencies in which the debt is held:

		2014 **£**	**2013** **£**	**2014** **€**	**2013** **€**
Shift in basis points					
Profit impact of increase	50	n/a	(70,151)	(63,405)	(77,786)
Profit impact of decrease	50	n/a	70,151	63,405	77,786
Equity impact of increase	50	n/a	71,826	n/a	n/a
Equity impact of decrease	50	n/a	(71,826)	n/a	n/a

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk arises from cash, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to rental customers, including outstanding receivables.

The table below shows the credit rating and balance of the three major bank counterparties at the balance sheet date. The table includes all cash and cash equivalents including that classified as held for sale.

	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Counterparty	**Rating**	**Rating**	**Balance**	**Balance**
Bank A	BB	BB	2,836,477	997,549
Bank B	Not Rated	Not Rated	1,874,060	1,279,613
Bank C	A-	A-	807,525	4,795

Bank A is Allied Irish Bank (UK) plc which is a wholly owned subsidiary of Allied Irish Banks plc ("AIB"). In October 2010, Standard and Poor's downgraded AIB. In December 2010, AIB was effectively nationalised by the Irish Government.

Bank B is the Bank of London and the Middle East which is not rated. The balances in relation to this bank are included within those presented as held for sale (see Note 18)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the continuing contractual undiscounted cash flows.

At 31 December 2014	**Note**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
		£	**£**	**£**	**£**
Borrowings	22	347,605	339,389	965,637	2,433,140
Trade and other payables	25	147,512	-	-	-
Derivative financial instruments	19	-	-	-	251,410
Total		**495,117**	**339,389**	**965,637**	**2,684,550**
At 31 December 2013	**Note**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Borrowings	22	3,898,826	2,889,964	18,690,758	13,977,393
Trade and other payables	25	279,731	-	-	-
Derivative financial instruments	19	-	-	-	137,944
Total		**4,178,557**	**2,889,964**	**18,690,758**	**14,115,337**

Borrowings in the table above include future interest payable.

Where an interest rate swap is in place, the fixed rate implicit in the agreement has been used to calculate future payments, consequently the position is shown after any cash flows arising from interest rate swaps.

3.1 Financial risk factors (Continued)

As of year-end a subsidiary company was in breach of the tenant EBITDAR to net rental income ratio and equity ratio included in one of the BLME senior debt facilities. In accordance with the terms of the facility letter, an additional payment was made into the relevant debt service reserve in satisfaction of the breach. The principal balance of this senior debt facility was repaid in March 2015 (see Note 32).

(d) Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders (if free cash is available for dividend declaration), return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the loan to value ratio. This ratio is calculated as total debt divided by total non-current assets less goodwill and loans. Debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet).

The Group's intention is to maintain the loan to value ratio below 70%. The loan to value ratios at 31 December 2014 and 2013 were as follows:

	Note	**2014** **£**	**2013** **£**
Total borrowings	22	3,383,786	31,742,204
Total non-current assets		15,954,390	81,588,633
Less: Loans and receivables	15	-	(2,000)
Adjusted non-current assets		15,954,390	81,586,633
Loan to value ratio		21.21%	38.91%

3.2 Fair value estimation

The table below provides disclosure of fair value measurements as at 31 December by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See Note 18 for disclosures of the disposal assets and liabilities held for sale and have been measured at fair value.

3.2 Fair value estimation (Continued)

2014	**Level 1**	**Level 2**	**Level 3**	**Total balance**
	£	**£**	**£**	**£**
Assets				
Investment property			15,954,390	15,954,390
Total assets	-	-	15,954,390	15,954,390
Liabilities				
Derivatives used for hedging	-	251,410	-	251,410
Total liabilities	-	251,410	-	251,410

2013	**Level 1**	**Level 2**	**Level 3**	**Total balance**
	£	**£**	**£**	**£**
Assets				
Investment property			72,092,779	72,092,779
Investments	-	-	1,000	1,000
Total assets	-	-	72,093,779	72,093,779
Liabilities				
Derivatives used for hedging	-	137,944	-	137,944
Total liabilities	-	137,944	-	137,944

As detailed in Note 12, during 2013 the Group reclassified its ownership in certain investments from equity accounting under IAS 28 to fair value accounting under IAS 39.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting values discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

3.3 Other risk factors

The Group is exposed to property price and market rental risks. Wherever possible the Group builds into the terms of its leases indexation linked to consumer price indices, in order to manage its market rental risk.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstance. The Group makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates may not equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below.

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making this judgement, the Group considers information from a variety of sources including:

i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

(b) Principal assumptions for management's estimations of fair value

If information on current or recent prices or assumptions underlying the discounted cash flow approach investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market.

The Group relies on valuations prepared by qualified independent valuation companies. Were the capitalisation rates used in preparing the independent valuation reports to differ by 5% to the rate used by the independent valuer, the net effect of the carrying amount of investment properties after deferred taxation would be an estimated £0.7 million higher (2013 – £3.1 million) or £0.6 million lower (2013 – £2.8 million).). The expected future market rentals are determined based on the specific terms of the rental contracts. Management has assumed that the current rent being received in respect of its investment property will be maintained on expiry of the lease (See Note 11).

(c) Impairment of investments and loans

In the process of its impairment assessment, the Group makes certain assumptions regarding the recoverable amount of investments. These assumptions include recoverability of the assets and liabilities not held at fair value, such as deferred tax. Based on the underlying net assets of the investment, the Group has determined the investment value is nil (2013-£1,000). In addition the subordinated secured loan note referred to in Note 15 has been valued at nil (2013-£1,000). The preference shares have been held as held for sale (See Note 18).

5. FOREIGN EXCHANGE RATES

	Balance Sheet		Income Statement and Cash Flow Statement	
	As at 31 December 2014	As at 31 December 2013	average 2014	average 2013
	£	£	£	£
EUR 1.00	1.27800	1.19790	1.24088	1.17820

6. REVENUE

	2014	2013 (restated)
	£	£
Rental income	2,764,020	3,087,492

The future continuing aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	As at 31 December 2014	As at 31 December 2013 (restated)
	£	£
Less than 1 year	1,702,910	3,043,095
More than 1 year and less than 5 years	5,108,730	9,129,286
More than 5 years	21,044,421	37,002,827
	27,856,061	49,175,208

The majority of investment properties in Germany are leased for an initial period of 20 years; however the lessee has the right to renew the leases for a further period of 5 or 10 years, subject to the agreement of the revised rent. The rent on the majority of leases is changed every four years from the anniversary of inception, with reference to the German Consumer Price Index.

Disposal of investment properties

During 2014, two of the investment properties in Germany were sold (see Note 11 and Note 18) as such the future minimum annual rentals of these properties are not included in the table above as at 31 December 2014. Additionally, one investment property is treated as held for sale as at 31 December 2014 (see Note 18). The future minimum rentals of this property are also excluded in the table above as at 31 December 2014.

Discontinued operations

The investment properties in the UK have been included in discontinued operations in 2014 and future minimum annual rentals are therefore not included in the table above (see Note 18). The investment properties were leased for an initial period of 35 years. The leases terminated in 2039, although the lessee had the right to renew the leases two years before their expiry, for a further period of 35 years subject to agreement on the revised rent. Each lease was subject to an upward only market rent review every five years from the start of the lease. In the event that a UK property was damaged or destroyed by any insured risk and was not reinstated by the Group within a period of 3 years, the lessee had the right to terminate the lease in respect of that UK property. The lessor had the option to terminate each lease, subject to the senior lender's consent, for various reasons including the breach of material clauses of the lease.

7. ADMINISTRATIVE EXPENSES

	2014 £	2013 (restated) £
Third party company administration	12,412	173,318
Management fees (continuing)	498,631	603,298
Professional fees	748,373	698,980
Audit fees	107,046	140,239
Waived receivables	-	192,086
Insurance and general expenses	56,074	79,743
	1,422,536	1,887,664

8. a) FINANCE INCOME

	2014 £	2013 (restated) £
Interest income – other third party	958	3,169
Net exchange gains	-	328,422
	958	331,591

b) FINANCE COSTS

	2014 £	2013 (restated) £
Interest on mortgages	575,373	715,815
Other interest and borrowing expenses	6,014	8,191
Net exchange losses	1,055,708	-
	1,637,095	724,006

9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	December 2014 £	**December 2013 (restated)** £
Loss from continuing operations attributable to shareholders	(5,689,856)	(2,075,169)
Loss from discontinued operations attributable to shareholders	(9,126,163)	(4,275,300)
Total	**(14,816,019)**	**(6,350,469)**
Weighted average number of ordinary shares outstanding	105,365,717	105,365,717
Basic and diluted earnings per share – (pence per share) continuing operations	(5.40)	(1.97)
Basic and diluted earnings per share – (pence per share) discontinued operations	(8.66)	(4.06)
Total	**(14.06)**	**(6.03)**

Adjusted Earnings per Share – Non GAAP

The Directors have chosen to disclose "adjusted earnings per share" in order to provide an indication of the Group's underlying business performance. Accordingly it excludes the effect of items as detailed below and have not been adjusted for discontinued operations.

	December 2014 £	**December 2013** £
Loss attributable to shareholder	(14,816,019)	(6,350,469)
(Gain)/loss on disposal of subsidiaries	16,140,120	(2,372,954)
Repayment penalty on borrowings	-	315,898
Foreign exchange gains	1,099,073	(328,422)
Fair value loss on investment properties	3,418,078	12,773,056
Impairment of investment	1,000	-
Impairment of loan	1,000	1,749,000
Deferred income tax liability movement	(2,025,841)	(2,193,940)
Amortisation of debt issue costs	623,020	572,547
Non recurring transaction fees	(250,208)	207,487
Waived receivables	-	192,086
Current income tax expense	597,336	28,116
Total adjusted earnings	4,787,559	4,592,405
Weighted average number of ordinary shares outstanding	105,365,717	105,365,717
Basic adjusted and diluted adjusted earnings per share (pence per share)	**4.54**	**4.36**

10. DIVIDENDS

No interim or final dividend was paid in 2013. No interim dividend was paid in 2014 and the Directors do not recommend a final dividend for 2014.

11. INVESTMENT PROPERTY

	2014	2013
	£	£
As at 1 January	72,092,779	84,017,922
Additions resulting from subsequent expenditure	-	-
Net (loss) on fair value adjustment - continuing	(3,242,236)	(3,171,047)
Net (loss) on fair value adjustment - discontinued	(175,841)	(9,602,009)
Disposals (Note 18)	(11,286,970)	-
Impairment to sales value (Note 18)	(7,949,827)	-
Transferred to disposal group classified as held for sale (Note 18)	(31,502,582)	-
Net change in fair value due to exchange differences	(1,980,933)	847,913
As at 31 December	15,954,390	72,092,779

Bank borrowings are secured on investment property as outlined in Note 22.

The investment properties were valued as at 31 December 2014 by Colliers International Property Consultants Limited ("Colliers"). The valuation basis is market value and conforms to international valuation standards. Colliers is a qualified independent valuer who holds recognised and relevant professional qualifications and has recent experience in the relevant locations and category of properties being valued. The valuations are presented before estimated purchasers costs; however, sellers' costs are not included.

The valuation of the investment properties in Germany was based on the duration of the leases, the future cash flows and after due consideration of transaction activity in the market, Colliers concluded that capitalisation rates of between 7.25% and 13.76% (2013: 7.25% to 12.19%) were appropriate under the market conditions prevailing at 31 December 2014, resulting in an average capitalisation rate of 9.65% (2013 – 8.47%). The Group has applied individual capitalisation rates as advised by Colliers to each investment property in preparation of the consolidated financial statements.

Investment property held for sale

The valuation of the investment properties in the UK was based on the detailed review of relevant information provided by the Group and the tenant. Colliers concluded that capitalisation rates of between 6.00% and 30.00% (2013 – 7.00% to 22.50%) were appropriate under market conditions prevailing at 31 December 2014, resulting in an average capitalisation rate of 10.99% (2013 – 10.63%). The Group has applied individual capitalisation rates as advised by Colliers to each investment property in preparation of the consolidated financial statements. This gave a carrying value of £37,498,063. These properties were approved for sale in 2014 and sold in March 2015 and, as such, have been treated as held for sale as at 31 December 2014 (See Note 18). Prior to transfer to the disposal group classified as held for sale, these assets were written down to their sales value of £29,546,400.

Also included in Investment property held for sale is one investment property in Germany (Lichtenberg) which was approved for sale prior to the year end. This has a sales value of €2,500,000 (£1,956,182) and the sale finalised in 2015.

Disposal of investment property

Disposals during the year ended 31 December 2014 relate to the disposal of a German partnership which owns two care home properties in Germany (Langen and Lutzerath) which completed in November 2014. The disposal value of £11,286,970 (€14,319,780) represents the fair value at the date of disposal which equated to the Colliers valuation performed in June 2014.

12. INVESTMENTS

	2014 £	2013 £
As at 1 January	1,000	1,000
Write off of investment	(1,000)	-
Derecognition upon loss of significant influence	-	(1,000)
Recognition of investment at fair value	-	1,000
As at 31 December	-	1,000

In July 2012, the Group announced that it had entered into a conditional agreement to combine the majority of its UK property portfolio with the assets and business of the European Care Group, the Group's sole UK tenant in a non-cash transaction.

Esquire Realty Holdings Limited, a wholly-owned subsidiary of Esquire Group Investment (Holdings) Limited ("Esquire"), the holding company of the European Care Group, acquired certain of the Group's subsidiary companies in consideration for issuance of 20% of the ordinary share capital of Esquire and the issuance of a subordinated secured loan note instrument in Esquire Consolidated Investment (Holdings) Limited, a wholly owned subsidiary of Esquire, with the principal amount of £2.8 million (see Note 15).

The Board of PSPI initially valued the consideration shares at a nominal value of £1,000 on completion of the transaction in July 2012.

Due to the events at Esquire since the last quarter of 2013 and the resignation of Patrick Hall and Richard Barnes from the board from companies in the Esquire Group, the influence of both the Group and the Group's appointed board members of Esquire has ceased. Based on the former, the Group determined it no longer had significant influence over Esquire. In accordance with IAS 28, the Group derecognised the associate and recognised the investment at fair value in accordance with IAS 39. The initial fair value of the investment was the value of the equity investment at the date of derecognition. There was no income statement impact upon this change and given the insignificant value attributed to the investment upon initial recognition, there was no impact related to the Group's proportional share of OCI items of the associate. There was an impairment of loan provision as mentioned in Note 15.

During 2014, Esquire was placed into liquidation, the Directors consider it unlikely that there will be any recovery from the liquidation proceedings and as such the investment has been impaired to nil.

13. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below. See Note 18 for disclosures of the disposal assets and liabilities held for sale and have been measured at fair value.

	Notes	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available for sale	Total
31 December 2014		**£**	**£**	**£**	**£**	**£**
Assets as per balance sheet						
Investments	12	-	-	-	-	-
Restricted cash	20	502,593	-	-	-	502,593
Cash and cash equivalents		4,094,701	-	-	-	4,094,701
Total		4,597,294	-	-	-	4,597,294

		Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
		£	**£**	**£**	**£**
Liabilities as per balance sheet					
Borrowings	22	-	-	3,383,786	3,383,786
Derivative financial instruments	19	-	251,410	-	251,410
Trade and other payables	25	-	-	147,512	147,512
Total		-	251,410	3,531,298	3,782,708

13. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The accounting policies for financial instruments have been applied to the line items below. See Note 18 for disclosures of the disposal assets and liabilities held for sale and have been measured at fair value.

	Notes	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available for sale	Total
31 December 2013		£	£	£	£	£
Assets as per balance sheet						
Trade receivables - net	20	441,311	-	-	-	441,311
Receivables from finance lease	14	9,492,854				9,492,854
Loans	15	2,000	-	-	-	2,000
Investments	12	-	1,000			1,000
Restricted cash	20	1,209,828	-	-	-	1,209,828
Cash and cash equivalents		4,001,022	-	-	-	4,001,022
Total		15,147,015	1,000	-	-	15,148,015

	Notes	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
		£	£	£	£
Liabilities as per balance sheet					
Borrowings	22	-	-	31,742,204	31,742,204
Derivative financial instruments	19	-	137,944	-	137,944
Trade and other payables	25	-	-	279,731	279,731
Total		-	137,944	32,021,935	32,159,879

14. RECEIVABLE FROM FINANCE LEASES

	2014	2013
	£	£
Non-current		
Finance leases - gross receivables	26,462,907	27,027,951
Unearned finance income	(16,787,792)	(17,517,384)
	9,675,115	9,510,567
Current		
Finance leases - gross receivables	948,189	922,397
Unearned finance income	(953,928)	(940,110)
	(5,739)	(17,713)
Total receivable from finance leases	9,669,376	9,492,854

Gross receivables from finance leases:		
- no later than 1 year	948,189	922,397
- later than 1 year and no later than 5 years	3,937,281	3,830,039
- later than 5 years	22,488,625	23,197,913
	27,374,095	27,950,349
Unearned future finance income on finance leases	(17,741,719)	(18,457,495)
Total receivable from finance leases	9,632,376	9,492,854
Impairment to sales value (Note 18)	(4,632,376)	-
Transferred to disposal group classified as held for sale	(5,000,000)	-
	-	9,492,854

The net receivable from finance leases may be analysed as follows:

- no later than 1 year	-	(17,713)
- later than 1 year and no later than 5 years	-	64,729
- later than 5 years	-	9,445,838
	-	9,492,854

The Group had leased out a business under a licence agreement. The business is in respect of the provision of domiciliary care to clients in their own properties which had been licensed to an independent third party for 35 years with annual increases in line with the Retail Price Index, subject to a maximum increase of 5%. The operator maintained the right to run the business and receive any benefits/losses derived from running the business. The remaining life of this licence was 25 years.

The Group did not hold any collateral as security, although the Group had the right to terminate the licence if there is an event of default on any other agreement with the lessee's group. All receivables from finance leases were denominated in Pounds Sterling.

As referred to in Note 18, the remaining UK portfolio was approved for disposal by the Directors in December 2014. As such the receivable from finance lease has been transferred to the disposal group classified as held for sale as at 31 December 2014.

None of the receivable from finance leases were past due nor impaired.

15. LOANS

	2014 £	2013 £
As at 1 January	2,000	1,751,000
Transferred to disposal group classified as held for sale	(1,000)	-
Write off of investment	(1,000)	(1,749,000)
As at 31 December	-	2,000

During 2012, the Group was issued a subordinated secured loan note instrument in Esquire Consolidated Investment (Holdings) Limited as partial consideration for the sale of the majority of its UK property portfolio. This loan note has a principal value of £2.8 million with interest at 5% annually; however the Board of PSPI initially valued the note at £1,000 on completion of the transaction in July 2012 reflecting the significant level of post transaction debt of Esquire, which is greater than the independently assessed valuation of Esquire's assets. Interest has not been accrued on this amount as it is not considered to be recoverable.

During 2014 Esquire Consolidated Investment (Holdings) Limited was placed into liquidation, the Directors consider it unlikely that there will be any recovery from the liquidation proceedings and as such the investment has been impaired to nil.

Loans also consist of issued redeemable preference shares in lessee companies. These companies lease the investment properties and business licence as referred to in Notes 11 and 14. These preference shares are redeemable at any time. During 2012 redeemable preference shares with a value of £2,601,500 were disposed of by the Group as part of the combination of the majority of its UK property portfolio with the parent group of lessee companies.

The Group has determined that, due to the significant deterioration of the tenant's operating performance in respect of the UK portfolio in 2013, the preference shares may not be recoverable and have been impaired to a nominal value of £1,000.

The preference shares are non-voting, not entitled to a dividend, are cancelled on the termination of the leases written with the relevant lessee companies and are repayable at par. Interest income, implicit on the loans is treated as interest income, as referred to in Note 6, on the same basis as specified in the lease agreements. During the year ended 31 December 2014, £221,492 (2013 – £205,491) was deducted from rental income and included in interest income.

As mentioned in Note 18, the Directors approved the disposal of remaining UK portfolio in December 2014, as such the preference shares have been transferred to the disposal group classified as held for sale.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loans mentioned above. The Group does not hold any collateral as security. All loans are denominated in Pounds Sterling.

16. INTANGIBLE ASSETS – GOODWILL

Goodwill arose on the acquisition of the issued share capital of Stonelea Healthcare Limited on 4 September 2007 and represents the excess of the total purchase consideration over the fair value of the net assets acquired. In July 2012, the Group disposed of HCP Stonelea Limited as a result no impairment test is required.

17. INVESTMENTS IN SUBSIDIARIES

The subsidiaries are:	Country of Incorporation	Ownership Percentage 2014	Ownership Percentage 2013
Healthcare Properties UK (Holdings) Limited	BVI	100%	100%
Healthcare Properties (Ashlea) Limited	Guernsey	100%	100%
Healthcare Properties Etzelgut Limited	Guernsey	100%	100%
HCP Wellcare Holdings Limited	Guernsey	100%	100%
Healthcare Properties (I) Limited	UK	100%	100%
PSPI Elliott Celle Limited	BVI	100%	100%
PSPI Germany No 1 Limited	BVI	100%	100%
PSPI Germany No 2 Limited	BVI	100%	100%
PSPI Germany No 3 Limited	BVI	100%	100%
PSPI Elliott Bad Nauheim Limited	BVI	100%	100%
Inactive Companies			
PSPI Elliott Marktredwitz Limited	BVI	100%	100%
PSPI Germany No 4 Limited	BVI	100%	100%
PSPI Germany No 5 Limited	BVI	100%	100%
PSPI Germany No 6 Limited	BVI	100%	100%
PSPI Germany No 7 Limited	BVI	100%	100%
PSPI Germany No 8 Limited	BVI	100%	100%
PSPI Germany No 9 Limited	BVI	100%	100%
HCP Wellcare One Limited	UK	100%	100%
HCP Wellcare Two Limited	UK	100%	100%
HCP Wellcare Three Limited	UK	100%	100%
HCP Wellcare Four Limited	UK	100%	100%
HCP Wellcare Five Limited	UK	100%	100%
HCP Wellcare Six Limited	UK	100%	100%
HCP Wellcare Group Holdings Limited	BVI	100%	100%
Companies which are presented as held for sale (see Note 18)			
Healthcare Properties (Wellcare) Limited	UK	100%	100%
HCP Wellcare Progressive Lifestyles Limited	UK	100%	100%
HCP Community Support Services Limited	UK	100%	100%
Companies which were sold during 2013			
United Properties Holdings Incorporation	USA	Nil	Nil
United Post Office Investments Incorporation	USA	Nil	Nil
United Properties Finance Incorporation	USA	Nil	Nil

18. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS

a) Non–current assets held for sale

The assets and liabilities related to four subsidiary companies Healthcare (Wellcare) Limited, HCP Community Support Services, HCP Wellcare Progressive Lifestyles Limited and Healthcare (I) Limited along with one investment properties owned in Germany have been presented as held for sale following the approval of the Directors in December 2014 for their disposal. The completion dates for these transactions were in 2015 (see Note 32).

Assets of disposal group classified as held for sale

	2014	**2013**
	£	**£**
Investment property	31,502,582	-
Receivable from finance lease	5,000,000	-
Loans and receivables	1,000	-
Receivables and prepayments	453,666	-
Cash and cash equivalents	1,874,060	-
Restricted cash	1,200,000	-
	40,031,308	-

Liabilities of disposal group classified as held for sale

	2014	**2013**
	£	**£**
Borrowings	17,446,009	-
Deferred income tax	43,960	-
Accruals	1,588,900	-
Derivative financial instruments	53,869	-
Trade and other payables	127,539	-
Current income tax liabilities	701,181	-
	19,961,458	-

b) Discontinued operations

The results of the four subsidiary companies listed in 18 a) above have been treated as discontinued operations as they represent significant segments of the business. An analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	2014	**2013 (restated)**
	£	**£**
Operating cash flows	3,815,058	(621,864)
Investing cash flows	(1,627,625)	929,974
Financing cash flows	(1,665,508)	(723,760)
	521,925	(415,650)

	2014	**2013 (restated)**
	£	**£**
Revenue	3,885,433	4,031,735
Net loss from fair value adjustments on investment properties	(175,841)	(9,602,009)
Gain/(loss) on disposal of subsidiaries (see below)	(14,021,827)	2,332,443
Impairment of loan	-	(1,749,000)
Administrative expenses	(61,445)	(661,446)
Finance income	1,294,039	1,305,953
Finance costs - net	(1,507,702)	(1,950,233)
Income tax expense	1,461,180	2,017,257
Gain/(loss) for the year from discontinued operations	(9,126,163)	(4,275,300)

18. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS (Continued)

b) Discontinued operations (continued)

As mentioned in Note 18 a), during 2014 the Directors approved for sale the Group's remaining UK companies, business and assets (together "The Wellcare Portfolio") to the Group's sole UK tenant ("Embrace"). The terms of the disposal under the Share Purchase Agreement value of the Wellcare Portfolio on a cash free, debt free basis at £34.5 million, being £35 million less rent and business licence fees received by the Group from Embrace in respect of any period after December 2014.

The Group has given certain standard representations and warranties as part of the disposal of the UK portfolio. The Group may have claims brought against it with regards to these representations and warranties by 1 December 2015 and within 12 months after the filing of the 2014 tax returns for any taxation warranty claims.

The loss calculated on this transaction is calculated as follows:

	Note	£	£
Fair value of sales proceeds			
Gross sales proceeds			35,000,000
Less: deduction for one month's rental income			(453,600)
			34,546,400
Fair value of assets/liabilities sold			
Assets			
Investment Properties	11	37,496,227	
Receivable from finance lease	14	9,632,376	
Total assets in disposal group			(47,128,603)
Excess of fair value of assets sold over sales proceeds			(12,582,203)
Prepayment penalties on repayment of borrowings			(412,000)
Transaction costs associated with disposal			(1,027,625)
Loss on disposal			(14,021,828)

The loss before transaction costs and repayment penalties of £12,582,203 represents £7,949,827 in relation to Investment Properties (see Note 11) and £4,632,376 in relation to Receivables from finance lease (see Note 14).

In addition, the Group recognised fair value losses of £175,841 included in discontinued operations within the consolidated income statement in respect of the investment properties included in the transaction.

18. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS (Continued)

c) Other transactions

On 3rd November 2014, the Group announced that it had signed a contract to dispose of a German partnership which owns two care home properties in Langen and Luzerath for gross consideration of £10.5m (€13.4m) in cash.

As part of this transaction, £6.9m (€8.8m) of the proceeds repaid debts secured against the disposed properties, and a further £1.5m (€1.9m) was used to partially repay debts secured against German properties shown within continuing operations. The balance was used to settle transaction costs which included prepayment penalties and interest rate swap breakage costs. The Group has given certain standard representations and warranties as part of the disposal of the German portfolio.

The loss recognised on this transaction is calculated as follows:

	Note	£	£
Fair value of sales proceeds (€13.4m)			10,489,654
Fair value of assets/liabilities sold			
Assets			
Investment Properties (€14.4m)	11	11,286,970	
Cash and cash equivalents		131,695	
Total assets in disposal group		11,418,665	
Liabilities			
Deferred tax liability	23	(26,797)	
Total liabilities in disposal group		(26,797)	(11,391,868)
Recycle of cashflow hedging reserve on disposal			(516,569)
Prepayment penalties on repayment of borrowings			(86,718)
Recycle of translation reserve on disposal			443,494
Transaction costs associated with disposal			(718,024)
Acceleration of debt issue costs on disposal			(125,994)
Foreign exchange losses related to disposal			(212,268)
Loss on disposal			(2,118,293)

In addition, the Group recognised fair value losses of £1,588,253 included in the consolidated income statement in respect of the investment properties included in the transaction which completed in November 2014.

The loss of £137,590 gain recorded in 2013 relates to foreign exchange adjustments for prior year disposal of German properties.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2014		**2013**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	£	**£**	**£**	**£**
Non-Current				
Interest rate swaps – cash flow hedges	-	251,410	-	137,944

Interest rate swaps
The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2014 were £6.2 million (2013 – £14.2 million). At 31 December 2014, the fixed interest rates, excluding lending margins, was 1.35% (2013 –1.35%).

In 2012 (See Note 22) a swap agreement was taken out prior to the year end to match the renegotiated maturity date of March 2020 of borrowings secured on certain German properties. At December 2014, this was valued at £251,410 (2013 - £137,944). Additionally, a valuation of £53,869 has been assigned to the element of the swap agreement in relation to one investment property which has been presented as held for sale as at 31 December 2014 (see Note 18).

Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an on-going basis with reference to the current fair value, a portion of the notional amount of the contracts and the liquidity of the market. The Group assesses counterparties using the same techniques as for its lending activities to control the level of credit risk taken.

The maximum exposure to credit risk at the reporting date is the fair value of each class of derivative financial instruments mentioned above. The Group does not post any collateral as security.

20. RECEIVABLES AND PREPAYMENTS

	2014	**2013**
	£	**£**
Trade receivables	-	441,311
Prepayments	62,293	37,636
Restricted cash	502,593	1,209,828
	564,886	1,688,775

Included under restricted cash is an amount of £502,593 (2013 - £609,828) in respect of funds held in a maintenance and liquidity reserve under the terms of a financing agreement within the PSPI Elliott Celle Group. Amounts of £900,000 (2013 - £300,000) held in a maintenance reserve under the terms of a financing agreement taken out within Healthcare Properties (I) limited in 2011 and £300,000 (2013 - £300,000) held in a maintenance reserve under the terms of a financing agreement taken out within Healthcare Properties (Wellcare) Limited in 2013 have been transferred to the disposal group classified as held for sale (See Note 18). The trade receivables have also been transferred to held for sale.

20. RECEIVABLES AND PREPAYMENTS (Continued)

As at 31 December 2014, trade receivables of £Nil (2013 - £Nil) were past due. The ageing of this receivable is as follows:

	£ 2014	£ 2013
Current	-	441,311
3 to 6 months	-	-
Over 6 months	-	-
	-	441,311

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable and prepayment mentioned above.

None of the receivables and prepayments are impaired.

21. SHARE CAPITAL

	31 December 2014 £	31 December 2013 £
Authorised:		
Equity interests:		
500,000,000 Ordinary shares of $0.01 each	2,569,974	2,569,974
Allotted, called up and fully paid:		
Equity interests:		
105,365,717 Ordinary shares of $0.01 each	605,722	605,722

	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2014, 31 December 2013 and 31 December 2014	105,365,717	605,722	89,736,103	90,341,825

22. BORROWINGS

	2014 £	2013 £
Non-current		
Mortgages	3,172,517	29,418,283
	3,172,517	29,418,283
Current		
Mortgages	211,269	2,323,921
	211,269	2,323,921
Total borrowings	3,383,786	31,742,204

Total borrowings include secured liabilities (Mortgages, bonds and other borrowings) of £3,383,786 (2013 - £31,742,204). These borrowings are secured by the assets of the Group. There are various pledges and covenants included in the loan agreements of the Group which are regularly reviewed and tested to ensure compliance at least annually. These include various loan-to-value covenants, interest and income cover covenants. Some of the agreements also contain cross default clauses consistent with industry practice.

The maturity of borrowings is as follows:

	2014 £	2013 £
Current borrowings	211,269	2,323,921
Between 1 and 2 years	211,269	1,425,394
Between 2 and 5 years	633,807	14,959,658
Over 5 years	2,327,441	13,033,231
Non-current borrowings	3,172,517	29,418,283

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2014 £	2013 £	2014 £	2013 £
Mortgages	3,172,517	29,418,283	3,115,382	28,607,688
	3,172,517	29,418,283	3,115,382	28,607,688

The fair values are based on cash flows discounted using a rate based upon a range of borrowings rate of 4.20% (2013 – 4.20% and 5.50%). The carrying amounts of short-term borrowings approximate their fair-value.

As mentioned in Note 18, the Group's remaining UK business (the Wellcare Portfolio) was approved for sale in 2014 and, as such, the borrowings secured on the these properties (totalling £16,000,000) have been presented as available for sale as at 31 December 2014. Additionally, borrowings secured on one German property also presented as available for sale as at 31 December of £1,446,009 are included in Note 18.

22. BORROWINGS (Continued)

In December 2012, the Group signed a refinancing agreement with an existing lender of loans totalling £14.1 million (€17.2 million) secured on six properties in Germany that were formally due to be repaid in March 2013. The refinancing comprises two new loans each maturing on 31 March 2020 for an aggregate of £14.3 million (€17.5 million).

As part of this financing the Group has a contingent liability to contribute €1.5 million in capital expenditure should it be necessary to re-develop the properties. There are currently no plans for such a development.

As mentioned in Note 18, a German partnership containing two of the properties was sold in November 2014. As part of this transaction £8,453,501 (€10,740,000) of the borrowings mentioned above were repaid from the sales proceeds.

In April and December 2013, the Group completed three-year and two and a half year refinancing's of existing debt facilities due to be repaid in February 2014 and December 2013, respectively totalling £17.2 million, secured against a part of the UK portfolio. These debt facilities mature in April 2016. These borrowings have been presented as available for sale as at 31 December 2014. As mentioned in Note 32, these facilities were fully repaid using the sales proceeds from the sale of the remaining UK property portfolio in March 2015.

The carrying amounts of the Group's total borrowings are denominated in the following currencies:

	2014 **£**	**2013** **£**
Pound sterling	-	16,683,475
Euro	3,383,786	15,058,729
	3,383,786	31,742,204

23. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2014 **£**	**2013** **£**
Deferred tax liabilities to be recovered after more than 12 months	23,765	2,127,287
Deferred tax liabilities to be recovered within 12 months	-	-

The gross movement on the deferred income tax liability account is as follows:

	2014 **£**	**2013** **£**
Beginning of the year	2,127,287	4,311,793
Income statement – discontinued operations	(1,964,717)	(2,014,949)
Income statement – continued operations	(61,125)	(178,991)
Disposals (Note 18)	(26,797)	-
Net changes due to exchange differences	(6,923)	9,434
Transferred to disposal group classified as held for sale (Note 18)	(43,960)	-
End of the year	23,765	2,127,287

23. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities of £Nil (2013: £2,116,933) have not been recognised for the withholding tax and other taxes that would be payable on the un-remitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Un-remitted earnings totalled £Nil at 31 December 2014 (2013: £10,080,632). No deferred income tax liabilities have been recognised for the withholding tax and other taxes concerning un-remitted earnings of subsidiaries as these liabilities will not crystallise due to the tax structure of the Group.

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

Deferred tax liabilities:	**Fair value gains from Business combinations**	**Fair value gains**	**Total**
	£	**£**	**£**
At 31 December 2012	1,398,369	2,913,424	4,311,793
Charged to the income statement	(759,984)	(1,433,956)	(2,193,940)
Net changes due to exchange differences	-	9,434	9,434
At 31 December 2013	638,385	1,488,902	2,127,287
Charged to the income statement – discontinued operations (Note 18)	(638,385)	(1,326,332)	(1,964,717)
Charged to the income statement – continued operations	-	(61,125)	(61,125)
Disposals (Note 18)	-	(26,797)	(26,797)
Net changes due to exchange differences	-	(6,923)	(6,923)
Transferred to disposal group classified as held for sale (Note 18)	-	(43,960)	(43,960)
At 31 December 2014	-	23,765	23,765

24. INCOME TAX EXPENSE

	2014	**2013 (restated)**
	£	**£**
Current income tax – continuing operations	93,799	28,116
Deferred income tax - continuing operations	(61,125)	(178,991)
	32,674	(150,875)

24. INCOME TAX EXPENSE (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2014 £	2013 (restated) £
Loss before tax per consolidated income statement	(5,657,182)	(2,236,044)
Income tax calculated at domestic tax rates applicable to profits in the respective countries	(720,635)	(356,167)
Income not subject to tax	146,901	(11,548)
Income tax losses for which no deferred tax asset was recognised	618,106	178,721
(Over)/under provision of tax in previous years	(11,698)	38,119
Income tax expense	32,674	(150,875)

The weighted average applicable tax rate was 12.74% (2013: 16.00%). The decrease in the effective tax rate was caused by a change in the profitability of certain of the Group's German subsidiaries. As at 31 December 2014, the Group had unused tax losses of nil.

25. TRADE AND OTHER PAYABLES

	2014 £	2013 £
Other taxes	-	121,941
Other payables	147,512	157,790
	147,512	279,731

26. ACCRUALS

	2014 £	2013 £
Interest and other finance costs	-	194,985
Amounts owed to related parties	36,683	55,496
Other accrued expenses	426,710	482,494
	463,393	732,975

27. RELATED PARTY TRANSACTIONS

Until 26 March 2007, USI Group Holdings AG ("USIGH AG") was the ultimate controlling party of PSPI. After this date, USIGH AG retained a significant interest in the Company with a 20.07% shareholding (2013: 20.07%) that was fully disposed of by USIGH AG during the year. David Quint and Dr Doraiswamy Srinivas are both directors of RP&C International Inc (RP&C), USIGH AG and some of its subsidiaries. William Vanderfelt is also a non-executive director of USIGH AG and was a non-executive director of RP&C until 31 December 2012. The RP&C International Group held less than 5% of the issued ordinary share capital of USIGH AG as at 31 December 2014 and 2013.

The Group was charged £453,956 (2013 – £658,540) in management fees by RP&C. At 31 December 2014, management fees of £36,683 (2013 - £55,496) was owed by the Group (Note 26) to RP&C. Other transaction fees payable to RP&C of £337,821 are included within discontinued operations (Note 18)

In July 2012, the Group combined the majority of its UK property portfolio with the assets and business of the European Care Group (rebranded to "Embrace" during 2014), the Group's sole UK tenant in a non-cash transaction. Esquire Realty Holdings Limited, a wholly-owned subsidiary of Esquire Group Investment (Holdings) Limited ("Esquire"), the holding company of the European Care Group, acquired certain of the Group's subsidiary companies in consideration for issuance of 20% of the ordinary share capital of Esquire and the issuance of a £2.8 million subordinated secured loan note instrument in Esquire Consolidated Investment (Holdings) Limited, a wholly owned subsidiary of Esquire, recorded at a nominal value of £1,000 (Note 12). Patrick Hall became a director of the holding company of the European Care Group on 25 July 2012 for which he receives a director's fee at the rate of £36,000 per annum. On the same date, Richard Barnes became a director of Esquire and certain subsidiary for which he receives no director's fees. Further to a Board meeting held on 20 March 2014, Patrick Hall and Richard Barnes have resigned their positions as directors of companies in the European Care Group on the grounds of potential conflicts of interest in the context of the implementation of any restructuring of the European Care Group's debt and assets. During 2014, Esquire Consolidated Investment (Holdings) limited was placed into liquidation and as such the loan note was impaired to a nil value.

Esquire Consolidated Limited ("ECL"), one of the shareholders of USIGH AG, has subsidiaries that are customers of the Group. Under various rental contracts total rental income and finance lease income from these contracts for the year ended 31 December 2014 was £3,808,841 (2013 – £3,786,986) and £1,072,547 (2013 - £1,100,462) respectively.

As mentioned in Notes 18 and 32, during 2014 the Group agreed the sale of its remaining UK business to the sole UK tenant ("Embrace").

At 31 December 2013, the Group had outstanding loans to subsidiaries of ECL of £1,750,000 (31 December 2012 - £1,750,000). The loan was impaired to £1,000 in 2013, and fully written down to £Nil to 2014.

Doraiswamy Srinivas is a non-executive director of IMMAC Holding AG (the Group's German property advisor), whilst Richard Borg (a director of RP&C International Limited) is also secretary of IMMAC Capital UK Limited.

In December 2012, the Group entered into binding contracts to sell two Investment Properties in Germany for a gross selling price of €9.7m to an entity managed by IMMAC Holding AG, these sales were completed in January 2013. The Directors, having consulted with the Group's nominated advisor, Westhouse Securities Limited, consider that the terms of the transaction are fair and reasonable.

As mentioned in Note 18 a), the Group has entered into a contract to sell an assisted living apartment building located in Berlin to Marseille Kliniken AG Group, the current tenant of the property for €2,500,000 in cash.

28. DIRECTORS' REMUNERATION

The following directors' fees were recognised in 2014 and 2013:

	2014	**2013**
	£	**£**
Mr Patrick Hall	45,000	45,000
Mr Richard Barnes	29,500	25,000
Mr Christopher Lovell	25,000	25,000
Mr Jonas Rydell	Nil	Nil
Mr Neel Sahai	25,000	25,000

29. EMPLOYEES

The Group had no employees at 31 December 2014 (2013 – none).

30. ULTIMATE CONTROLLING PARTY

The Company's shares are listed on the London AIM stock market. The Company does not have a controlling party.

31. SEGMENT INFORMATION

Income Statement disclosures	**Continuing Operations**			**Discontinued Operations**			
	Reconciling Central Costs	**Germany**	**Total**	**UK**	**US**	**Switzerland**	**Total**
Year ended 31 December 2014	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Revenue (Note 6)	-	2,764,020	2,764,020	3,885,433	-	-	3,885,433
Loss for the year	(1,951,711)	(3,738,145)	(5,689,856)	(9,126,163)	-	-	(9,126,163)
Net loss from fair value adjustments on investment property (Note 11)	-	(3,242,236)	(3,242,236)	(175,841)	-	-	(175,841)
Adjusted (loss)/profit after tax	**(894,062)**	**1,708,045**	**813,983**	**3,930,152**	**-**	**-**	**3,930,152**
Year ended 31 December 2013 (restated)	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Revenue (Note 6)	-	3,087,492	3,087,492	3,786,986	244,749	-	4,031,735
(Loss)/profit for the year	(1,149,145)	(1,228,105)	(2,377,250)	(6,148,583)	387,729	1,847,635	(3,913,219)
Net loss from fair value adjustments on investment property (Note 11)	-	(3,171,047)	(3,171,047)	(9,602,009)	-	-	(9,602,009)
Adjusted (loss)/profit after tax	**(1,477,567)**	**2,034,943**	**557,376**	**3,847,260**	**172,465**	**15,304**	**4,035,029**

Revenues derived from the UK, US and Swiss segments relate entirely to one external customer per segment. German segment revenues derive from three external customers. Amounts for PSPI Limited, domiciled in the British Virgin Islands are included in the Reconciling Central Costs Column.

31. SEGMENT INFORMATION

	Continuing Operations				Disposal group classified as held for sale		
	UK	**Germany**	**Reconciling Central Costs**	**Total**	**UK**	**Germany**	**Total**
Year ended 31 December 2014	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Assets							
Investment properties (Note 11)	-	15,954,390	-	15,954,390	29,546,400	1,956,182	31,502,582
Receivable from finance lease	-	-	-	-	5,000,000	-	5,000,000
Cash and cash equivalents	-	450,770	3,643,931	4,094,701	1,874,060	-	1,874,060
Restricted cash	-	502,593	-	502,593	1,200,000	-	1,200,000
Segment assets for reportable segments	**-**	**16,907,753**	**3,643,931**	**20,551,684**	**37,620,460**	**1,956,185**	**39,576,642**
Liabilities							
Total borrowings (Note 22)	-	3,383,786	-	3,383,786	16,000,000	1,446,009	17,446,009
Segment liabilities for reportable segments	**-**	**3,383,786**	**-**	**3,383,786**	**16,000,000**	**1,446,009**	**17,446,009**
Year ended 31 December 2013 (restated)							
Assets							
Investment properties (Note 11)	37,673,906	34,418,873	-	72,092,779	-	-	-
Restricted cash	600,000	609,828	-	1,209,828			
Cash	1,354,161	1,645,565	1,001,296	4,001,022	-	-	-
Segment assets for reportable segments	**39,628,067**	**36,674,266**	**1,001,296**	**77,303,629**	**-**	**-**	**-**
Liabilities							
Total borrowings (Note 22)	16,683,475	15,058,729	-	31,742,204	-	-	-
Segment liabilities for reportable segments	**16,683,475**	**15,058,729**	**-**	**31,742,204**	**-**	**-**	**-**

31. SEGMENT INFORMATION (Continued)

A reconciliation of total adjusted profit after tax to profit after tax as per the consolidated income statement is provided as follows:	**31 December 2014 £**	**31 December 2013 £**
Adjusted profit for reportable segments	4,787,559	4,592,405
Fair value movement on investment properties	(3,418,077)	(12,773,056)
Deferred income tax liability on fair value gains	2,025,841	2,193,940
Amortisation of debt issue costs	(623,020)	(572,547)
Release of provisions	250,207	-
Impairment of investment	(1,000)	-
Impairment of loan	(1,000)	(1,749,000)
Impairment provision for receivables	-	-
Waived receivables	-	(192,086)
Impairment of goodwill	-	-
Repayment penalty on borrowings	-	(315,898)
Loss on disposal of subsidiaries	(16,140,120)	2,372,954
Non-recurring Transaction fees	-	(207,487)
Current income taxation	(597,336)	(28,116)
Foreign exchange gains	(1,099,073)	328,422
Loss for the year per income statement	(14,816,019)	(6,350,469)

Reportable segments' assets are reconciled to total assets as follows:	**31 December 2014 £**	**31 December 2013 £**
Total reportable continuing segment assets	20,551,684	77,303,629
Receivable from finance lease (Note 14)	-	9,492,854
Receivables and prepayments (Note 20)	62,293	478,947
Investments (Note 12)	-	1,000
Loans (Note 15)	-	2,000
Total continuing assets per balance sheet	20,613,977	87,278,430
Assets of disposal group classified as held for sale (Note 18)	40,031,308	-
Total assets per balance sheet	60,645,285	87,278,430

Reportable segments' liabilities are reconciled to total liabilities as follows:	**31 December 2014 £**	**31 December 2013 £**
Total reportable continuing segment liabilities	3,383,786	31,742,204
Deferred income tax (Note 23)	23,765	2,127,287
Current income tax liabilities	-	448,565
Derivatives (Note 19)	251,410	137,944
Trade payables and accruals (Note 25 and 26)	610,905	1,012,706
Total continuing liabilities per balance sheet	4,269,866	35,468,706
Liabilities of disposal group classified as held for sale (Note 18)	19,961,458	-
Total liabilities per balance sheet	24,231,324	35,468,706

32. SUBSEQUENT EVENTS

The sale of the Group's remaining UK business to the Group's sole UK tenant ("Embrace") referred to in Note 18 (comprising nine UK care home freeholds, office premises, a school and resource centre and domiciliary care and related business) was approved by shareholders at a General Meeting of 3 March 2015 and completed on 4 March 2015. The terms of the disposal value the UK portfolio on a cash free, debt free basis at £35 million (less rent and business fees received by the Group in respect of any period after 1 January 2015). Implementation of the disposal will result in the Group receiving £14.2 million in cash (after the payment of debt, taxation and transaction costs). In addition a further £2.5 million is payable in cash by 31 December 2015 if Embrace is successful in tendering for ongoing domiciliary care contracts in Liverpool, the outcome which is expected to be known in or around April 2015.

In accordance with the Company's Articles of Association[3] the Board has approved the repurchase of shares and the return of approximately £16 million to shareholders with payment expected on 30 April 2015. The Board will consider further repurchases of shares once additional assets are sold and in the event that the deferred consideration in connection with the UK disposal is received.

33. BOARD APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements on pages 7 to 49 were approved by the board of directors on 23 March 2015 and were signed on its behalf by:

Patrick Hall	Neel Sahai
Director	Director
Date:	Date: