

**Registered number: 03257732**

**Elysium Healthcare No. 4 Limited**

**Annual report and financial statements**

**For the year ended 31 December 2017**

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**Elysium Healthcare No. 4 Limited**

**Company Information**

<b>Directors</b>	Joy Chamberlain Quazi Haque Steven Woolgar Mark Robson
<b>Company secretary</b>	Sarah Livingston
<b>Registered number</b>	03257732
<b>Registered office</b>	2 Imperial Place Maxwell Road Borehamwood Hertfordshire WD6 1JN United Kingdom
<b>Auditors</b>	Deloitte LLP Statutory Auditor 2 New Street Square London EC4A 3BZ United Kingdom

## **Elysium Healthcare No. 4 Limited**

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**Elysium Healthcare No. 4 Limited**  
**Strategic report**  
**For the year ended 31 December 2017**

The Directors present their strategic report for the year ended 31 December 2017.

**Principal activities**

The principal activity of the Company is the management of long-term medium secure units for individuals with chronic behavioural problems.

**Business review**

On 1 December 2016 the intermediate parent company Elysium Healthcare Group Limited via its' subsidiaries acquired 100% of the issued share capital of Elysium Healthcare Limited (formerly known as Partnership in Care (2016) Limited), Elysium Healthcare No.2 Limited (formerly known as Priory Secure Services Limited) and Elysium Healthcare No.3 Limited (formerly known as Craegmoor Hospitals Limited) together with its' subsidiary entities from Acadia Inc. and therefore took over the operations of 22 sites providing mental health services predominantly to the NHS in England and Wales. Of the 22 sites, 1 is operated by Company.

The year to 31 December 2017 has therefore been a period of extensive change across the Elysium network which included the integration of operations and the complete re-branding of the sites. Additionally, the necessary regulatory compliance and registration requirements were maintained. The Directors are therefore satisfied with the performance of the sites and the results of the business.

The Company's turnover was principally derived from the provision of mental health services to the patients for varying periods of stay that have been individually agreed and put in place with NHS England, Clinical Commissioning Groups ("CCGs") or NHS Wales. In addition and provided the Company hits certain performance and qualitative performance related criteria then NHS England will also provide commissioning for quality and innovation payments ("CQUIN").

All of the sites acquired in the period have been successfully re-branded to Elysium Healthcare. The introduction of the Elysium brand across the sites has been well received by the Company's patients, staff and clinicians and involves not just a change to the look of the sites and facilities but also to their operation, by staff and clinicians aligned to a set of values. These values seek to put the patient at the heart of all aspects of hospital life and to deliver individualised care which is evidenced based, so that they can move through pathways of care as their needs change. We are committed to making families and friends an active part in each patient's recovery process and helping all reach the end goal of more independent living.

All of our employees and clinicians are aligned to a set of values which are:

- Innovation;
- Empowerment;
- Collaboration;
- Integrity and
- Compassion.

In addition to the provision of a quality service to the patient base, the strategic aims of the Group and its shareholders are to acquire new businesses or to develop existing sites that allow the Group to expand its geographical reach across the UK whilst at the same time being able to provide a continuous care pathway to patients and more diverse services.

In this respect the Directors are pleased with the progress made during 2017 and the potential for 2018.

The individual financial statements of Elysium Healthcare No. 4 Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**Elysium Healthcare No. 4 Limited**  
**Strategic report (continued)**  
**For the year ended 31 December 2017**

**Profit and loss account**

The results for the year are set out in the Profit and loss account on page 11 and summarised below.

<b>Summary Financial Results</b>	<b>2017</b>	<b>2016</b>
<b>Year ended 31 December</b>	<b>£m</b>	<b>£m</b>
<b>Revenue</b>	5.4	5.1
<b>Operating profit</b>	0.7	1.5
<b>Loss on disposal of fixed assets</b>	-	(0.9)
<b>Profit before taxation</b>	0.7	0.6

Revenue for the year totalled £5.4 million (2016: £5.1 million) and arose predominantly from provision of mental health services to the patients for either NHS England or Clinical Commissioning Groups ("CCGs").

**Balance sheet**

The position of the Company as at the year end is set out in the balance sheet on page 12.

Property, plant and equipment is the largest component of the balance sheet with a net book value of £19.0 million (2016: £19.7 million) including £18.5 million (2016: £18.5 million) in respect of land and buildings. During the period the Company incurred £79k (2016: £3.0 million) of additions.

**Principal risks and uncertainties**

Management has carried out a robust assessment to identify the principal risks that could affect the Company, including those that would threaten its business model, future performance, solvency or liquidity. It has adopted a controls based approach to its risk monitoring requiring each of the relevant service providers to establish the necessary controls to ensure that all known risks are monitored and controlled in accordance with agreed procedures. The Directors receive periodic updates at their board meetings on key risks and have adopted their own control review to ensure where possible, risks are monitored appropriately.

**Regulatory risks**

The results of the Company are subject to the regulatory environment related to health and safety, quality of care, the storage and distribution of controlled drugs and medicines, the disposal of hazardous waste and data protection, principally through the costs related to compliance. The Company's sites are subject to regular review by the Care Quality Commission ('CQC') and the Health Inspectorate Wales and could be closed if compliance with their guidelines cannot be demonstrated. As a leading provider of mental health services in the United Kingdom, the Company is well placed to respond to and comply with regulatory changes through dedicated regulatory and compliance teams.

The Company receives, generates and stores volumes of personal data containing patients' personal and medical information. The Company is therefore subject to the privacy laws with respect to the use, transfer and disclosure of this data. A failure to adequately safeguard confidential patient information could result in significant fines, penalties and litigation.

**NHS contracts**

The NHS contracts under which the Company operate are relatively standard and subject to annual review with each body. These provide clear benefits to the Company, both in terms of income stability and visibility. However, as with any system, there are could to be modifications, potentially through the introduction of a new contract structure or the services that are sought by the NHS from service providers like Elysium Healthcare. The extent of any such modifications could have a favourable or adverse impact on the Company. However, the Company maintains a close dialogue with the both the NHS and the Government in developing care programmes so that appropriate changes to the Company's services can be made in a timely manner.

**Elysium Healthcare No. 4 Limited**  
**Strategic report (continued)**  
**For the year ended 31 December 2017**

***Doctors, Clinicians and other qualified staff***

The Group requires skilled doctors, psychologists, clinicians and nurses in order to care for its growing patient base. The expansion of the European Union ('EU') over recent years has increased the supply of clinicians and other qualified staff available to the Group, apart from EU registered nurses whose qualification is not permitted in the UK without further training. The Directors recognise the importance of quality doctors, clinicians for ensuring the continued success of the Group. The Group manages the risk associated with the supply of doctors, clinicians and nurses through training and development programmes to enhance retention and a recruitment strategy to ensure that the growth in patient numbers can be treated. The UK's decision to withdraw from membership of the EU may impact the supply of doctors and clinicians in the future and the Group continues to monitor developments.

The Group continues to invest in improving pay structures and incentivisation for nurses and other clinical staff and continues to review the impact of changes resulting from the introduction of the Apprenticeship Levy and future increases to the National Living Wage upon its staffing structures.

***Financial risk management***

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market (including currency and interest rate risk) and inflation risk.

***Inflation risk***

Inflation risk is the risk that the cost of key services and products procured by the Company will rise with inflation and affect the Company's income. The rates paid under the terms of the Company's NHS contracts are generally reviewed on an annual basis and, over the course of the past few years, the annual uplifts have typically been lower than the rate of both RPI and CPI.

The Company undergoes a regular review of key suppliers through its procurement programme to mitigate cost increases, using tendering processes where possible. In addition, the Company seeks to rationalise its supplier base to benefit from its scale.

***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The nature of the Company's contracts with the NHS means that credit risk is minimised for a significant proportion of Company revenue.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without unacceptable losses or risking damage to the Company's reputation.

The Company regularly monitors its cash flow forecasts and currently maintains funds on demand to meet all operational expenses including the servicing of financial obligations.

***Interest rate risk***

Interest rate risk is the risk that changes in interest rates will affect the Company's income or costs. The Company has policies and procedures in place to mitigate the impact of fluctuations in interest rates and, in particular, to provide reasonable certainty over the Company's cash flows, through the use of, for example, derivative financial instruments such as interest rate swaps.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls to monitor both the risks and adherence to limits set. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**Elysium Healthcare No. 4 Limited**  
**Strategic report (continued)**  
**For the year ended 31 December 2017**

**KPIs – financial and non-financial**

The KPIs fundamental to the Group are set out in the Group strategic report in the consolidated financial statements for Elysium Healthcare Holdings 2 Limited.

**Subsequent events**

Details of significant events since the balance sheet date are contained in note 21 to the financial statements.

**Future outlook & strategy**

Whilst the market continues to be challenging with pressures on NHS funding, the Directors believe that the Company continues to be well positioned to take advantage of further opportunities. In particular, the Company will continue to focus on delivering growth through:

- delivering high quality care and promoting the highest clinical standards;
- investing in the equipment and buildings of our estate;
- optimising delivery of its existing NHS contracts;
- growing our portfolio and the size of the estate through selective acquisition of businesses;
- building new facilities either on existing sites or at new sites;
- exploring opportunities to grow or diversify revenues through tendering for new contracts and providing new or differentiated services to the NHS;
- leveraging the investment in the Elysium Healthcare brand to attract new patients, increase brand recognition and expand our service offering;
- implementing improved systems and processes to increase productivity, efficiency and oversight; and;
- using the size of our portfolio and systems to procure materials and services more efficiently and effectively.

Approved by the board on 4 May 2018 and signed on its behalf by:



WHM Robson  
Director

## **Elysium Healthcare No. 4 Limited**

### **Directors' annual report For the year ended 31 December 2017**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

This report should be read in conjunction with the strategic report, which contains disclosures regarding the business review and KPIs, future developments and financial risk management.

The Company's business activities, together with the factors likely to affect its subsequent events, future development, its financial position, financial risk management objectives, and its exposures to its principal risks are described in the Strategic Report on pages 1 to 4. This is permitted under s.414C (11) of the Companies Act 2006.

#### **Going Concern**

The going concern considerations are set out in the Accounting policy note to the financial statements.

#### **Dividends**

During the year, the Directors declared a dividend of £8,433,130 (2016: Nil).

#### **Directors**

The Directors who served during the year and up to the date of signing the financial statements were as follows:

Joy Chamberlain  
Quazi Haque  
Mark Robson (appointed 7 August 2017)  
Steven Woolgar

#### **Employee involvement**

The Company nurtures commitment and excellence in its staff by encouraging the active involvement of all staff at all levels in the organisation's primary objective of improving patient care. Staff are encouraged to strive continually for improvements in all aspects of the business and to be active members of the team in which they work. All levels of staff are encouraged to engage in events held across the UK to link in with patients and family and actively contribute to the company. We give two-way internal communication high priority, with a ward to board governance structure and feedback is actively sought.

We strive continually to get higher levels of staff retention, to promote equality and diversity in our workforce, and to support self-development where consistent with the organisation's objectives.

#### **Disabled employees**

The Company recognises that it has clear obligations towards all its employees and the community at large to ensure that people with disabilities are afforded equal opportunities to enter employment and to progress within the Company.

In addition to complying with the requirements of the Equality Act 2010, the Company has established procedures designed to provide for fair consideration and selection of disabled applicants and to satisfy their training and career development needs. Where employees become disabled in the course of their employment, the Company will attempt to ensure they remain in employment by making reasonable adjustment to accommodate their disability.



**Elysium Healthcare No. 4 Limited**  
**Directors' annual report (continued)**  
**For the year ended 31 December 2017**

**Disclosure of information to auditors**

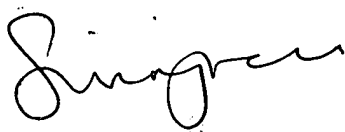
Each of the persons who is a Director at the date of approval of this report confirms that:

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

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

Deloitte LLP has expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the board on 4 May 2018 and signed on its behalf by:



**Sarah Livingston**  
Company secretary

## **Elysium Healthcare No. 4 Limited**

### **Directors' responsibilities statement For the year ended 31 December 2017**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Elysium Healthcare No. 4 Limited**

### **Independent auditors' report to the members of Elysium Healthcare No. 4 Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Elysium Healthcare No. 4 Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Independent auditors' report to the members of Elysium Healthcare No. 4 Limited (continued)**

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' annual report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' annual report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or Directors' annual report.

## Elysium Healthcare No. 4 Limited

### Independent auditors' report to the members of Elysium Healthcare No. 4 Limited (continued)

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



Emma Cox, BA ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
EC4A 3BZ  
United Kingdom

8 May 2018

**Elysium Healthcare No. 4 Limited**  
**Profit and loss account**  
**For the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
Turnover	2	5,401	5,094
Cost of Sales		(4,101)	(3,517)
<b>Gross profit</b>		<b>1,300</b>	<b>1,577</b>
Exceptional items	3	(65)	-
Administrative expenses		(528)	(46)
<b>Operating profit</b>		<b>707</b>	<b>1,531</b>
Loss on disposal of fixed assets	4	-	(918)
Interest income	5	232	11
Interest payable and similar expenses	6	(229)	(3)
<b>Profit before taxation</b>	7	<b>709</b>	<b>621</b>
Tax on profit	10	224	295
<b>Profit for the year</b>		<b>934</b>	<b>916</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the Profit and loss account.

All amounts related to continuing operations.

The notes on pages 14 to 27 form part of these financial statements.

**Elysium Healthcare No. 4 Limited**

**Registered number: 03257732**

**Balance sheet**

**As at 31 December 2017**

	Note	2017 £'000	2016 restated £'000
<b>Non-current assets</b>			
Tangible assets	11	19,047	19,702
Debtors	13	232	8,433
<b>Current assets</b>			
Stocks	12	4	-
Debtors	13	704	599
Cash at bank and in hand		20	232
Creditors: amounts falling due within one year	14	(3,724)	(5,144)
<b>Net current liabilities</b>		<u>(2,996)</u>	<u>(4,313)</u>
<b>Total assets less current liabilities</b>		16,283	23,822
Creditors: amounts falling due after more than one year	15	(6,675)	(6,700)
<b>Provisions for liabilities</b>	16	<u>(2,572)</u>	<u>(2,586)</u>
<b>Net assets</b>		<u><u>7,037</u></u>	<u><u>14,536</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Merger reserve		(2,822)	(2,822)
Profit and loss account		<u>9,859</u>	<u>17,358</u>
<b>Shareholders' funds</b>		<u><u>7,037</u></u>	<u><u>14,536</u></u>

The financial statements of Elysium Healthcare No. 4 Limited (registered number: 03257732) were approved and authorised for issue by the board on 4 May 2018 and were signed on its behalf by:



**WHM Robson**  
Director

The notes on pages 14 to 27 form part of these financial statements

**Elysium Healthcare No. 4 Limited**

**Statement of changes in equity  
For the year ended 31 December 2017**

	Called up share capital	Profit and loss account	Merger reserve	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2016	-	16,442	-	16,442
Merger accounting movements in the year	-	-	(2,822)	(2,822)
Profit for the year	-	916	-	916
At 31 December 2016	-	17,358	(2,822)	14,536
Profit for the year	-	934	-	934
Dividends declared	-	(8,433)	-	(8,433)
At 31 December 2017	-	9,859	(2,822)	7,037



## **Elysium Healthcare No. 4 Limited**

### **Notes to financial statements For the year ended 31 December 2017**

#### **1. Accounting Policies**

##### **General information and basis of accounting**

Elysium Healthcare No. 4 Limited (the 'Company') is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is: 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire, WD6 1JN.

The principal activities are set out in the Strategic report on pages 1 to 4.

##### **Statement of compliance**

The individual financial statements of Elysium Healthcare No. 4 Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

##### **Accounting policies**

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. All amounts in these financial statements are presented in thousands of pounds Sterling (£'000), unless otherwise stated.

Elysium Healthcare No. 4 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Elysium Healthcare Holdings 2 Limited has prepared consolidated financial statements within which Elysium Healthcare Limited No. 4 Limited is consolidated. These are available from 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire, WD6 1JN. Exemptions have been taken in relation to related party disclosures, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.

The Company has elected to early adopt the Triennial amendments in the current period. As a consequence of early adopting the Triennial amendments, there is no material impact to the financial statements.

##### **Going concern**

As at 31 December 2017, the Company has net current liabilities of £3.0 million (2016: £4.3 million).

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographical areas. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Group meets its day to day working capital requirements through cash generated from operations

## **Elysium Healthcare No. 4 Limited**

### **Notes to financial statements For the year ended 31 December 2017**

#### **1. Accounting Policies (continued)**

and its borrowing facilities. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group is able to operate within the level of its current facilities.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Directors' annual report and financial statements.

#### **Turnover**

Turnover represents the supply of services including, bed fees, observation fees, training fees and is stated net of VAT, rebates and trade discounts and represents the value of services provided and delivered under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Turnover received in advance is included in deferred income until the service is provided. Turnover in respect of services provided but not yet invoiced by the period end is included within accrued income.

#### **Employee benefits**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense in the profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### **Taxation**

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

## **Elysium Healthcare No. 4 Limited**

### **Notes to financial statements For the year ended 31 December 2017**

#### **1. Accounting Policies (continued)**

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **Tangible Fixed Assets**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Assets in the course of construction represent the direct costs of purchasing, constructing and installing property, plant and equipment ahead of their productive use and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	50 years
Plant and machinery	7 to 10 years
Motor vehicles	4 years
Fixtures and fittings	5 to 10 years
Computer equipment	3 to 7 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Land is not depreciated on the basis that land has an unlimited life.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. A tangible fixed asset is derecognised upon disposal or when no future economic benefits are

## **Elysium Healthcare No. 4 Limited**

### **Notes to financial statements For the year ended 31 December 2017**

#### **1. Accounting Policies (continued)**

expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Debtors and creditors**

Debtors and creditors are initially measured at transaction price including any transaction costs and subsequently measured at amortised cost using the effective interest method.

##### **Leases**

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

##### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties

**Elysium Healthcare No. 4 Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2017**

**1. Accounting Policies (continued)**

surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Exceptional items**

The Company presents additional line items, headings and subtotals in the Profit and loss account, when such presentation is relevant to an understanding of the Company's financial performance. The Company shall disclose the nature and amount of such items separately, in the notes to the financial statements.

Exceptional items represent items of income or expenditure which individually, or in aggregate, are of exceptional size, and in the Directors' judgement should be presented separately. In the Directors' judgement, this gives a clearer understanding of the Company's trading performance.

Details of exceptional items are disclosed in note 3 to the financial statements.

**Critical accounting judgements and key sources of estimation uncertainty**

In preparing the financial statements, the Directors are required to make significant judgements and estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results and could result in a change to the estimates in the next or future financial years. These estimates will also have a knock on impact on the tax charge for the year. The principal areas of the financial statements where estimates and judgements have been made are:

**(i) Exceptional items**

The directors apply judgement in deciding the presentation of exceptional items by virtue of the nature of the expenditure involved.

**(ii) Provisions**

Provisions have been made for certain constructive legal obligations. These provisions require management's best estimate of the costs that will be incurred based on the legislative and contractual requirements. There is uncertainty regarding the timing of any outflows given that the settlement of legal claims which can span one year. See also note 16.

**2. Turnover**

The whole of turnover is attributable to the provision of healthcare services undertaken in the United Kingdom, therefore there is only one class of business.

**Elysium Healthcare No. 4 Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2017**

**3. Exceptional items**

	2017 £'000	2016 £'000
Integration costs	<u>65</u>	<u>-</u>
	<u>65</u>	<u>-</u>

Exceptional items relate to the integration of operations, including IT set-up, staff training costs, staff redundancy and restructuring costs.

**4. Loss on disposal of fixed assets**

	2017 £'000	2016 £'000
Proceeds	-	1,615
Net book value	<u>-</u>	<u>(2,533)</u>
Profit on disposal	<u>-</u>	<u>(918)</u>

**5. Interest income**

	2017 £'000	2016 £'000
Interest receivable on loan notes	<u>232</u>	<u>11</u>

**6. Interest payable and similar expenses**

	2017 £'000	2016 £'000
Interest payable on finance leases	<u>229</u>	<u>3</u>
	<u>229</u>	<u>3</u>

**Elysium Healthcare No. 4 Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2017**

**7. Profit before taxation**

Profit before taxation is stated after charging:

	2017 £'000	2016 £'000
Staff costs (note 9)	2,791	2,493
Depreciation of tangible fixed assets	733	432
Hire of plant and machinery	10	-
Operating lease rentals	-	19
Loss on disposal of fixed assets (note 4)	-	918
	<u>2,791</u>	<u>2,493</u>

**8. Auditors' remuneration**

	2017 £'000	2016 £'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>22</u>	<u>15</u>

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

**9. Employees**

Staff costs were as follows:

	2017 £'000	2016 £'000
Wages and salaries	2,556	2,288
Social security costs	222	192
Cost of defined contribution scheme	13	13
	<u>2,791</u>	<u>2,493</u>

The average monthly number of employees, including the directors during the year was as follows

	2017	2016
Nursing and other clinical staff	97	77
Administrative staff	10	18
	<u>107</u>	<u>95</u>

During the year, no Director received any emoluments (2016: £Nil) for any qualifying services provided to this Company.

**Elysium Healthcare No. 4 Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2017**

**10. Taxation**

	2017 £'000	2016 £'000
<b>Corporation tax</b>		
Current tax on profit for the year	-	224
Adjustments to tax charge in respect of prior periods	(224)	-
	<u>(224)</u>	<u>224</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	59	119
Adjustments to tax charge in respect of prior periods	(59)	(143)
Adjustments to tax charge in respect of changes to tax rates	-	(495)
<b>Total deferred tax</b>	<u>-</u>	<u>(519)</u>
<b>Total tax credit for the year</b>	<u>(224)</u>	<u>(295)</u>

**Factors affecting tax charge for the year**

The tax credit assessed for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit before taxation	<u>709</u>	<u>621</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: - 20%)	137	124
<b>Effects of:</b>		
Fixed asset differences	70	216
Transfer pricing adjustment	-	194
Group relief claimed	(132)	(170)
Adjustments to tax charge in respect of previous periods	(284)	(165)
Adjustments to tax charge in respect of changes to tax rates	(8)	(494)
Adjustments to brought forward values	(7)	-
<b>Total tax credit for the year</b>	<u>(224)</u>	<u>(295)</u>

**Factors that may affect future tax charges**

The level of disallowable expenses and utilisation of tax losses carried forward will impact future tax charges.



**Elysium Healthcare No. 4 Limited**

**Notes to financial statements  
For the year ended 31 December 2017**

**10. Taxation (continued)**

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 19.25% (2016: 20%).

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change was to reduce the main rate to 17% from 1 April 2020. The change to 17% from 1 April 2020 had been substantively enacted at the balance sheet date so its effects are included in these financial statements and the Company's deferred tax balances have been restated to reflect their expected unwind at 17% rather than the rate of 18% expected at the previous balance sheet date.

**11. Tangible fixed assets**

	Land and Buildings £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2017	20,438	2,356	52	22,846
Additions	11	51	17	79
Disposals	-	(25)	-	(25)
<b>At 31 December 2017</b>	<b>20,449</b>	<b>2,382</b>	<b>69</b>	<b>22,900</b>
<b>Depreciation</b>				
At 1 January 2017	1,902	1,234	8	3,144
Charge for the year	456	260	16	733
Disposals	-	(25)	-	(25)
<b>At 31 December 2017</b>	<b>2,358</b>	<b>1,494</b>	<b>24</b>	<b>3,852</b>
<b>Net book value</b>				
At 31 December 2017	18,091	888	45	19,048
At 31 December 2016	18,536	1,122	44	19,702

The finance lease creditor is secured on buildings with a net book value of £18,165,280 (2016: £18,536,000) and motor vehicles with a net book value of £30,939 (2016: £44,000).

**Elysium Healthcare No. 4 Limited**

**Notes to financial statements  
For the year ended 31 December 2017**

**12. Stocks**

	2017 £'000	2016 £'000
Food, pharmaceuticals and other consumables	<u>4</u>	<u>-</u>

Stocks recognised in cost of sales during the period as an expense was £261,126 (2016: £214,102).

**13. Debtors**

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	568	519
Corporation tax	53	-
Prepayments and accrued income	80	80
Other debtors	<u>2</u>	<u>-</u>
	<u>704</u>	<u>599</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>232</u>	<u>8,433</u>
	<u>232</u>	<u>8,433</u>

In the prior year, the amounts owed by group undertakings falling due after more than one year comprised loan notes to Elysium Healthcare No. 3 Limited of £8,433,130. The loan notes were unsecured and due in December 2031. Interest was receivable at LIBOR + 5.25% per annum on the loan notes to Elysium Healthcare No. 3 Limited, accruing on a day to day basis and if unpaid, capitalised on the last day of each financial year.

On 31 May 2017, the Directors approved the decision to enter an arrangement whereby the loan notes owed by Elysium Healthcare No. 3 Limited would be transferred by way of declaring a dividend of £8,433,130.

The interest accrued during the year totalled £231,518 (2016: £11,459) and is due in December 2031.

**Elysium Healthcare No. 4 Limited**

**Notes to financial statements  
For the year ended 31 December 2017**

**14. Creditors: Amounts falling due within one year**

	2017	2016
	£'000	restated £'000
Trade creditors	17	-
Corporation tax	-	224
Other taxation and social security	-	62
Finance lease creditor	256	242
Other creditors	15	8
Amounts owed to group undertakings	3,298	4,449
Accruals and deferred income	138	159
	<u>3,724</u>	<u>5,144</u>

Amounts owed to group undertakings within one year are unsecured, interest free and repayable on demand.

**15. Creditors: Amounts falling due after more than one year**

	2017	2016
	£'000	£'000
Finance lease creditor	6,675	6,700
	<u>6,675</u>	<u>6,700</u>

Finance leases are repayable as follows:

	2017	2016
	£'000	£'000
<b>Minimum lease payments</b>		
Within one year	264	242
In the second to fifth years inclusive	925	925
After five years	27,468	27,757
Less: future finance charges	(21,726)	(21,982)
Present value of lease obligations	<u>6,931</u>	<u>6,942</u>

	2017	2016
	£'000	£'000
<b>Present value of minimum lease payments</b>		
Within one year	256	242
In the second to fifth years inclusive	823	939
After five years	5,852	5,761
Present value of lease obligations	<u>6,931</u>	<u>6,942</u>

**Elysium Healthcare No. 4 Limited**

**Notes to financial statements  
For the year ended 31 December 2017**

**16. Provisions for liabilities**

	Deferred tax £'000	Legal claims £'000	Total £'000
At 1 January 2017 restated	2,552	34	2,586
Release of provision	-	(16)	(16)
Charged to profit or loss	-	2	2
<b>At 31 December 2017</b>	<b>2,552</b>	<b>20</b>	<b>2,572</b>

The deferred tax liability is made up as follows:

	2017 £'000	2016 £'000
Accelerated capital allowances	(206)	(206)
Capital gains / (losses)	2,758	2,758
	<b>2,552</b>	<b>2,552</b>

**Legal claims provision**

Legal claims are based on management estimates of legal costs of liabilities that are not covered by insurance.

There is uncertainty regarding the timing of any outflows given that the settlement of legal claims which can span one year.

**17. Capital and reserves**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
2 (2016 - 2) Ordinary shares of £1 each	<b>2</b>	<b>2</b>

The Company has one class of ordinary shares which carry no right to fixed income.

**Merger reserve**

This has arisen as a result of intragroup reorganisation.

**Profit and loss account**

This balance represents all current and prior period retained profit and losses.

**Elysium Healthcare No. 4 Limited**

**Notes to financial statements  
For the year ended 31 December 2017**

**18. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £13,386 (2016: £13,000). Contributions totalling £Nil (2016: £6,000) were payable to the fund at the balance sheet date and are included in other creditors.

**19. Commitments under operating leases**

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
<b>Land</b>		
Within 1 year	54	54
Between 1 and 5 years	217	217
Greater than 5 years	6,489	6,501
	<u>6,759</u>	<u>6,772</u>

**20. Capital commitments**

At 31 December 2017 the Company had capital commitments as follows:

	2017 £'000	2016 £'000
Contracted for but not provided in these financial statements - tangible fixed assets	<u>17</u>	<u>2</u>

Bank loans of Elysium Healthcare Holdings 3 Limited are secured by a floating charge over the assets of the Company.

**21. Subsequent events**

There were no adjusting or non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.

**22. Prior year restatement**

During the prior period the legal claim provision was incorrectly included in other creditors. Therefore, a prior year restatement has been made to reduce the other creditors and increase provisions by £34,150.

**Elysium Healthcare No. 4 Limited**

**Notes to financial statements  
For the year ended 31 December 2017**

**23. Controlling party**

The immediate parent undertaking is Elysium Healthcare No. 3 Limited.

The ultimate parent undertaking is P Health S.A.R.L., a company incorporated in Luxembourg which is controlled by funds advised by BC Partners LLP. The Directors consider there is no ultimate controlling related party.

The largest group in which the results of the Company are consolidated is that headed by Elysium Healthcare Holdings 1 Limited, incorporated in England and Wales. The smallest group in which the results of the Company are consolidated is that headed by Elysium Healthcare Holdings 2 Limited, incorporated in England and Wales. The address of the registered office of Elysium Healthcare Holdings 1 Limited and Elysium Healthcare Holdings 2 Limited is: 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire, WD6 1JN, where the consolidated financial statements of the Elysium Healthcare Holdings 1 Limited group and the Elysium Healthcare Holdings 2 Limited group may be obtained.

**24. Explanation for transition to FRS 102**

The last financial statements prepared under Financial Reporting Standards 101 (Reduced Disclosure Framework) were for the year ended 31 December 2016 and the date of transition to FRS 102 was therefore 1 January 2016. As a consequence of adopting FRS 102, there were no significant changes to the accounting policies to comply with the standard.