

Company Registration No. 03977299 (England and Wales)

**CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH  
LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



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# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **COMPANY INFORMATION**

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### **Directors**

Dr Antonio Romero  
Mr Laurence Harrod  
Mr Mark Ground (Appointed 18 July 2018)  
Mr Michael McQuaid

### **Secretary**

Mr Anthony Coleman

### **Company number**

03977299

### **Registered office**

Nepicar House  
London Road  
Wrotham Heath  
Sevenoaks  
Kent  
TN15 7RS

### **Auditor**

KPMG LLP  
Plym House  
3 Longbridge Road  
Plymouth  
PL6 8LT

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# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1 - 4
Directors' report	5 - 6
Directors' responsibilities statement	7
Independent auditor's report to the members of Cygnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited)	8 - 9
Income statement	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13 - 27

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# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2017***

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The directors present the strategic report and financial statements for the year ended 31 December 2017.

### **Review of the business**

Cygnnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited) is part of the Cygnnet Health UK Limited Group (Cygnnet), a leading UK provider of mental health services.

Cygnnet is a leading UK provider of mental health services. Cygnnet is able to deliver a diverse range of services to attend to the needs of service users through its network of sites. Cygnnet is different to many other providers with nearly 30 years' experience partnering with the NHS and has a broad coverage of the mental health spectrum from Acute, Secure, Non-secure rehabilitation, Out-patient services to Adolescent, Autism, Learning Disability, and Elderly care.

Cygnnet is supported by its long term strategic partner and ultimate parent Universal Health Services Inc. ("UHS"), the leading provider of behavioural health care in the USA, who help Cygnnet to focus more on investing in the delivery of the highest quality service.

On 28th December 2016, Cygnnet was pleased to announce the acquisition of the adult services division of Cambian Group. This comprised of 1,193 beds in 81 units across England and Wales providing care to adults with mental health disorders, intellectual disabilities, autism, personality disorders and acquired brain conditions. The acquisition provides services to deliver a lower acuity care pathway which will ensure that Cygnnet is well positioned to meet the needs of its service users, customers and communities with a broad range of innovative treatment services and products. The acquired business has a reputation as a quality provider and brings expertise in services geared towards adults with a variety of mental health needs and challenging behaviour.

In June 2017 the trading name of the former Cambian facilities were changed to CAS Behavioural Health and subsequently to Cygnnet Behavioural Health.

Given the size of the acquisition the Cygnnet group was referred to the Competition and Markets Authority ("CMA") who reviewed the arrangement and as a result the Cygnnet and acquired companies were kept under a hold separate order.

The CMA reached its phase two decision in October 2017, concluding that the acquisition may be expected to reduce competition only in the supply of male long term mental health rehabilitation services in the East Midlands, requiring the divestment of one of the sites in the East Midlands. Consequently, The Limes, an 18 bed facility was disposed of in April 2018. Following the phase two decision the respective sides of the businesses senior management were able to integrate together.

The enlarged Cygnnet business operated 2,404 beds as at the 31st December 2017 (31/12/16: 1,112 beds prior to operation of CAS beds) spread through a portfolio of over 100 quality facilities and employs over 6,000 people.

In 2017, Cygnnet has been able to extend its delivery of health care services through organic development with various extensions and the opening of a 56 bed hospital in Coventry which completed in spring 2017 and the construction of a new 65 bed hospital in Maidstone, expected to be open in summer 2018. In addition a further 81 beds came on stream across the rest of the portfolio.

In 2017 Cygnnet worked with customers to invest in services to be able to cope with the increased acuity in the market. Cygnnet also worked with customers to change and enhance services. In particular in the South East, Cygnnet services at our facilities in Woking and Godden Green were re-provisioned and upgraded and are now fully open again.

The Group remains focussed on enhancing services to deliver high quality and shorter lengths of stay and lower episode costs – so that our customers receive better value and service users are rehabilitated faster. Our business continues to be supported by strong relationships with customers – in 2017 Cygnnet did business with 220 (2016: 176) NHS purchasing bodies. We are pleased to be partnering with the NHS on working together in new innovative ways that are mutually beneficial to us both clinically and from an efficiency point of view but also in a way that puts service users first.

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### *Corporate and Clinical Delivery and Governance*

Cygnnet has continued to focus on striving for the highest quality corporate and clinical governance throughout everything we do – clinical excellence and governance are the foundation of our business.

Our governance plan is designed to monitor quality assurance. This plan is monitored regularly by local board and governance meetings. Our approach to Governance is designed to enhance quality assurance. We have a number of corporate structures which monitor performance locally and enable strong links from board to ward. We have developed a corporate Quality Improvement Group to ensure we have a comprehensive oversight of quality across our services.

We continue to work with the Care Quality Commission ("CQC"), the English regulatory authority, aiming to be the market leader in our sector in delivery of clinical quality. We are pleased to report 100% compliance with Commissioning for Quality and Innovation ("CQUIN") in 2016/17 (measured 1st April 2016 to 31st March 2017 in line with the relevant NHS financial year) – all 121 out of 121 quality targets were met on the quarterly submissions made in 2016/17.

The continued focus on quality and governance has seen a more streamlined reporting structure for the governance team with quality assurance managers for each region. Reporting directly to the Executive Board, the governance team delivers evidence and assurance of systems and processes ensuring that we have evidence of our high standards and service delivery at individual service user level and across the whole group, learning from experience as we go.

#### *Our People*

We are very proud to have a first class team of management and staff in our organisation who combine a unique set of skills to drive our business forward. It is the expertise of our people and the culture of passion and commitment that enables us to do such a fantastic job of caring for our service users and improving their lives day by day. We believe in our core values of being Helpful, Responsible, Respectful, Honest and Empathetic.

Following the release of the CMA restriction, in October 2017 Cygnnet was able to appoint Dr Antonio Romero as Chief Executive of the Cygnnet Group. Dr. Romero graduated as a Doctor of Medicine in Spain and went on to complete his psychiatric training within the NHS North London rotations. In 2002, he became Director of Psychiatric Services for NHP plc. In 2004, Dr. Romero co-founded Cambian Group plc as Group Clinical Director, which went on to become one of the largest independent healthcare providers in the U.K.

Since his appointment as Chief Executive and the ability of the two businesses to integrate, Dr Romero has combined the businesses and formed his senior management team.

We would like to take this opportunity to thank all of our staff for their dedication to the business and service users.

#### *Key performance measures*

The key performance measures that the Board of Directors ("The Board") uses to monitor progress of the Company and its subsidiaries ("The Group") against its objectives are:

- Service user experience and involvement;
- Clinical quality, including safety and effectiveness;
- Customer satisfaction and patient care outcomes;
- Health and Safety compliance;
- Staff and management skills development;
- Staff turnover and retention;
- Debtor days;
- Occupancy rates;
- Fee levels and pricing;
- EBITDA;
- Margin; and
- Staff and agency costs.

# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **Future prospects**

Cygnets strategy is to continue to grow both through mergers and acquisitions and organically develop the business through:

- furthering geographical coverage;
- development and broadening of current service lines;
- extension of service lines and care pathways;
- reacting to the changing dynamics of our market and customers, in particular the NHS; and
- providing an environment and culture which promotes excellence in what we do and a fulfilling place for staff to pursue their careers.

### **Key risks and uncertainties**

#### *Regulatory risk*

Regulatory risk is the risk arising from adverse regulatory inspections, or employees failing to adhere to Cygnets policies and procedures. All CQC inspection reports are disseminated and action planning for improvements is shared across the group for learning purposes and to confirm Board Assurance. Health and Safety regulations are reviewed and internal policies, procedures and training updated in line with those regulations.

The Group engages in clinical audit, internal audit of systems, controls and continuous monitoring of performance of employees and customer and service user satisfaction.

Cygnets has proactively set up an external whistleblowing phone line to ensure that any concerns felt by staff can be assured of a full hearing and action as a consequence.

#### *Reputational risk*

Reputational risk is the risk arising from adverse publicity. The Group believes this is only likely to occur in relation to poor customer and/or service user care and has multi-layered systems to help prevent this occurring and manage any challenges arising.

#### *Competition and markets*

The Group monitors competition closely to ensure that it remains competitive in the market place. The Group manages the risk associated with demand fluctuations by offering diversified services and monitoring demand, converting unused capacity to alternative services when appropriate. Cygnets monitors prices charged both internally and externally to ensure that its services are appropriately priced to compete and provide value for customers.

NHS new models of care and future mental health funding may impact demand and supply of mental health services.

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### Financial Review

Cygnnet made solid progress in the year to 31 December 2017, with good occupancy levels. The results include the full effect of the acquisition made in 2016. Included in the asset value of £892m, £442m relates to the Cambian adult acquisition entities.

The financial highlights of the Group for the year are as follows:

	2017	2016
	£m	£m
Revenue	334.3	179.3
Operating profit (before significant items)	40.4	29.4
Asset value	892	865
Total liabilities	(498)	(487)
Net assets	394	378


Cygnnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited) made an operating loss for the year of £17.8m on turnover of £65.7m.

### Financing and Cash Flow

Net increase in cash and cash equivalents was £19.1m.

The business continued to invest its cash flow to fund capital expenditure to maintain its existing sites, to invest in the organisational infrastructure, and to develop further capacity. During the year the business spent £36m on capital expenditure.

On behalf of the board

  
Dr Antonio Romero  
Director  
24 September 2018

  
Mr Laurence Harrod  
Director  
24 September 2018

# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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

CAS Behavioural Health Limited changed its company name to Cygnet Behavioural Health Limited by resolution on 30 April 2018.

#### **Principal activities**

The principal activity of Cygnet Behavioural Health Limited ("the Company") is the provider of dedicated psychiatric rehabilitation in the United Kingdom. Its commitment is to provide our patients with the most appropriate and intensive, rehabilitation therapy and medical care service and to provide this service at a price that offers value for money and transparency to the NHS. The Company provides a comprehensive service that includes psychiatric care, psychological care, occupational therapy, behavioural therapy, medical and nursing care as well as exceeding the more formal requirements of the Mental Health Act.

#### **Results and dividends**

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2016: £nil).

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr Antonio Romero

Mr Laurence Harrod

Mr Mark Ground

(Appointed 18 July 2018)

Mr Michael McQuaid

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The directors recognise the importance of human resources. The Cygnet Health UK Limited Group's ("Group") policy is to encourage active involvement of employees in the management of its facilities and in matters affecting employees' interests. Each facility has a Staff Relations Group ('SRG').

The elected chairperson of the SRG attends the twice yearly Board meetings at their facility and serves as a conduit for interaction between the Board and employees. The SRG also takes an active role in quality assurance and the accreditation process which all the Group's facilities embrace. In addition, the Group encourages personal career development for all employees through providing access to training and actively developing promotional opportunities.

In order to obtain staff feedback, an annual staff engagement survey is carried out and reported on and exit interviews are collated independently.

A new Employee Assistance Programme has been introduced enabling staff to seek support on work or home/life issues, with the aim of the Company offering improved support to staff working in challenging environments.



**CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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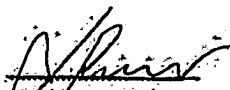
**Auditor**

KPMG LLP were appointed as auditors on 23/01/2018. In accordance with the section 487 of the Companies Act 2006, a resolution proposing that KPMG LLP be reappointed as auditor of the company will be put at the next Annual General Meeting.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Dr Antonio Romero  
Director

Date: 24 September 2018



Mr Laurence Harrod  
Director

Date: 24 September 2018

Nepicar House  
London Road  
Wrotham Heath  
Sevenoaks  
Kent  
TN15 7RS

# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

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#### **Opinion**

We have audited the financial statements of Cygnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited) ("the company") for the year ended 31 December 2017 which comprise the Income Statement, the Statement Of Financial Position, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate basis for our opinion.

#### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in those respects.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

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#### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>.

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Mr Andrew Gordon (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP

Date: 26 September 2018

**Chartered Accountants**  
**Statutory Auditor**

Plym House  
3 Longbridge Road  
Plymouth  
PL6 8LT

# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **INCOME STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Revenue		65,722	66,515
Operating expenses		(83,496)	(94,983)
<b>Operating loss</b>	<b>2</b>	<b>(17,774)</b>	<b>(28,468)</b>
Finance costs	<b>6</b>	(6,853)	(2,079)
Other finance costs	<b>6</b>	-	(47)
<b>Loss before taxation</b>		<b>(24,627)</b>	<b>(30,594)</b>
Tax on loss	<b>7</b>	(6,652)	5,658
<b>Loss and total comprehensive income for the financial year</b>		<b>(31,279)</b>	<b>(24,936)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

The accompanying notes on pages 13 to 27 form part of the financial statements.

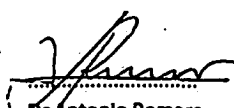
**CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

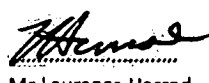
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Intangible assets	8	1,180	-
Property, plant and equipment	9	13,061	4,337
Investments	10	90,088	93,270
		<u>104,329</u>	<u>97,607</u>
<b>Current assets</b>			
Trade and other receivables	12	10,656	14,961
Current tax recoverable		378	6,652
Cash and cash equivalents		4,872	1,127
		<u>15,906</u>	<u>22,740</u>
<b>Current liabilities</b>			
Trade and other payables	13	117,482	84,325
Taxation and social security		868	2,858
		<u>118,350</u>	<u>87,183</u>
<b>Net current liabilities</b>		<u>(102,444)</u>	<u>(64,443)</u>
<b>Total assets less current liabilities</b>		<u>1,885</u>	<u>33,164</u>
<b>Net assets</b>		<u>1,885</u>	<u>33,164</u>
<b>Equity</b>			
Called up share capital	14	49,890	49,890
Share premium account		86,392	86,392
Retained earnings		(134,397)	(103,118)
<b>Total equity</b>		<u>1,885</u>	<u>33,164</u>

The financial statements were approved by the board of directors and authorised for issue on 24 September 2018 and are signed on its behalf by:

  
**Dr Antonio Romero**  
**Director**

  
**Mr Laurence Harrod**  
**Director**

Company Registration No. 03977299

The accompanying notes on pages 13 to 27 form part of the financial statements.

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2016	49,890	86,392	(78,182)	58,100
Period ended 31 December 2016:				
Loss and total comprehensive income for the period	-	-	(24,936)	(24,936)
Balance at 31 December 2016	49,890	86,392	(103,118)	33,164
Year ended 31 December 2017:				
Loss and total comprehensive income for the year	-	-	(31,279)	(31,279)
Balance at 31 December 2017	49,890	86,392	(134,397)	1,885

The accompanying notes on pages 13 to 27 form part of the financial statements.

# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **1 Accounting policies**

##### **Company information**

Cygnnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited) is a private company limited by shares incorporated in England and Wales. The registered office is Nepicar House, London Road, Wrotham Heath, Sevenoaks, Kent, TN15 7RS. The registered number is 03977299.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Where appropriate, the company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64 (p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of UK Acquisitions No.6 Limited in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of UK Acquisitions No.6 Limited . The group accounts of UK Acquisitions No.6 Limited are available to the public and can be obtained as set out in note 17.



# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Cygnnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited) is a wholly owned subsidiary of UK Acquisition No.6 Limited and the results of Cygnnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited) are included in the consolidated financial statements of UK Acquisition No.6 Limited which are available from Nepicar House, London Road, Wrotham Heath, Sevenoaks, Kent, TN15 7RS.

#### 1.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Group have confirmed that they will provide support and amounts due from group undertakings will not be demanded within the next year. Based on this understanding the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

#### 1.3 Revenue

Revenue relates to income received from operating psychiatric facilities and nursing homes and arises entirely in the United Kingdom. Revenue from operating psychiatric facilities and residents of the Group's nursing homes is recognised, as earned, through the provision of contracted services.

Revenue is recognised in the accounting period in which the company provides the service.

#### 1.4 Intangible assets other than goodwill

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses.

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within 'other operating income' in the income statement.

Depreciation is charged to the income statement to write off the cost less the estimated residual value on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. The estimated useful lives are as follows:

Freehold land and buildings	40 years
Fixtures and fittings	5-10 years
Motor vehicles	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### *Current tax*

Tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to the tax payable in respect of previous periods.

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries and associate to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

#### 1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Operating loss

	2017	2016
	£'000	£'000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment	786	1,542
Operating lease rentals:		
- in respect of land and buildings	22,204	23,117
- in respect of other assets	96	645
Amortisation of intangible assets	298	-
	<u>          </u>	<u>          </u>

### 3 Auditor's remuneration

	2017	2016
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	411	-
	<u>          </u>	<u>          </u>

The remuneration of the auditor in the previous financial period was borne by another group company, management estimate the costs in relation to this company to be around £200,000.

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Nursing, Care and Support Staff	1,078	1,511
Management and Administration	149	209
	<u>          </u>	<u>          </u>
	1,227	1,720
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2017	2016
	£'000	£'000
Wages and salaries	38,473	43,602
Social security costs	3,440	3,618
Pension costs	259	271
	<u>          </u>	<u>          </u>
	42,172	47,491
	<u>          </u>	<u>          </u>

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Directors' remuneration

	2017 £'000	2016 £'000
Remuneration for qualifying services	-	1,115
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	-	474

The directors did not receive emoluments for their services directly from this company. However, the directors received remuneration for services to Cygnet Health Care Limited of which Cygnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited) is a fellow subsidiary undertaking, Management have estimated that the approximate value of directors' remuneration relating to Cygnet Behavioural Health Limited (Formerly CAS Behavioural Health Limited) is £290,000.

### 6 Finance costs

	2017 £'000	2016 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	6,853	2,079
Interest on other loans	-	47
	6,853	2,126

Interest payable to group undertakings is accrued at a rate of 4.85% per annum above LIBOR (2016: at a rate of 5%).

### 7 Income tax expense

	2017 £'000	2016 £'000
<b>Current tax</b>		
UK corporation tax on loss for the current period	-	(5,812)
Adjustments in respect of prior periods	6,652	154
<b>Total UK current tax</b>	6,652	(5,658)

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Income tax expense

(Continued)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2017 £'000	2016 £'000
Loss before taxation	(24,627)	(30,594)
Expected tax credit based on a corporation tax rate of 19.25%	(4,741)	(6,119)
Effect of expenses not deductible in determining taxable profit	-	149
Unutilised tax losses carried forward	-	(16)
Adjustment in respect of prior years	6,652	154
Group relief	4,824	-
Capital allowance in excess of depreciation	-	78
Ineligible fixed asset difference	-	96
Deferred tax not recognised	(83)	-
<b>Taxation charge/(credit) for the year</b>	<b>6,652</b>	<b>(5,658)</b>

The adjustment in respect of prior periods has arisen primarily as a result of the company calculating the prior year liabilities on the assumption that group relief would not be available following the change in ownership. Group relief was subsequently recorded in the tax computation as submitted.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.



# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 8 Intangible fixed assets

	Software £'000
<b>Cost</b>	
Additions - purchased	1,478
At 31 December 2017	1,478
<b>Amortisation and impairment</b>	
Charge for the year	298
At 31 December 2017	298
<b>Carrying amount</b>	
At 31 December 2017	1,180
At 31 December 2016	-

### 9 Property, plant and equipment

	Freehold land and buildings £'000	Assets under construction £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 31 December 2016	2,141	-	5,272	-	7,413
Additions	5,368	2,468	1,609	65	9,510
At 31 December 2017	7,509	2,468	6,881	65	16,923
<b>Accumulated depreciation and impairment</b>					
At 31 December 2016	246	-	2,830	-	3,076
Charge for the year	188	-	585	13	786
At 31 December 2017	434	-	3,415	13	3,862
<b>Carrying amount</b>					
At 31 December 2017	7,075	2,468	3,466	52	13,061
At 31 December 2016	1,895	-	2,442	-	4,337

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Investments

	2017 £'000	2016 £'000
Investments in subsidiaries	90,088	93,270

### Movements in non-current investments

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 January 2017	93,270
Impairment charges	(3,182)
At 31 December 2017	90,088
<b>Carrying amount</b>	
At 31 December 2017	90,088
At 31 December 2016	93,270

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 11 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
CAS Healthcare Properties Limited	United Kingdom	100	100	Trading
Cygnnet Clifton Limited (formerly CAS Clifton Limited)	United Kingdom	100	100	Trading
CAS Clifton Healthcare Limited*	United Kingdom	100	100	Dormant
CAS Aspirations Properties Limited*	Jersey	100	100	Dormant
CAS Aspirations Properties III Limited*	Jersey	100	100	Dormant

\*Held indirectly through its immediate subsidiaries.

Registered Office (United Kingdom): Nepicar House London Road, Wrotham Heath, Sevenoaks, Kent, England, TN15 7RS

Registered Office (Jersey): 9 Burraid Street, St Helier, Jersey JE4 5SE

The Company's share of income for the period and distributable reserves of its subsidiaries are as follows:

	Share of Profit/(loss) for year ended	Share of capital and reserves	Share of Profit/(loss) for year ended	Share of capital and reserves
	31 December 2017 £'000	31 December 2017 £'000	31 December 2016 £'000	31 December 2016 £'000
CAS Aspirations Properties Limited	(361)	2,367	(1,444)	2,728
Cygnnet Clifton Limited (formerly CAS Clifton Limited)	2,330	5,114	2,318	2,784
CAS Clifton Healthcare Limited	-	-	-	-
CAS Healthcare Properties Limited	25,509	157,399	15,411	131,890

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	10,173	12,877
Other receivables	279	1,424
Prepayments	204	660
	<u>10,656</u>	<u>14,961</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

### 13 Trade and other payables

	2017 £'000	2016 £'000
Trade payables	1,871	1,119
Amounts due to fellow group undertakings	107,284	72,944
Accruals	7,396	8,841
Other payables	931	1,421
	<u>117,482</u>	<u>84,325</u>

The amounts are owed to group undertakings and legally repayable on demand (and hence are disclosed as current liabilities), however it is not expected that a demand for these amounts will be made within the next year. These amounts do not attract interest.

### 14 Share capital

	2017 £'000	2016 £'000
Ordinary share capital <i>Issued and fully paid</i>		
49,889,707 Ordinary Shares of £1 each	<u>49,890</u>	<u>49,890</u>

# CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 15 Operating lease commitments

#### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2017 £'000	2016 £'000
Amounts charged to profit or loss	22,300	23,762

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	22,249	22,280
Between two and five years	88,867	87,973
In over five years	498,691	503,868
	609,807	614,121

### 16 Related party transactions

The ultimate controlling party of the Company is Universal Health Services Inc., and the UK ultimate parent of the Company is UK Acquisitions No.6 Limited. The registered office of the ultimate controlling party is 367 South Gulph Road, King of Prussia, PA 19406.

#### Identity of related parties

The Company has a related party relationship with its parent undertaking, the parent's subsidiaries, its own subsidiaries and with its directors.

The Company has applied the exemption available under FRS101 in respect of transactions with wholly owned subsidiaries.

#### Transactions with key management personnel

The Company has applied the exemption available under FRS101 in respect of disclosure of the compensation of key management personnel.

#### Other related party transactions

There were no other related party transactions during the current or preceding period.

# **CYGNET BEHAVIOURAL HEALTH LIMITED (FORMERLY CAS BEHAVIOURAL HEALTH LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **17 Controlling party**

The largest group in which the results of the Company are consolidated is that headed by Universal Health Services Inc, a company incorporated in the US. The smallest in which they are consolidated is headed by Cygnet Health UK Limited. The consolidated financial statements of these groups are available to the public. Universal Health Services Inc financial statements may be obtained from <http://www.uhsinc.com/> and Cygnet Health UK Limited financial statements may be obtained from:

Nepicar House  
London Road  
Wrotham Heath  
Sevenoaks  
Kent, TN15 7RS