

Registered number: 04063391

**Elysium Healthcare Limited**  
(formerly known as Partnerships in Care (2016) Limited)

**Directors' report and financial statements**

**For the year ended 31 December 2016**

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**Elysium Healthcare Limited**

**Company Information**

<b>Directors</b>	Joy Chamberlain Quazi Haque Mark Robson (appointed 7 August 2017) Steven Woolgar
<b>Company secretary</b>	Sarah Livingston
<b>Registered number</b>	04063391
<b>Registered office</b>	2 Imperial Place Maxwell Road Borehamwood Hertfordshire WD6 1JN
<b>Auditors</b>	Deloitte LLP Statutory Auditor Reading

## **Elysium Healthcare Limited**

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## **Elysium Healthcare Limited**

### **Strategic report For the year ended 31 December 2016**

The Directors present their strategic report for the year ended 31 December 2016.

#### **Principal activities and review of business**

The principal activity of the company is the provision of mental healthcare services.

On 30 November 2016, Elysium Healthcare Holdings 3 Limited acquired 100% of the ordinary share capital of the company and the company changed its name from Partnerships in Care (2016) Limited to Elysium Healthcare Limited. The Company had previously been owned by the Partnerships in Care group, but following an investigation by the Competition and Markets Authority during 2016, it was required to be sold. Further details can be found in the consolidated group accounts of Elysium Healthcare Holdings 1 Limited.

#### **Business review**

The results for the year are set out in the profit and loss account on page 9 and the position of the company as at the year end is set out in the balance sheet on page 10. The comparative prior period was 9 months in length.

<b>Summary Financial Results</b>	<b>2016</b>	<b>2015</b>
<b>Period ended 31 December</b>	<b>£m</b>	<b>£m</b>
<b>Revenue</b>	<b>13.8</b>	<b>2.3</b>
<b>Operating result</b>	<b>(0.6)</b>	<b>0.8</b>
<b>Exceptional administrative expenses</b>	<b>(0.1)</b>	<b>-</b>
<b>Profit / (loss) before taxation</b>	<b>(0.7)</b>	<b>0.8</b>

Revenue for the year totalled £13.8 million (2015: £2.3 million) and arose predominantly from provision of mental health services to the patients for either NHS England or Clinical Commissioning Groups ("CCGs").

Gross margin for the Company for the period was 28.7% (2015: 40.7%) and is stated after all the hospital operating costs including staff and specialist costs. As seen across the care sector, the utilisation of agency and bank staff has increased and management are continuously monitoring the cost base to ensure the effective use of the Company's resources.

Property, plant and equipment of £31.2 million (2015: £0.3million) includes £26.6 million (2015: £0.3 million) in respect of land and buildings. During the period the company incurred £31.9 million (2015: £0.0 million) of additions including work commencing on the re-branding of the sites to Elysium Healthcare.

## **Elysium Healthcare Limited**

### **Strategic report (continued) For the year ended 31 December 2016**

The company also entered into four sale and leaseback arrangements for the disposal of the freehold land and buildings and at the same time entered into a 125 year term finance lease for the buildings and an operating lease of the same term for the rental of the lands. The result arising on the disposal has been recognized in exceptional income with the apportionment of the disposal proceeds between the freehold land interests and the buildings.

#### **Principal risks and uncertainties**

##### ***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 & CCG contracts***

The NHS and CCG 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 or CCGs 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.

##### ***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 risks which are detailed below.

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.

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

The Company 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 Company. The Directors recognise the importance of quality doctors, clinicians for ensuring the continued success of the Company. The Company 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, clinicians and nurses in the future and the Company continues to monitor developments.

The Company 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.

## **Elysium Healthcare Limited**

### **Strategic report (continued) For the year ended 31 December 2016**

#### ***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.

#### **Key performance indicators**

The following KPIs are fundamental to the business and reflect focus on the drivers of value that will enable and inform the management team to achieve the business plans, strategic aims and objectives.

- Revenue
- Operating profit
- Gross profit margin
- Net bank debt
- Number of available beds
- Average occupancy
- Earnings before Interest, Taxation, Depreciation, Amortisation and Rent ("EBITDAR")
- EBITDAR after finance lease interest

#### **Future developments**

The future developments of the Company are aligned to the strategy of the Elysium Healthcare Holdings 2 Limited group. The group's strategy for future development is 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 and CCG 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.

On behalf of the board



WHM Robson  
Director  
27 September 2017

**Elysium Healthcare Limited**  
**Directors' annual report**  
**For the year ended 31 December 2016**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

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.

**Going Concern**

The Company's business activities, together with the factors likely to affect its 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 3.

The Elysium 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.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future, including a letter of support from the group's parent company, Elysium Healthcare Holdings 1 Limited. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Dividends**

The directors do not recommend the payment of a dividend (2015 - 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 Limited**

**Directors' annual report (continued)  
For the year ended 31 December 2016**

**Independent Auditors**

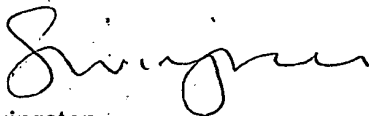
Deloitte LLP were appointed as auditors during the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Disclosure of information to auditors**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

This report was approved by the board on *27 September* and signed on its behalf.



**Sarah Livingston**  
Company secretary



**Elysium Healthcare Limited**

**Directors' responsibilities statement  
For the year ended 31 December 2016**

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 judgments 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; 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 Limited**

### **Independent auditors' report to the members of Elysium Healthcare Limited**

We have audited the financial statements of Elysium Healthcare Limited for the year ended 31 December 2016 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion 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' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' 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 and the Directors' Report.

**Elysium Healthcare Limited**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Matthew Ward, FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom

29 September 2017

**Elysium Healthcare Limited**

**Profit and loss account  
For the year ended 31 December 2016**

		12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
	Note		
Turnover	2	13,759	2,262
Cost of Sales		(9,832)	(1,342)
<b>Gross profit</b>		<b>3,927</b>	<b>920</b>
Administrative expenses		(4,492)	(88)
Exceptional administrative expenses	3	(322)	-
<b>Operating (loss) / profit</b>		<b>(887)</b>	<b>832</b>
Profit on disposal of fixed assets	4	219	-
Interest receivable	5	45	-
Interest payable and similar expenses	6	(44)	-
<b>(Loss) / profit before tax</b>	7	<b>(667)</b>	<b>832</b>
Tax on (loss) / profit	11	270	2
<b>(Loss) / profit for the period</b>		<b>(397)</b>	<b>834</b>

There were no recognised gains and losses for 2016 or 2015 other than those included in the Profit and loss account. Therefore no statement of other comprehensive income has been prepared.

All amounts related to continuing operations.

The notes on pages 12 to 29 form part of these financial statements.

**Elysium Healthcare Limited**  
**Registered number: 04063391**

**Balance sheet**

**As at 31 December 2016**

	Note	2016 £'000	2015 £'000
<b>Non-current assets</b>			
Tangible assets	12	31,192	334
Investments	13	66,028	-
Debtors	15	32,938	-
<b>Current assets</b>			
Stocks	14	89	4
Debtors	15	39,527	965
Cash at bank and in hand		78,381	83
		<u>117,997</u>	<u>1,052</u>
Creditors: amounts falling due within one year	16	(195,398)	(136)
<b>Net current (liabilities) / assets</b>		<u>(77,401)</u>	<u>917</u>
<b>Total assets less current liabilities</b>		<u>52,757</u>	<u>1,251</u>
Creditors: amounts falling due after more than one year	17	(28,337)	-
<b>Provisions for liabilities</b>			
Deferred tax liability	18	257	(6)
<b>Net assets</b>		<u>24,677</u>	<u>1,245</u>
<b>Capital and reserves</b>			
Called up share capital	19	29,762	312
Merger Reserve	20	(5,621)	-
Profit and loss account	20	536	933
<b>Shareholders' funds</b>		<u>24,677</u>	<u>1,245</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2017



**WHM Robson**  
Director

The notes on pages 12 to 29 form part of these financial statements.

**Elysium Healthcare Limited**

**Statement of changes in equity  
For the year ended 31 December 2016**

	Called up share capital	Merger reserve	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 March 2015	312	-	99	411
Profit for the period	-	-	834	834
At 31 December 2015	312	-	933	1,245
Share issued in the year	29,450	-	-	29,450
Merger accounting movements in the year	-	(5,621)	-	(5,621)
Loss for the year	-	-	(397)	(397)
At 31 December 2016	29,762	(5,621)	536	24,677

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**1. Accounting Policies**

**General information and basis of accounting**

Elysium Healthcare 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 of the Company are the provision of mental health services, including acute, secure, CAMHS, rehabilitation and neurological services predominantly to the National Health Service ('NHS') and in England and Wales.

**Statement of compliance**

The individual financial statements of Elysium Healthcare 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. 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 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 accounts within which Elysium Healthcare 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.

**Going concern**

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate, having given due consideration to current trading forecasts and the various facilities available to the Company, including a letter of support from the group's parent company, Elysium Healthcare Holdings 1 Limited.

The Company meets its day to day working capital requirements through cash generated from operations and its borrowing facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company 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.

## **Elysium Healthcare Limited**

### **Notes to the financial statements For the year ended 31 December 2016**

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

##### **Merger Accounting**

During the year the Company carried out a group reorganization prior to it being sold outside of the Partnerships in Care Group.

Where the reconstruction is achieved by way of transferring trade and assets between two group companies, for the acquiring entity only financial statements it is not considered appropriate to apply either full merger accounting or fair value acquisition accounting. Consequently a hybrid of the two has been applied, whereby:

- the assets and liabilities of the acquiree are recognised at the acquisition date carrying values;
- the consideration is recognised either as a decrease in cash or an increase in liabilities, at the actual value of consideration given;
- the difference between the consideration and the carrying value of the net assets acquired is recognised directly in equity, in a merger reserve;
- comparatives are not restated to include the acquired business; and
- profit and loss is recognised for post-acquisition earnings only

During the current year, the Company acquired certain facilities as part of the previous shareholders' group structuring. This acquisition involved transferring of land and buildings as well as trade assets between two companies within the same group. The Company adopted a hybrid accounting policy and chose to record the difference between the consideration and the carrying value of the net assets acquired is recognised directly in equity, in a merger reserve.

##### **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.

##### **Tangible Fixed Assets**

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided and recognised in the profit and loss account on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

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

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.



**Elysium Healthcare Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**1. Accounting Policies (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

**(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**(ii) Investments**

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment. Impairment is assessed annually by the Directors, or whenever there is an indicator of impairment. If the realizable amount of the investment is less than its carrying amount then the investment is impaired.

**(iv) Debtors**

Debtors are initially measured at transaction price including any transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment losses, and are assessed for indicators of impairment at each balance sheet date.

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**1. Accounting Policies (continued)**

**Financial instruments (continued)**

**(viii) Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

**Leases**

During the period the Company entered into four sale and leaseback arrangements for the disposal of the freehold land and buildings and at the same time entered into a 125 year term finance lease for the buildings and an operating lease of the same term for the rental of the lands. The result arising on the disposal has been recognized in exceptional items with the apportionment of the disposal proceeds between the freehold land interests and the buildings based upon external professional valuation advice.

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 as described below.

**(i) Non-Financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

## **Elysium Healthcare Limited**

### **Notes to the financial statements For the year ended 31 December 2016**

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

##### **Impairment of assets (continued)**

###### **(ii) Financial assets**

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.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

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.

###### **Stocks**

Stocks are stated at the lower of cost and net realizable value. Cost is calculated using the FIFO (first-in, first-out) method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

###### **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 Limited**

### **Notes to the financial statements For the year ended 31 December 2016**

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

##### **Taxation (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 realize 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 realize 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.

##### **Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### **(i) Short-term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits are recognized as an expense in the period in which the service is received.

##### **(ii) Pensions**

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.

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**1. Accounting Policies (continued)**

**Exceptional items**

FRS 102 sets out the following parameters for the disclosure of material sums:

An entity shall present additional line items, headings and subtotals in the statement of comprehensive income (and in the income statement, if presented), when such presentation is relevant to an understanding of the entity's financial performance.

When items included in total comprehensive income are material, an entity shall disclose their nature and amount separately, in the statement of comprehensive income (and in the income statement, if presented) or in the notes.

**Critical accounting judgements**

In preparing the financial statements, the directors are required to make significant judgements concerning the future. The principal areas of the financial statements where judgements and estimates have been made are:

**(i) Apportionment of disposal proceeds in the sale and leaseback transactions**

During the period the Group entered into four sale and leaseback arrangements for the disposal of the freehold land and buildings and at the same time entered into a 125 year term finance lease for the buildings and an operating lease of the same term for the rental of the lands. In determining the split of the proceeds between the land and buildings management has made assumptions and made reference to the professional valuation advice and the fair values determined in arriving at the valuation of the tangible assets.

**Key sources of estimation uncertainty**

In preparing the financial statements, the directors are required to make 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 period. The Directors have concluded that there are no key sources of estimation uncertainty.

**Elysium Healthcare Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**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.

**3. Exceptional administrative expenses**

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Rebranding costs	126	-
Pre-opening costs	196	-
	<u>322</u>	<u>-</u>

Rebranding costs are costs incurred changing to the Elysium brand.

Pre-opening costs are expenditure incurred prior to the opening of Wellesley Hospital.

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

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Proceeds	744	-
Net book value	(525)	-
Profit on disposal	<u>219</u>	<u>-</u>

**5. Interest receivable**

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Interest on loan notes	<u>45</u>	<u>-</u>

**6. Interest payable and similar expenses**

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Interest payable on finance leases	19	-
Interest on loan notes	25	-
	<u>44</u>	<u>-</u>

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**7. (Loss) / profit before taxation**

The loss before taxation is stated after charging:

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Staff costs (note 7)	5,528	1,111
Stock recognised in cost of sales as an expense	415	50
Operating lease rentals	5	-
Profit on disposal of fixed assets	(219)	-
Depreciation of tangible fixed assets	<u>532</u>	<u>20</u>

**8. Auditors' remuneration**

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>38</u>	<u>10</u>

The audit fee of £38,000 (2015 - £10,000) for the current period has been borne by another group company.

**Elysium Healthcare Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**9. Employees**

Staff costs were as follows:

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Wages and salaries	4,784	1,019
Social security costs	618	86
Cost of defined contribution scheme	126	6
	<u>5,528</u>	<u>1,111</u>

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

	12 months ended 31 December 2016 No	9 months ended 31 December 2015 No
Operations	741	51
Administration	173	3
	<u>914</u>	<u>54</u>

**10. Directors' remuneration**

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
Directors' emoluments	70	-
Company contributions to defined contribution pension schemes	2	-

During the period retirement benefits were accruing to 1 director (2015 – nil) in respect of defined contribution pension schemes.

The highest paid Director in the period received remuneration of £33,080 (2015 – £nil).

The total accrued pension provision of the highest paid Director at 31 December 2016 amounted to £1,835 (2015 – £nil).



**Elysium Healthcare Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**11. Taxation**

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
<b>Corporation tax</b>		
Current tax on (loss) / profit for the year	-	-
Adjustments in respect of prior periods	(7)	-
	<u>(7)</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(261)	(1)
Adjustments in respect of prior periods	(1)	(1)
Changes to tax rates	-	-
<b>Total deferred tax</b>	<u>(263)</u>	<u>(2)</u>
<b>Taxation on (loss) / profit</b>	<u>(270)</u>	<u>(2)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.25% (2015 - 20.25%). The differences are explained below:

	12 months ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
(Loss) / profit before taxation	<u>(647)</u>	<u>832</u>
(Loss) / profit before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2015: - 20%)	(129)	166
<b>Effects of:</b>		
Fixed assets ineligible depreciation	(4)	2
Expenses not deductible for tax purposes	5	-
Transfer pricing adjustments	(337)	9
Group relief	158	(179)
Adjustment to tax charge in respect of prior periods	(8)	
Adjust closing deferred tax to average rate	46	(0)
<b>Total tax credit for the year</b>	<u>(270)</u>	<u>(2)</u>

**Elysium Healthcare Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**11. Taxation (continued)**

**Factors that may affect future tax charges**

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

Finance Act No.2 2015, which was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. In addition, the Finance Act 2016 which was substantively enacted on 6th September 2016 introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 31 December 2016.

Elysium Healthcare Limited

Notes to the financial statements  
For the year ended 31 December 2016

12. Plant, Property and Equipment

	Fixtures and fittings £'000	Land and Buildings £'000	Plant and machinery £'000	Motor Vehicles £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>						
At 1 January 2016	105	632	20	-	10	767
Additions	1,657	27,131	1,574	146	1,407	31,915
Disposals	(3)	(525)	-	-	-	(528)
<b>At 31 December 2016</b>	<b>1,758</b>	<b>27,238</b>	<b>1,595</b>	<b>146</b>	<b>1,417</b>	<b>32,154</b>
<b>Depreciation</b>						
At 1 January 2016	62	370	-	-	-	432
Charge for the period	154	234	66	17	62	532
Disposals	(2)	-	-	-	-	(2)
<b>At 31 December 2016</b>	<b>213</b>	<b>604</b>	<b>66</b>	<b>17</b>	<b>62</b>	<b>962</b>
<b>Net book value</b>						
At 31 December 2016	1,545	26,634	1,529	130	1,355	31,192
At 31 December 2015	43	261	20	-	10	335

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

Buildings with a carrying value of £26.6m (2015: £NIL) are held under finance leases.

# Elysium Healthcare Limited

## Notes to the financial statements For the year ended 31 December 2016

### 13. Fixed asset investments

	Investments in subsidiary companies £'000
<b>Cost</b>	
At 1 January 2016	-
Additions in the year	66,028
At 31 December 2016	<u>66,028</u>
<b>Net book value</b>	
At 31 December 2016	<u>66,028</u>
At 1 January 2016	<u>-</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Holding <sup>a</sup>	Principal activity
+ Elysium Healthcare Property 1 Limited	England and Wales	100%	Property holding company
+ Elysium Healthcare Property 2 Limited	England and Wales	100%	Property holding company
+ Elysium Healthcare Property 3 Limited	England and Wales	100%	Property holding company
+ Elysium Healthcare Property 4 Limited	England and Wales	100%	Property holding company
+ Elysium Healthcare Property 5 Limited	England and Wales	100%	Property holding company

+ Held directly by Elysium Healthcare Limited.

<sup>a</sup> Ordinary shares with no right to fixed income.

The investments are held at cost less impairment because their fair value cannot be measured reliably. No impairment was made in the year.

The registered address of all subsidiary undertakings is: 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire, WD6 1JN.

Subsidiary undertakings have not been consolidated by Elysium Healthcare Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Elysium Healthcare Holdings 2 Limited.

### 14. Inventory

	2016 £'000	2015 £'000
Food, pharmaceuticals and other consumables	<u>89</u>	<u>4</u>

Inventory recognised in cost of sales during the period as an expense was £414,806 (2015 - £49,603).

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**15. Debtors**

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	4,360	149
Prepayments and accrued income	541	33
Amounts owed by group undertakings	34,600	766
Other debtors	26	17
	<u>39,527</u>	<u>965</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	32,938	-
	<u>32,938</u>	<u>-</u>

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

Amounts owed by group undertakings after more than one year are unsecured, bore interest at LIBOR plus 5.25% per annum and are repayable in December 2031.

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

	2016 £'000	2015 £'000
Trade creditors	115	10
Corporation tax	-	23
Other taxation and social security	1,274	34
Finance lease creditor	363	-
Other creditors	180	8
Amounts owed to group companies	190,669	-
Accruals and deferred income	2,797	61
	<u>195,398</u>	<u>136</u>

The finance lease creditor relates to the finance lease on the buildings and is secured on buildings with a net book value of £26.6m (2015: £NIL).

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

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

	2016 £'000	2015 £'000
Finance Lease Creditor	10,012	-
Amounts owed to group companies	18,325	-
	<u>28,337</u>	<u>-</u>

The finance lease creditor relates to the finance lease on the buildings and is secured on buildings with a net book value of £26.6m (2015: £NIL).

Amounts owed to group undertakings are unsecured, bore interest at LIBOR plus 5.25% per annum and are repayable in December 2031.

**Elysium Healthcare Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**Creditors: Amounts falling due after more than one year (continued)**

**Long term lease creditors**

Finance leases are repayable as follows:

	2016 £'000
<b>Minimum lease payments</b>	<b>£'000</b>
Within one year	363
In the second to fifth years inclusive	1,453
After five years	43,582
Less: future finance charges	(35,027)
Present value of lease obligations	<u>10,371</u>

	2016 £'000
<b>Present value of minimum lease payments</b>	<b>£'000</b>
Within one year	359
In the second to fifth years inclusive	1,432
After five years	8,580
Present value of lease obligations	<u>10,371</u>

**18. Deferred taxation**

	Deferred tax £'000
At 1 January 2016	6
Charged to profit or loss	(263)
At 31 December 2016	<u>(257)</u>

The provision for deferred taxation is made up as follows:

	2016 £'000	2015 £'000
Accelerated capital allowances	-	6
Short term timing differences	8	-
Tax losses carried forward and other deductions	(265)	-
	<u>(257)</u>	<u>-</u>

**19. Share capital**

	2016 £'000	2015 £'000
<b>Allotted, called up and fully paid</b>		
29,762,215 (2015 - 312,500) Ordinary shares of £1 each	<u>29,762</u>	<u>312</u>

The Company has one class of ordinary shares which carry no right to fixed income. During the year the Company allotted 29,449,715 with a nominal value of £29,449,715 for total consideration of £29,449,715.

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**Reserves**

**Profit and loss account**

The profit and loss account includes all current and prior period retained profit and losses.

**Merger reserve**

The merger reserve arose as a result of intragroup reorganization.

**20. Capital commitments**

At 31 December 2016 the Company had capital commitments as follows:

	2016 £'000	2015 £'000
Contracted for but not provided in these financial statements - tangible fixed assets	<u>1,446</u>	<u>228</u>

**21. 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 £125,664 (2015 - £5,499). Contributions totaling £76,526 (2015 - £5,394) were payable to the fund at the balance sheet date and are included in creditors.

**22. Commitments under operating leases**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Land		Other	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within 1 year	154	-	20	-
Between 1 and 5 years	616	-	12	-
Greater than 5 years	<u>18,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>19,242</u>	<u>-</u>	<u>32</u>	<u>-</u>

**Elysium Healthcare Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**23. Controlling party**

The immediate parent undertaking is Elysium Healthcare Holdings 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.