

Registered number: 04063391

Elysium Healthcare Limited

Annual report and financial statements

For the year ended 31 December 2017

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Elysium Healthcare Limited

Company Information

Directors	Joy Chamberlain Quazi Haque Steven Woolgar Mark Robson
Company secretary	Sarah Livingston
Registered number	04063391
Registered office	2 Imperial Place Maxwell Road Borehamwood Hertfordshire WD6 1JN United Kingdom
Auditors	Deloitte LLP Statutory Auditor 2 New Street Square London EC4A 3BZ United Kingdom

Elysium Healthcare Limited

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Elysium Healthcare Limited
Strategic report
For the year ended 31 December 2017

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

Principal activities

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

Business review

On 1 December 2016 the intermediate parent company Elysium Healthcare Group Limited via its' subsidiaries acquired 100% of the issued share capital of Elysium Healthcare Limited (formerly known as Partnership in Care (2016) Limited), Elysium Healthcare No.2 Limited (formerly known as Priory Secure Services Limited) and Elysium Healthcare No.3 Limited (formerly known as Craegmoor Hospitals Limited) together with its' subsidiary entities from Acadia Inc. and therefore took over the operations of 22 sites providing mental health services predominantly to the NHS in England and Wales. Of these 22 sites, 10 are operated by the Company.

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

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

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

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

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

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

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

The individual financial statements of Elysium Healthcare Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Elysium Healthcare Limited
Strategic report (continued)
For the year ended 31 December 2017

Profit and loss account

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

Summary Financial Results	2017	2016
Year ended 31 December	£m	restated £m
Revenue	53.6	13.8
Operating (loss) / profit	(7.9)	1.3
Investment income	18.3	-
Exceptional items	(3.8)	(0.3)
Profit before taxation	9.4	1.5

Revenue for the year totalled £53.6 million (2016: £13.8 million) and arose predominantly from provision of mental health services to the patients for either NHS England or Clinical Commissioning Groups ("CCGs").

Exceptional items for the year ended 31 December 2017 predominantly relate to integration of operations and pre-opening costs. Further details are given in note 4 to the financial statements.

Balance sheet

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

Property, plant and equipment is the largest component of the balance sheet with a net book value of £44.2 million (2016 restated: £33.2 million) including £34.7 million (2016 restated: £28.6 million) in respect of land and buildings. During the period the Company incurred £13.6 million (2016: £31.9 million) of additions.

Principal risks and uncertainties

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

Regulatory risks

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

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

NHS contracts

The NHS contracts under which the Company operates 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 could be modifications, potentially through the introduction of a new contract structure or the services that are sought by the NHS from service providers like Elysium Healthcare. The extent of any such modifications could have a favourable or adverse impact on the Company. However,

Elysium Healthcare Limited
Strategic report (continued)
For the year ended 31 December 2017

the Company maintains a close dialogue with 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.

Doctors, Clinicians and other qualified staff

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

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

Financial risk management

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

Inflation risk

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

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

Credit risk

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

Liquidity risk

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

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

Elysium Healthcare Limited
Strategic report (continued)
For the year ended 31 December 2017

Interest rate risk

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

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

KPIs – financial and non-financial

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

Subsequent events

Details of significant events since the balance sheet date are contained in note 26 to the financial statements.

Future outlook & strategy

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

- delivering high quality care and promoting the highest clinical standards;
- investing in the equipment and buildings of our estate;
- optimising delivery of its existing NHS 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.

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



WHM Robson
Director

Elysium Healthcare Limited
Directors' annual report
For the year ended 31 December 2017

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

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

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

Going Concern

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

Dividends

The Directors do not recommend the payment of a dividend (2016: Nil).

Directors

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

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

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefits of its directors which were made during the year and remain in force at the date of this report.

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.

Elysium Healthcare Limited

**Directors' annual report (continued)
For the year ended 31 December 2017**

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.

Disclosure of information to auditors

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

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

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

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

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



Sarah Livingston
Company secretary

Elysium Healthcare Limited

Directors' responsibilities statement For the year ended 31 December 2017

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

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

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

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

Elysium Healthcare Limited

Independent auditors' report to the members of Elysium Healthcare Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

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

We have audited the financial statements of Elysium Healthcare Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity and
- the related notes 1 to 29.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Elysium Healthcare Limited

Independent auditors' report to the members of Elysium Healthcare Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Elysium Healthcare Limited

Independent auditors' report to the members of Elysium Healthcare Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.



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

8 May 2018

Elysium Healthcare Limited
Profit and loss account
For the year ended 31 December 2017

	Note	2017 £'000	2016 restated £'000
Turnover	2	53,599	13,759
Cost of Sales		(45,547)	(7,673)
Gross profit		8,052	6,086
Administrative expenses		(12,146)	(4,492)
Exceptional items	4	(3,814)	(322)
Operating (loss) / profit		(7,908)	1,272
Investment income	3	18,325	-
Impairment of fixed asset investments	5	(1,055)	-
(Loss) / profit on disposal of fixed assets	6	(1)	219
Interest income	7	904	45
Interest payable and similar expenses	8	(887)	(44)
Profit before taxation	9	9,378	1,492
Tax on profit	13	(257)	270
Profit for the year		9,121	1,762

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

All amounts related to continuing operations.

The notes on pages 14 to 30 form part of these financial statements.

Elysium Healthcare Limited

Registered number: 04063391

Balance sheet

As at 31 December 2017

	Note	2017 £'000	2016 restated £'000
Non-current assets			
Investments	14	64,973	66,028
Tangible assets	15	44,225	33,182
Debtors	17	904	32,938
Current assets			
Stocks	16	136	89
Debtors	17	34,837	39,539
Cash at bank and in hand		5,452	78,381
Creditors: amounts falling due within one year	18	(103,674)	(195,170)
Net current liabilities		<u>(63,249)</u>	<u>(77,161)</u>
Total assets less current liabilities		46,853	54,987
Creditors: amounts falling due after more than one year	19	(10,826)	(28,337)
Provisions for liabilities	21	<u>(70)</u>	<u>186</u>
Net assets		<u><u>35,957</u></u>	<u><u>26,836</u></u>
Capital and reserves			
Called up share capital	22	29,762	29,762
Merger reserve		(5,621)	(5,621)
Profit and loss account		11,816	2,695
Shareholders' funds		<u><u>35,957</u></u>	<u><u>26,836</u></u>

The financial statements of Elysium Healthcare Limited (registered number: 04063391) were approved and authorised for issue by the board on 4 May 2018 and were signed on its behalf by:



WHM Robson
Director

The notes on pages 14 to 30 form part of these financial statements

Elysium Healthcare Limited

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

	Called up share capital	Merger reserve	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2016	312	-	933	1,245
Loss for the year	-	-	(397)	(397)
Issue of shares	29,450	-	-	29,450
Merger accounting movements in the year	-	(5,621)	-	(5,621)
Prior year adjustment for sale and leaseback of land (note 27)	-	-	2,002	2,002
Prior year adjustment for decrease in staff costs (note 27)	-	-	157	157
At 31 December 2016 restated	29,762	(5,621)	2,695	26,836
Profit for the year	-	-	9,121	9,121
At 31 December 2017	29,762	(5,621)	11,816	35,957

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

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

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, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. All amounts in these financial statements are presented in thousands of pounds Sterling (£'000), unless otherwise stated.

Elysium Healthcare Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Elysium Healthcare Holdings 2 Limited has prepared consolidated financial statements within which Elysium Healthcare Limited is consolidated. These are available from 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire, WD6 1JN. Exemptions have been taken in relation to related party disclosures, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

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

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

Going concern

As at 31 December 2017, the Company has net current liabilities of £63.2 million (2016: £77.2 million).

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

The Group meets its day to day working capital requirements through cash generated from operations and its borrowing facilities. The Group's forecasts and projections, taking account of reasonable possible

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

1. Accounting Policies (continued)

that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Group meets its day to day working capital requirements through cash generated from operations and its borrowing facilities. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group is able to operate within the level of its current facilities.

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

It is expected that the Company will receive financial support, including a letter of support from the intermediate parent company Elysium Healthcare Holdings 1 Limited.

Turnover

Turnover represents the supply of services including, bed fees, observation fees, training fees and is stated net of VAT, rebates and trade discounts and represents the value of services provided and delivered under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Turnover received in advance is included in deferred income until the service is provided. Turnover in respect of services provided but not yet invoiced by the period end is included within accrued income.

Employee benefits

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

Taxation

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

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

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

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

Elysium Healthcare Limited

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

1. Accounting Policies (continued)

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.

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.

Fixed asset investments

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 realisable amount of the investment is less than its carrying amount then the investment is impaired.

Tangible Fixed Assets

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

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

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

Elysium Healthcare Limited

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

1. Accounting Policies (continued)

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

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Stocks

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

Debtors and creditors

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

Leases

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

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

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

Impairment of assets

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

Elysium Healthcare Limited

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

1. Accounting Policies (continued)

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

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

Merger Accounting

Where the reconstruction is achieved by way of transferring trade and assets between two group companies, for the acquiring entity 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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

Investment income

Investment income represents intragroup dividends from subsidiary undertakings.

Exceptional items

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

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

Details of exceptional items are disclosed in note 4 to the financial statements.

Elysium Healthcare Limited

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

1. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, the Directors are required to make significant judgements and estimate 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 principal areas of the financial statements where estimates and judgements have been made are:

(i) Exceptional items

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

(ii) Impairment of fixed assets

At each reporting date, fixed assets, including goodwill, intangible assets and tangible assets, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. In determining whether there is an indication of impairment a number of factors must be considered, including an estimate of the future economic benefits that can be delivered from those cash generating units, current market conditions and the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(iii) Provisions

Provisions have been made for certain constructive legal obligations. These provisions require management's best estimate of the costs that will be incurred based on the legislative and contractual requirements. There is uncertainty regarding the timing of any outflows given that the settlement of legal claims which can span one year. See also note 21.

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. Investment income

	2017 £'000	2016 £'000
Dividends received from investments in subsidiaries (note 14)	18,325	-
	<u>18,325</u>	<u>-</u>

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

4. Exceptional items

	2017 £'000	2016 £'000
Rebranding costs	-	126
Pre-opening costs	622	196
Integration costs	<u>3,192</u>	<u>-</u>
	<u><u>3,814</u></u>	<u><u>322</u></u>

Exceptional items relate to the integration of operations, including IT set-up, staff training and legal and professional fees. The acquisition of the Company had also lead to staff redundancies and restructuring costs being incurred as well as the complete re-branding of the sites. As part of the growth programme the Company incurred pre-opening costs on greenfield and new developments.

5. Impairment of fixed asset investments

	2017 £'000	2016 £'000
Impairment of investment in subsidiaries (note 14)	<u>1,055</u>	<u>-</u>
	<u><u>1,055</u></u>	<u><u>-</u></u>

6. (Loss) / profit on disposal of fixed assets

	2017 £'000	2016 £'000
Proceeds	-	744
Net book value	<u>(1)</u>	<u>(525)</u>
(Loss) / profit on disposal	<u><u>(1)</u></u>	<u><u>219</u></u>

7. Interest income

	2017 £'000	2016 £'000
Interest receivable on loan notes	<u>904</u>	<u>45</u>

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

8. Interest payable and similar expenses

	2017 £'000	2016 £'000
Interest payable on finance leases	384	19
Interest payable on loan notes	503	25
	<u>887</u>	<u>44</u>

9. Profit / (loss) before taxation

Profit / (loss) before taxation is stated after charging:

	2017 £'000	2016 £'000
Staff costs (note 11)	33,973	5,528
Depreciation of tangible fixed assets	2,519	532
Hire of plant and machinery	120	16
Operating lease rentals	0	5
Loss / (profit) on disposal of fixed assets (note 6)	<u>1</u>	<u>(219)</u>

10. Auditors' remuneration

	2017 £'000	2016 £'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>39</u>	<u>38</u>

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

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

11. Employees

Staff costs were as follows:

	2017 £'000	2016 £'000
Wages and salaries	30,600	4,784
Social security costs	2,856	618
Cost of defined contribution scheme	517	126
	<u>33,973</u>	<u>5,528</u>

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

	2017	2016
Nursing and other clinical staff	839	741
Administrative staff	195	173
	<u>1,034</u>	<u>914</u>

12. Directors' remuneration

	2017 £'000	2016 £'000
Directors' emoluments	63	70
Company contributions to defined contribution pension schemes	<u>-</u>	<u>2</u>

During the year there were no retirement benefits accruing to Directors (2016: 1) in respect of defined contribution pension schemes.

13. Taxation

	2017 £'000	2016 £'000
Corporation tax		
Adjustments to tax charge in respect of prior periods	<u>-</u>	<u>(7)</u>
	<u>-</u>	<u>(7)</u>
Deferred tax		
Origination and reversal of timing differences	35	(261)
Adjustments to tax charge in respect of prior periods	<u>222</u>	<u>(2)</u>
Total deferred tax	<u>257</u>	<u>(263)</u>
Tax on profit	<u>257</u>	<u>(270)</u>

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

13. Taxation (continued)

Factors affecting tax charge for the year

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

	2017 £'000	2016 restated £'000
Profit before taxation	<u>9,378</u>	<u>1,492</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: - 20%)	1,805	298
Effects of:		
Fixed asset differences	-	(4)
Income not taxable for tax purposes	(3,527)	-
Expenses not deductible for tax purposes	210	5
Transfer pricing adjustment	-	(337)
Group relief surrendered	1,178	127
Adjustments to tax charge in respect of prior periods	222	(5)
Adjustments to tax charge in respect of change in tax rates	39	46
Adjustments to brought forward values in respect of prior periods	(14)	(400)
Deferred tax not recognised	344	-
Total tax charge / (credit) for the year	<u>257</u>	<u>(270)</u>

Factors that may affect future tax charges

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

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

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

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

14. Fixed asset investments

	Investments in subsidiary undertakings £'000
Cost	
At 1 January 2017	66,028
At 31 December 2017	<u>66,028</u>
Impairment	
At 1 January 2017	-
Impairment charge	1,055
At 31 December 2017	<u>1,055</u>
Net book value	
At 31 December 2017	<u>64,973</u>
At 31 December 2016	<u>66,028</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Holding	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

The investments are held at cost less impairment because their fair value cannot be measured reliably.

Following an impairment review, impairment charges of £1,002,134 (2016: £Nil) in the investment in Elysium Healthcare Property 1 Limited and £52,739 (2016: £Nil) in Elysium Healthcare Property 2 Limited were recognised. The impairments were indicated by the estimated present value of discounted cashflows being lower than the carrying value of investments.

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.

Elysium Healthcare Limited

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

15. Tangible fixed assets

	Land and Buildings £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2017	27,238	4,770	146	32,154
Prior year adjustment (note 27)	1,990	-	-	1,990
At 1 January 2017 restated	29,228	4,770	146	34,144
Additions	7,224	6,172	167	13,563
Disposals	-	(52)	-	(52)
At 31 December 2017	36,452	10,890	313	47,655
Depreciation				
At 1 January 2017	604	341	17	962
Charge for the period	1,121	1,315	83	2,519
Disposals	-	(51)	-	(51)
At 31 December 2017	1,725	1,605	100	3,430
Net book value				
At 31 December 2017	34,727	9,285	213	44,225
At 31 December 2016 restated	28,624	4,429	129	33,182

The finance lease creditor relates to the finance lease on the buildings and is secured on buildings with a net book value of £26,068,000 (2016: £26,600,000).

16. Stocks

	2017 £'000	2016 £'000
Food, pharmaceuticals and other consumables	136	89

Stocks recognised in cost of sales during the year as an expense was £1,937,290 (2016: £783,924).

Elysium Healthcare Limited

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

17. Debtors

	2017 £'000	2016 restated £'000
Amounts falling due within one year:		
Trade debtors	4,968	4,360
Prepayments and accrued income	3,340	553
Deferred tax asset (note 20)	-	-
Other debtors	27	26
Amounts owed by group undertakings	<u>26,502</u>	<u>34,600</u>
	<u>34,837</u>	<u>39,539</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>904</u>	<u>32,938</u>
	<u>904</u>	<u>32,938</u>

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

In the prior year, the amounts owed by group undertakings falling due after more than one year comprised loan notes to Elysium Healthcare LC Limited, which were unsecured and due in December 2031. Interest was receivable at LIBOR + 5.25% per annum, accruing on a day to day basis and if unpaid, capitalised on the last day of each financial year.

On 31 May 2017, the Directors approved the decision to enter an arrangement whereby the principal on the loan notes owed by Elysium Healthcare LC Limited would be transferred by way of setting off against the loan notes owed to Elysium Healthcare LC Limited.

The interest accrued during the year totalled £904,256 (2016: £44,756) and is due in December 2031.

18. Creditors: Amounts falling due within one year

	2017 £'000	2016 restated £'000
Trade creditors	945	115
Other taxation and social security	2,281	1,274
Finance lease creditor	484	363
Other creditors	761	109
Amounts owed to group undertakings (note 27)	96,085	190,512
Accruals and deferred income	<u>3,118</u>	<u>2,797</u>
	<u>103,674</u>	<u>195,170</u>

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

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

19. Creditors: Amounts falling due after more than one year

	2017 £'000	2016 £'000
Finance lease creditor	10,323	10,012
Amounts owed to group undertakings	503	18,325
	<u>10,826</u>	<u>28,337</u>

In the prior year, the amounts owed to group undertakings falling due after more than one year comprised loan notes from Elysium Healthcare Property 2 Limited, which were unsecured and due in December 2031. Interest was payable at LIBOR + 5.25% per annum, accruing on a day to day basis and if unpaid, capitalised on the last day of each financial year.

On 31 May 2017, the Directors approved the decision to enter an arrangement whereby the principal on the loan notes owed to Elysium Healthcare Property 2 Limited would be transferred by way of dividends of £18,324,737.

The interest accrued during the year totalled £503,077 (2016: £24,900) and is due in December 2031.

Finance leases are repayable as follows:

	2017 £'000	2016 £'000
Minimum lease payments		
Within one year	496	363
In the second to fifth years inclusive	1,756	1,453
After five years	43,128	43,586
Less: future finance charges	(34,573)	(35,027)
Present value of lease obligations	<u>10,807</u>	<u>10,375</u>
Present value of minimum lease payments		
Within one year	484	359
In the second to fifth years inclusive	1,588	1,432
After five years	8,735	8,584
Present value of lease obligations	<u>10,807</u>	<u>10,375</u>

20. Deferred tax asset

The deferred tax asset is made up as follows:

	2017 £'000	2016 £'000
Short term timing differences	-	8
Tax losses carried forward and other deductions	-	(265)
	<u>-</u>	<u>(257)</u>

Elysium Healthcare Limited
Notes to the financial statements
For the year ended 31 December 2017

21. Provisions for liabilities

	Deferred tax £'000	Legal claims £'000
At 1 January 2017 restated	(257)	71
Utilisation of provision	-	(25)
Charged to profit or loss	257	24
At 31 December 2017	<u>-</u>	<u>70</u>

Legal claims provision

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

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

22. Capital and reserves

	2017 £'000	2016 £'000
Allotted, called up and fully paid		
29,762,215 (2016 - 29,762,215) Ordinary shares of £1 each	<u>29,762</u>	<u>29,762</u>

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

Profit and loss account

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

Merger reserve

This has arisen as a result of intragroup reorganisation.

23. 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 £517,167 (2016 - £125,664). Contributions totalling £448,590 (2016 - £76,526) were payable to the fund at the balance sheet date and are included in other creditors.

Elysium Healthcare Limited

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

24. Commitments under operating leases

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

	Land		Other	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Within 1 year	154	154	-	20
Between 1 and 5 years	616	616	-	12
Greater than 5 years	18,434	18,472	-	-
	<u>19,203</u>	<u>19,242</u>	<u>-</u>	<u>32</u>

25. Capital commitments

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

	2017 £'000	2016 £'000
Contracted for but not provided in these financial statements - tangible fixed assets	<u>914</u>	<u>1,446</u>

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

26. Subsequent events

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

Elysium Healthcare Limited

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

27. Prior year errors

During the prior year, the following prior year errors were identified:

- (i) The derecognition of land sold as part of a sale and operating leaseback transaction was incorrectly deducted within cost of sales.
- (ii) Staff costs were incorrectly recognised within the cost of sales.

The comparative figures in the balance sheet and notes have been restated to correct these prior year errors. The impact on the line items affected in the financial statements is as follows:

		Previously reported £'000	Sale and leaseback of land transaction £'000	Decrease in staff costs £'000	Restated £'000
Profit and loss account	Cost of sales	9,832	(2,002)	(157)	7,673
Balance sheet	Tangible fixed assets	31,192	1,990	-	33,182
Balance sheet	Prepayments and accrued income	541	12	-	553
Balance sheet	Amounts owed to group undertakings	190,669	-	(157)	190,512

28. Prior year restatement

During the prior year, the legal claim provision was incorrectly included in other creditors. Therefore, a prior year adjustment has been made to reduce the other creditors and increase provisions by £70,500.

29. 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.