

The Phoenix Partnership (Leeds) Limited

Company Registration Number 04077829

Annual Report and Financial Statements

Year ended 31 March 2017

Brown Butler
Chartered Accountants
Leeds

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The Phoenix Partnership (Leeds) Limited
Annual Report and Financial Statements
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The Phoenix Partnership (Leeds) Limited
Annual Report and Financial Statements
Company Information

Director	F. X. J. Hester
Registered office	129 Low Lane Horsforth Leeds LS18 5PX
Company number	04077829
Statutory auditor	Brown Butler Chartered Accountants Leigh House 28-32 St Paul's Street Leeds West Yorkshire LS1 2JT
Bankers	Lloyds TSB Bank plc PO Box 96 6/7 Park Row Leeds LS1 1NX

The director presents his strategic report for the year ended 31 March 2017.

Principal activity

The principal activity of the company is the provision of computer software and support to the health sector.

Fair review of the business

The director continues to be pleased with the company's performance and is expecting investment in new markets will lead to increased turnover and profitability.

Revenue increased by 14.9% on 2016 with margins increasing due to bringing previously outsourced business in house. The company has continued to increase penetration in key market areas.

Average staff numbers increased marginally from 205 to 207 during the year, with total employment costs increasing from £12.7m in 2016 to £13.5m in 2017. This has resulted in improved returns as areas of output have reached maturity. Continued expansion of new markets will result in a need to increase staff numbers as this expansion develops.

Principal risks and uncertainties

Expenditure on the development of new markets has yet to show benefit to the company's performance, however the director is confident that the benefits will commence shortly.

As capacity requirements grow the company needs to ensure it has the required level of capacity and expertise within its workforce. To date it has been successful in meeting this challenge and the company is known nationally as an excellent employer.

The director is confident that the philosophy of developing new markets and products will continue to bear fruit and further enhance the company's performance. In addition, the company continues to increase penetration into mature markets.

Approved by the Board on 8/12/17 and signed on its behalf by:



F. X. J. Hester
Director

The director presents his annual report and the audited financial statements for the year ended 31 March 2017.

Directors of the company

The director who held office during the year was as follows:

F. X. J. Hester

Dividends

The director does not propose the payment of a final dividend in respect of the financial year ended 31 March 2017.

Disclosure of information to the auditors

So far as the director are aware, there is no information relevant to the audit of which the company's auditors are unaware. The director has taken the necessary steps to ensure that he himself is aware of all relevant audit information and made sure that the company's auditors are also aware of that information.

Approved by the Board on 8/12/17 and signed on its behalf by:



F. X. J. Hester
Director

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

We have audited the financial statements of The Phoenix Partnership (Leeds) Limited for the year ended 31 March 2017, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 FRS102 "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 Statement of Director's Responsibilities (set out on page 4), the director is 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 Strategic Report and the Director's 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 the 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 March 2017 and of its profit 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.

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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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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.



John Brear (Senior Statutory Auditor)
For and on behalf of Brown Butler,
Chartered Accountants and Statutory Auditor
Leigh House
28-32 St Paul's Street
Leeds
West Yorkshire
LS1 2JT

Date: 8/12/17

The Phoenix Partnership (Leeds) Limited
Annual Report and Financial Statements
Profit and Loss Account for the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	3	55,845,561	48,590,798
Cost of sales		<u>(5,482,751)</u>	<u>(6,375,093)</u>
Gross profit		50,362,810	42,215,705
Distribution costs		(3,544,623)	(2,412,369)
Administrative expenses		(19,633,130)	(18,185,089)
Exceptional item		<u>-</u>	<u>(2,000,000)</u>
Operating profit	4	27,185,057	19,618,247
Interest receivable and similar income	6	-	1,590
Interest payable	7	(6,428)	-
Change in value of non-investment property		<u>-</u>	<u>(10,339,805)</u>
Profit on ordinary activities before taxation		27,178,629	9,280,032
Tax on profit on ordinary activities	10	<u>(5,032,306)</u>	<u>(4,004,703)</u>
Profit for the financial year		22,146,323	5,275,329
Profit and loss account brought forward		<u>38,556,548</u>	<u>33,281,219</u>
Profit and loss account carried forward		<u><u>60,702,871</u></u>	<u><u>38,556,548</u></u>

The above results were derived from continuing operations.

The Phoenix Partnership (Leeds) Limited
Annual Report and Financial Statements
Company Registration Number 04077829
Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible fixed assets	11	684,365	786,074
Tangible fixed assets	12	14,565,500	15,160,627
Investments	13	<u>18,499</u>	<u>18,499</u>
		15,268,364	15,965,200
Current assets			
Debtors	14	45,694,734	21,750,658
Cash at bank and in hand	15	<u>8,308,298</u>	<u>10,027,300</u>
		54,003,032	31,777,958
Creditors: Amounts falling due within one year	16	<u>(8,132,829)</u>	<u>(9,031,220)</u>
Net current assets		<u>45,870,203</u>	<u>22,746,738</u>
Total assets less current liabilities		61,138,567	38,711,938
Provisions for liabilities	17	<u>(434,696)</u>	<u>(154,390)</u>
Net assets		<u>60,703,871</u>	<u>38,557,548</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Profit and loss account	19	<u>60,702,871</u>	<u>38,556,548</u>
		<u>60,703,871</u>	<u>38,557,548</u>

These financial statements were approved and authorised for issue by the director on 8/12/17.



F. X. J. Hester
Director

1 General information

The Phoenix Partnership (Leeds) Limited is a private company limited by shares and incorporated in England and Wales under company number 04077829.

The address of its registered office and principal place of business is:
129 Low Lane
Horsforth
Leeds
LS18 5PX

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The presentation currency is £ sterling.

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

Summary of disclosure exemptions

The company has taken advantage of the exemption under FRS102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that under the reduced disclosure framework it is a qualifying entity and its ultimate parent company TPPH (Leeds) Limited, includes the company's cash flows in its own consolidated financial statements.

Name of parent of group

These financial statements are included in the consolidated financial statements of TPPH (Leeds) Limited.

The financial statements of TPPH (Leeds) Limited may be obtained from 129 Low Lane, Horsforth, Leeds, LS18 5PX.

Group accounts not prepared

The company has not prepared group financial statements as it is exempt from the requirement under section 400 of the Companies Act 2006 as it is included in the consolidated financial statements of a larger group.

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Turnover

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. If at the balance sheet date completion of the contract is dependent on external factors, then the revenue is recognised only when the event occurs. In such cases direct costs incurred up to the balance sheet date plus an overhead rate are recognised as revenue to the extent that they are recoverable.

Pension contributions

The company has a defined contribution pension scheme. The pension costs charged to the profit and loss account are the contributions payable in respect of the accounting period.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Intangible fixed assets

Amortisation is calculated to write down the cost less estimated residual value of all intangible assets over their expected useful lives. The annual rates and methods of depreciation are as follows:-

Amortisation

Asset class	Amortisation method and rate
Development costs	written off in year in which it is incurred or amortised over period company benefits

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives. The annual rates and methods of depreciation are as follows:-

Asset class	Depreciation method and rate
Leasehold improvements	over life of lease
Office equipment	20% reducing balance basis
Computer equipment	33% straight line basis
Freehold building	4% straight line basis
Furniture, fixtures and fittings	25% reducing balance and 10% straight line basis

Impairment of fixed assets

At the balance sheet date, if there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the profit and loss account. The reversal of an impairment loss is recognised immediately in the profit and loss.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2017 £	2016 £
Rendering of services	<u>55,845,561</u>	<u>48,590,798</u>

The analysis of the company's turnover for the year by market is as follows:

	2017 £	2016 £
UK	<u>55,845,561</u>	<u>48,590,798</u>

4 Operating profit

Operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	759,801	824,750
Amortisation of intangible fixed assets	101,709	116,346
Operating lease charges - plant and machinery	4,870	3,806
Operating lease charges - other	1,124,306	784,402
Loss on disposal of property, plant and equipment	65,774	-
Other exceptional item	<u>-</u>	<u>2,000,000</u>

The exceptional item arose from a minor product defect which existed at the year ended 31 March 2016.

5 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>26,001</u>	<u>27,060</u>
Other fees payable to auditor:		
All other assurance services	<u>10,189</u>	<u>69,684</u>

6 Interest receivable and similar income

	2017 £	2016 £
Bank interest receivable	-	12
Other interest receivable	-	1,578
	<u>-</u>	<u>1,590</u>

7 Interest payable and similar charges

	2017 £	2016 £
Other interest	<u>6,428</u>	<u>-</u>

8 Staff costs

Employee costs, including director, during the year:

	2017 £	2016 £
Wages and salaries	12,022,643	11,352,974
Social security costs	1,407,827	1,315,285
Other pension costs	58,347	54,813
	<u>13,488,817</u>	<u>12,723,072</u>

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Administration	6	6
Other	<u>201</u>	<u>199</u>
	<u>207</u>	<u>205</u>

9 Director's remuneration

The director's remuneration for the year was as follows:

	2017 £	2016 £
Salaries	349,345	349,345
Benefits in kind	<u>1,914</u>	<u>1,937</u>
Aggregate remuneration	<u>351,259</u>	<u>351,282</u>

Remuneration in respect of the highest paid director:

	2017 £	2016 £
Aggregate remuneration	<u>351,259</u>	<u>351,282</u>

10 Tax on profit on ordinary activities

	2017 £	2016 £
Current taxation		
UK corporation tax	4,632,614	3,810,331
UK corporation tax adjustment to prior periods	119,386	-
	<u>4,752,000</u>	<u>3,810,331</u>
Deferred taxation		
Origination and reversal of timing differences	286,948	192,468
Changes in tax rates	(6,642)	1,904
Total deferred taxation	<u>280,306</u>	<u>194,372</u>
Tax on profit	<u>5,032,306</u>	<u>4,004,703</u>

The tax charge for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>27,178,629</u>	<u>9,280,032</u>
Corporation tax at standard rate	5,435,726	1,856,006
Expenses not deductible for tax purposes	140,394	80,659
UK deferred tax (credit)/expense relating to changes in tax rates or laws	(21,745)	1,904
Increase from tax losses for which no deferred tax asset was recognised	-	2,067,961
Increase in UK and foreign current tax from adjustment for prior periods	119,386	-
Tax decrease arising from group relief	(641,455)	(1,554)
Tax decrease from effect of adjustment in research and development tax credit	-	(273)
Total tax charge	<u>5,032,306</u>	<u>4,004,703</u>

11 Intangible assets

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 April 2016	<u>2,139,124</u>	<u>2,139,124</u>
At 31 March 2017	<u>2,139,124</u>	<u>2,139,124</u>
Amortisation		
At 1 April 2016	1,353,050	1,353,050
Charge for the year	<u>101,709</u>	<u>101,709</u>
At 31 March 2017	<u>1,454,759</u>	<u>1,454,759</u>
Net book value		
At 31 March 2016	<u>786,074</u>	<u>786,074</u>
At 31 March 2017	<u>684,365</u>	<u>684,365</u>
Intangible fixed assets with a net book value of £684,365 (2016: £786,074) are pledged as security for liabilities of the company.		

12 Tangible fixed assets

	Land and buildings £	Computers £	Furniture, fittings and equipment £	Total £
Cost or valuation				
At 1 April 2016	15,586,301	3,410,200	963,807	19,960,308
Additions	179,309	40,838	10,301	230,448
Disposals	<u>(586,301)</u>	<u>(3,137,144)</u>	<u>(676,957)</u>	<u>(4,400,402)</u>
At 31 March 2017	<u>15,179,309</u>	<u>313,894</u>	<u>297,151</u>	<u>15,790,354</u>
Depreciation				
At 1 April 2016	811,774	3,229,958	757,949	4,799,681
Charge for the year	592,495	121,745	45,561	759,801
Eliminated on disposal	<u>(586,301)</u>	<u>(3,138,019)</u>	<u>(610,308)</u>	<u>(4,334,628)</u>
At 31 March 2017	<u>817,968</u>	<u>213,684</u>	<u>193,202</u>	<u>1,224,854</u>
Net book value				
At 31 March 2016	<u>14,774,527</u>	<u>180,242</u>	<u>205,858</u>	<u>15,160,627</u>
At 31 March 2017	<u>14,361,341</u>	<u>100,210</u>	<u>103,949</u>	<u>14,565,500</u>

Included within the net book value of land and buildings above is £14,361,341 (2016 - £14,774,527) in respect of freehold land and buildings and £nil (2016 - £nil) in respect of short leasehold land and buildings.

Revaluation

The fair value of the company's land and building was revalued on 31 July 2015 by an independent valuer.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £25,519,113 (2016 - £25,339,803).

Tangible fixed assets with a net book value of £14,565,500 (2016: £15,160,627) are pledged as security for liabilities of the company.

13 Investments in subsidiaries

	2017 £	2016 £
Investments in subsidiaries	<u>18,499</u>	<u>18,499</u>
Subsidiary undertakings		£
Cost		
At 1 April 2016		<u>18,499</u>
At 31 March 2017		<u>18,499</u>
Carrying amount		
At 31 March 2017		<u>18,499</u>
At 31 March 2016		<u>18,499</u>

Details of undertakings

In the opinion of the director, the aggregate value of the company's investment in the subsidiary undertakings is no less than the amount included in the balance sheet.

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	Description of holding	Proportion of holding	Principal activity
TPP Healthcare Informatics India Private Limited	Preferential shares	99%	Dormant
TPP Middle East FZ-LLC	Ordinary	100%	Dormant

The aggregate amount of the total investment in the subsidiary undertakings, by way of the equity method of valuation, is £18,499

14 Debtors

	2017 £	2016 £
Trade debtors	4,504,166	3,625,477
Amounts owed from group undertakings	38,701,281	16,887,821
Other debtors	4,668	1,963
Prepayments	<u>2,484,619</u>	<u>1,235,397</u>
	<u>45,694,734</u>	<u>21,750,658</u>

15 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	24,516	62,834
Cash at bank	<u>8,283,782</u>	<u>9,964,466</u>
	<u>8,308,298</u>	<u>10,027,300</u>

16 Creditors:

Amounts falling due within one year

	2017 £	2016 £
Trade creditors	524,589	896,899
Social security and other taxes	685,680	1,603,915
Other creditors	83,649	9,732
Corporation tax	3,045,764	1,173,418
Accruals	<u>3,793,147</u>	<u>5,347,256</u>
	<u>8,132,829</u>	<u>9,031,220</u>

17 Provisions

	Deferred tax £	Total £
At 1 April 2016	154,390	154,390
Increase (decrease) in existing provisions	<u>280,306</u>	<u>280,306</u>
At 31 March 2017	<u><u>434,696</u></u>	<u><u>434,696</u></u>

Analysis of deferred tax is as follows:

2017	£
Capital allowances in excess of depreciation	<u>434,696</u>
2016	£
Capital allowances in excess of depreciation	<u>154,390</u>

18 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

19 Capital and reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

20 Leasing commitments

Operating leases

The total of future minimum operating lease payments is as follows:

	2017 £	2016 £
Within one year	1,069,688	1,230,154
Between one and five years	<u>267,278</u>	<u>1,055,332</u>
	<u>1,336,966</u>	<u>2,285,486</u>

21 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £58,347 (2016 - £54,813).

22 Controlling party

The company's immediate parent is TPP Finance Limited, a company incorporated in England and Wales.

The ultimate parent is TPPH (Leeds) Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is TPPH (Leeds) Limited. These financial statements are available upon request from 129 Low Lane, Horsforth, LS18 5PX

The company is ultimately controlled by F X J Hester, as he owns all of the share capital in TPPH (Leeds) Limited.