
The Practice Services Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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The Practice Services Limited

COMPANY INFORMATION

Directors

J Rose
A Johnson
B Macfarlane (resigned 29 September 2016)
R Hastings
C Brinkley (resigned 18 January 2016)
A Chan (appointed 18 January 2016)

Company secretary

F Godrich

Registered number

05555460

Registered office

Rose House, Bell Lane Office Village
Bell Lane
Little Chalfont
Amersham
Buckinghamshire
HP8 6FA

Independent auditor

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditor
1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

The Practice Services Limited

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The Practice Services Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

Introduction

The directors present the group strategic report for The Practice Services Limited (the 'Company') for the year ended 31 March 2016.

Principal activities

The principal activities of the Company comprise the provision of a range of primary healthcare services to NHS clinical commissioning groups and other NHS commissioning bodies.

Business review

Review of the year ended 31 March 2016

The directors are satisfied with the performance of the Company in the financial year to 31 March 2016. The growth in community-based primary healthcare contracts during the year resulted in an increase in revenue to £6,406k (2015: £5,844k). Profit before tax was £382k (2015: £722k).

During the year ended 31 March 2016, the directors have continued to be focused on further developing a profitable and sustainable business model as a strategic partner to the NHS that delivers first-class care for the patient. The Company's strategy is centered on continued innovation and service development in partnership with NHS commissioners.

Alongside the continued support of other subsidiary and associated companies of The Practice (Group) Limited, the directors believe the Company is well positioned for profitable future growth in the following financial years.

Position at 31 March 2016 and future developments

The directors believe that the Company is able to demonstrate a strong positioning in the independent sector primary care market in the UK. This position results from its extensive experience of working with the NHS. As a result, the directors believe that the Company is well placed to grow its primary care activities at a time when there are ever increasing opportunities to partner with NHS commissioners.

Key performance indicators

	Year ended 31 March		
	2016	2015	2014
Revenue	£6,406k	£5,844k	£4,932k
Earnings before interest, tax depreciation and amortisation	£624k	£940k	£735k
Profit/(loss) before taxation	£382k	£722k	£567k

The Practice Services Limited

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

Principal risks and uncertainties

The following key risks and uncertainties are key considerations in the Company's risk management activities:

Price risk

The Company's purchase of goods and services is subject to inflation. Revenue for services is fixed in many of the Company's customer contracts. The Company has no exposure to equity securities price risk, as it holds no listed or other equity investments.

Credit risk

The Company's customer base is NHS entities and secure institutions which are ultimately funded by central government and thus any credit exposure is minimal.

Liquidity and cash flow risk

The Company's funding has historically been provided by its ultimate parent company. However, the Company has been profitable and cash generative for a sustained period.

This report was approved by the board on 22 December 2016 and signed on its behalf.


R Hastings
Director

The Practice Services Limited

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their report and the financial statements for the year ended 31 March 2016.

Results and dividends

The profit for the year, after taxation, amounted to £379,660 (2015 - £732,430).

The directors do not recommend the payment of a dividend in respect of the year (2015 - £NIL).

Directors

The directors who served during the year were:

J Rose
A Johnson
B Macfarlane (resigned 29 September 2016)
R Hastings
C Brinkley (resigned 18 January 2016)
A Chan (appointed 18 January 2016)

Employee engagement

The Company's human resources team and human resources systems and processes include provisions for the gathering of employee feedback on matters of interest and concern to the Company's employees. Local site locations are overseen by business managers who provide communications link to and from the senior management team. There are a range of internal communications tools, including e-mail notices, newsletters, staff surveys and briefings in order to keep employees informed of the progress of the business and the market environment.

Disabled employees

The Company is committed to promoting equality of opportunity for all staff and job applicants. The Company has established an environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. The Company considers the employment needs of disabled people and complies with current legislation with regard to their employment. Where possible, the Company will continue to employ and promote the careers of existing employees who become disabled and will consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Qualifying third party indemnity provisions

Qualifying third party indemnity provision for the benefit of the directors and officers was in force during the financial year.

Creditor policy

The Company seeks to follow best practice guidelines laid down by the Department of Business, Innovation and Skills to pay suppliers in line with their agreed payment terms subject to suppliers meeting their contractual obligations. The Company continually reviews its supply chain with a view to maximising the strength of relationships with its preferred suppliers and obtain best prices.

The Practice Services Limited

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 December 2016 and signed on its behalf.


R Hastings
Director

The Practice Services Limited

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

The Practice Services Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE PRACTICE SERVICES LIMITED

We have audited the financial statements of The Practice Services Limited for the year ended 31 March 2016, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes numbered 1 to 22. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.

The Practice Services Limited

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE PRACTICE SERVICES LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

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

Nexia Smith & Williamson

Jeffrey Selden (Senior statutory auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

Date: *23 December 2016*

The Practice Services Limited

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Revenue	4	6,406,054	5,844,493
Cost of sales		(3,306,004)	(2,679,903)
Gross profit		3,100,050	3,164,590
Administrative expenses		(2,677,765)	(2,397,479)
Operating profit	5	422,285	767,111
Interest payable and expenses	9	(40,318)	(44,849)
Profit before tax		381,967	722,262
Tax on profit	10	(2,287)	10,168
Profit for the year		379,680	732,430
Total comprehensive income for the year		379,680	732,430

The Practice Services Limited
REGISTERED NUMBER: 05555460

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Intangible assets	11		-		106,461
Tangible assets	12		124,646		119,794
			<u>124,646</u>		<u>226,255</u>
Current assets					
Debtors: amounts falling due within one year	13	3,229,823		2,867,303	
Cash at bank and in hand		271,953		47,890	
		<u>3,501,776</u>		<u>2,915,193</u>	
Creditors: amounts falling due within one year	14	(2,242,236)		(2,141,672)	
Net current assets			<u>1,259,538</u>		<u>773,521</u>
Total assets less current liabilities			<u>1,384,184</u>		<u>999,776</u>
Creditors: amounts falling due after more than one year	15		(31,876)		(27,128)
Net assets			<u><u>1,352,308</u></u>		<u><u>972,648</u></u>
Capital and reserves					
Called up share capital	18		150		150
Other reserves	17		38,274		38,274
Profit and loss account	17		1,313,884		934,224
			<u><u>1,352,308</u></u>		<u><u>972,648</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 December 2016


R Hastings
Director

The notes on pages 11 to 27 form part of these financial statements.

The Practice Services Limited

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	150	38,274	934,224	972,648
Comprehensive Income for the year				
Profit for the year	-	-	379,860	379,860
At 31 March 2016	150	38,274	1,313,864	1,352,308

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2014	150	38,274	201,784	240,218
Comprehensive Income for the year				
Profit for the year	-	-	732,430	732,430
At 31 March 2015	150	38,274	934,224	972,648

The notes on pages 11 to 27 form part of these financial statements.

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. General Information

The Practice Services Limited is a private company limited by share capital, incorporated in the United Kingdom and registered in England and Wales under company number 05555460. Its registered office address is Rose House, Bell Lane Office Village, Bell Lane, Amersham, Buckinghamshire, HP8 6FA. The principal activities of the Company comprise the provision of a range of primary healthcare services to NHS clinical commissioning groups and other NHS commissioning bodies.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.

This information is included in the consolidated financial statements of The Practice (Group) Limited as at 31 March 2016 and these financial statements may be obtained from Rose House, Bell Lane Office Village, Bell Lane, Amersham, Buckinghamshire, HP8 6FA.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	5 - 10% straight line
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- 3 years straight line
Motor vehicles	- 3 years straight line
Fixtures & fittings	- 3 years straight line
Office equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.7 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.8 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and loss account is charged with fair value of goods and services received.

2.9 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.10 Pensions

Defined contribution pension plan

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 payments obligations.

The contributions are recognised as an expense in the Profit and loss account 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.11 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Practice Services Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note one, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

i) Taxation (note 10)

The corporation tax expense recorded in the income statement is dependent on the profit / (loss) for the year and the tax rates in effect at the balance sheet date, unless new tax rates have been enacted or substantively enacted. In addition; it is necessary to consider which deferred tax assets should be recognised based on an assessment of the extent to which they are regarded as recoverable.

ii) Impairment of intangible assets and goodwill (note 11)

The group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

iii) Useful economic lives of property, plant and equipment (note 12)

Depreciation of plant and other assets is charged so as to write down the value of those assets to their residual value over their respective estimated useful lives. The Directors are required to assess the useful economic lives and residual values of the assets so that depreciation is charged on a systematic basis to the current carrying amount as disclosed within "2.5 Tangible fixed assets" within "Accounting policies".

iv) Classification between finance leases and operating leases (note 12)

For those arrangements determined to be or to contain leases, further judgements are required to determine whether the arrangement is a finance or operating lease. This assessment requires an evaluation of where the substantial risks and rewards of ownership reside. For finance leases it is necessary to calculate the proportion of total payments which should be treated as a cost of finance and a proportion of capital repayment.

4. Revenue

The whole of the revenue is attributable to clinical activities.

All revenue arose within the United Kingdom.

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	95,181	111,634
Amortisation of intangible assets, including goodwill	24,934	28,220
Impairment of intangible assets	81,527	32,893
	<u>101,642</u>	<u>172,747</u>

During the year, no director received any emoluments (2015 - £NIL).

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	12,150	9,000
	<u>12,150</u>	<u>9,000</u>

7. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,652,841	1,583,372
Social security costs	145,794	145,603
Cost of defined contribution scheme	10,464	16,500
	<u>1,809,099</u>	<u>1,745,475</u>

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

	2016 No.	2015 No.
Clinical	21	20
Admin	48	48
	<u>67</u>	<u>68</u>

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

8. Share based payments

During the year ended 31 March 2016, the group had two share based payment arrangements which are disclosed below:

	EMI Scheme		Unapproved Share Option Scheme	
Date of grant	27-Feb-07	04-Sep-08	04-Sep-08	10-Dec-10
Number granted	45,449	30,444	81,045	3,400
Contractual life (years)	10	10	10	10
Vesting conditions	None	None	None	None
Share price at option date (£)	3.78	6.75	6.75	12.50
Exercise price (£)	3.78	6.75	6.75	12.50
Volatility	35.00%	61.00%	61.00%	42.00%
Expected life (years)	5.0	4.7 to 6.4	4.7 to 6.4	5.0
Risk free rate	5.00%	5.00%	5.00%	0.50%

The value of the option is measured using the Black Scholes model, the inputs into this model are shown above.

Details of the share options outstanding during the year are as follows:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	635	23,174	635	23,174
Outstanding at the end of the year	635	23,174	635	23,174

The group had the following ordinary share options in issue at 31 March 2016 that applied to the employees of this company:

	Number of B ordinary shares	Exercise price (£)	Earliest exercise date	Latest exercise date
27 February 2007	5,450	3.78	27/02/2007	24/02/2017
4 September 2008	5,000	6.75	04/09/2008	02/09/2018
10 December 2010	1,200	12.50	10/12/2010	07/12/2020

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

9. Interest payable and similar charges

	2016 £	2015 £
Other loan interest payable	28,726	27,028
Finance leases and hire purchase contracts	11,592	17,821
	<u>40,318</u>	<u>44,849</u>

10. Taxation

	2016 £	2015 £
Deferred tax		
Origination and reversal of timing differences	(4,585)	(21,492)
Changes to tax rates	6,872	-
Adjustments in respect of prior periods	-	11,324
Total deferred tax	<u>2,287</u>	<u>(10,168)</u>
Taxation on profit/(loss) on ordinary activities	<u>2,287</u>	<u>(10,168)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	381,947	722,262
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	76,389	151,675
Effects of:		
Group relief claimed	(81,484)	(174,241)
Adjust closing deferred tax to average rate of 20.00%	7,382	1,074
Prior year adjustment	-	11,324
Total tax charge for the year	<u>2,287</u>	<u>(10,168)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

11. Intangible assets

	Goodwill £
Cost	
At 1 April 2015	350,438
At 31 March 2016	350,438
Amortisation	
At 1 April 2015	243,977
Charge for the year	24,934
Impairment charge	81,527
At 31 March 2016	350,438
Net book value	
At 31 March 2016	0
At 31 March 2015	106,461

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

12. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation					
At 1 April 2015	758,622	9,541	19,679	79,997	867,839
Additions	99,913	-	-	120	100,033
At 31 March 2016	858,535	9,541	19,679	80,117	967,872
Depreciation					
At 1 April 2015	647,975	9,541	19,679	70,850	748,045
Charge owned for the period	90,420	-	-	4,761	95,181
At 31 March 2016	738,395	9,541	19,679	75,611	843,226
Net book value					
At 31 March 2016	120,140	-	-	4,506	124,646
At 31 March 2015	110,647	-	-	9,147	119,794

The net book value of assets held under finance leases or hire purchase contracts, included above, is plant & machinery £70,692 (2015: £36,256).

13. Debtors

	2016 £	2015 £
Trade debtors	808,141	868,168
Amounts owed by group undertakings	2,350,757	1,925,596
Prepayments and accrued income	4,490	4,817
Deferred taxation	66,435	68,722
	3,229,823	2,867,303

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

14. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	128,347	81,595
Amounts owed to group undertakings	1,642,160	1,361,566
Taxation and social security	42,843	41,620
Obligations under finance lease and hire purchase contracts	49,708	27,128
Other creditors	150,940	365,923
Accruals and deferred income	228,140	263,840
	2,242,238	2,141,672

In addition to the above, group borrowings are also secured by two joint and several guarantees totalling £1,190,000 provided by Dr J Rose and a joint and several guarantee for £1,380,000 provided by Dr A Kadirgamar and Dr J Rose, both of whom are directors. Dr J Rose has also provided a guarantee with respect to amounts due to Close Brothers Invoice Finance Limited.

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

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	31,876	27,128
	31,876	27,128

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

16. Deferred taxation

	2016	2015
	£	£
At beginning of year	68,722	58,554
Charged to the profit or loss	(2,287)	10,168
At end of year	66,435	68,722

The deferred tax asset is made up as follows:

	2016	2015
	£	£
Accelerated capital allowances	66,163	64,132
Short term timing differences	272	4,590
	66,435	68,722

17. Reserves

Other reserves

Other reserves relate to a merger reserve.

Profit & loss account

This reserve records the cumulative retained earnings of the Group, less amounts distributed to shareholders.

18. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
150 Ordinary shares of £1 each	150	150

19. Pension commitments

The company operates a defined contribution scheme. During the year amounts totaling £10,484 (2015: £16,500) were paid into the scheme. At 31 March 2016 £1,510 (2015: £34,976) was outstanding.

The Practice Services Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

20. Related party transactions

The company has taken advantage of exemptions in FRS8 from the requirement to disclose transactions with group companies that are owned 100% by the Practice (Group) Limited on the basis that consolidated financial statements are prepared by The Practice (Group) Limited, the ultimate parent company.

During the year the company transferred cash of £1,105,000 (2015: £2,055,000) to The Practice Health Division Limited, a fellow subsidiary. Net expenses were paid on behalf of the company by The Practice Health Division Limited totalling £1,739,332 (2015: £1,683,324). At the year end the company owed The Practice Health Division Limited £781,874 (2015: £147,541).

During the year the company made cash transfers totalling £38,000 (2015: £ Nil) to The Practice Surgeries Limited, a fellow subsidiary. The Practice Surgeries Limited paid a net amount of expenses on behalf of the company totalling £14,144 (2015: £7,586). In addition, the company received a net amount of income on behalf of The Practice Surgeries Limited of £54,096 (2015: £27,951). At the year end the company was owed £382,324 (2015: £412,565) by The Practice Surgeries Limited.

During the year the company transferred cash of £20,000 (2015: £10,000) to The Practice U Surgeries Limited, a fellow subsidiary. At the year end the company was owed £211,001 (2015: £191,001) by The Practice U Surgeries Limited.

During the year the company transferred cash of £3,295,000 (2015: £1,615,020) to The Practice Corporate Management Limited, a fellow subsidiary. Expenses paid on behalf of the company by The Practice Corporate Management Limited totalled £2,941,284 (2015: £164,278) and The Practice Corporate Management received other income on behalf of the Company totalling £80 (2015: £ (969)). At the year end the company owed £803,904 to The Practice Corporate Management Limited (2015: £1,157,700).

During the year the company paid expenses totalling £Nil (2015: £928) on behalf of Chilvers & McCrea Limited and had expenses totalling £58 (2015: £Nil) paid on its behalf. At the year end the company owed Chilvers & McCrea Limited £45,032 (2015: £44,974).

All companies are under the control of The Practice (Group) Limited.

During the year, a close family member of a key management personnel was employed by the company and paid a salary for services provided to the company. No amounts were outstanding at the end of the year.

21. Ultimate parent undertaking and controlling party

There is no single controlling party. The ultimate parent company at the year end was The Practice (Group) Limited, incorporated in England and Wales, which owns 100% of the issued share capital. Since the year end the group has become a subsidiary of Centene Corporation, a company incorporated in the USA.

The consolidated accounts of The Practice (Group) Limited can be obtained from its registered office: Rose House, Bell Lane Office Village, Bell Lane, Amersham, Buckinghamshire, HP8 6FA.

The Practice Services Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

22. First time adoption of FRS 102

		As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
	Note						
Fixed assets		349,152	-	349,152	226,255	-	226,255
Current assets		6,084,533	-	6,084,533	2,915,193	-	2,915,193
Creditors: amounts falling due within one year	1	(6,190,427)	(3,040)	(6,193,467)	(2,118,944)	(22,728)	(2,141,672)
Net current (liabilities)/assets		(105,894)	(3,040)	(108,934)	796,249	(22,728)	773,521
Total assets less current liabilities		243,258	(3,040)	240,218	1,022,504	(22,728)	999,776
Creditors: amounts falling due after more than one year		-	-	-	(27,128)	-	(27,128)
Net assets		243,258	(3,040)	240,218	995,376	(22,728)	972,648
Capital and reserves		243,258	(3,040)	240,218	995,376	(22,728)	972,648

The Practice Services Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

22. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Revenue		5,844,493	-	5,844,493
Cost of sales	1	(2,666,670)	(13,233)	(2,679,903)
		<u>3,177,823</u>	<u>(13,233)</u>	<u>3,164,590</u>
Administrative expenses	1	(2,391,024)	(6,455)	(2,397,479)
		<u>786,799</u>	<u>(19,688)</u>	<u>767,111</u>
Operating profit		786,799	(19,688)	767,111
Interest payable and similar charges		(44,849)	-	(44,849)
Taxation		10,168	-	10,168
		<u>752,118</u>	<u>(19,688)</u>	<u>732,430</u>
Profit on ordinary activities after taxation and for the financial year		752,118	(19,688)	732,430

Explanation of changes to previously reported profit and equity:

- 1 Application of the requirement to recognise liabilities arising from employee benefits. The initial liability recognised was for holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken.