

REGISTERED NUMBER: 06836625 (England and Wales)

Recover Healthcare Limited

Directors' Report and

Unaudited Financial Statements for the period ended 31 December 2018

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for the period ended 31 December 2018**

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Recover Healthcare Limited (Registered number: 06836625)

Company Information
for the period ended 31 December 2018

DIRECTOR: K J Fowlie (resigned 30th January 2019)
S B Prew (appointed 25th October 2017, resigned 28th June 2018)
D J L Whitmore (appointed 20th February 2018)
A L Wilford (appointed 30th January 2019)

REGISTERED OFFICE: 58 Mosley Street
Manchester
M2 3HZ

REGISTERED NUMBER: 06836625 (England and Wales)

Directors' Report
for the period ended 31 December 2018

The Directors presents their report together with the unaudited financial statements for the 18 month period ("the period") ended 31 December 2018. The comparative results are for the year ended 30 June 2017.

PRINCIPAL ACTIVITY

The principal activities of the company are the provision of rehabilitation services to the insurance industry and legal fraternity, together with the provision of occupational health services to industry in general.

DIVIDENDS

The directors do not recommend the payment of a dividend (2017: £nil).

DIRECTORS

The directors during the period under review or who have been appointed since the period end are:

K J Fowle (resigned 30th January 2019)

S B Prew (appointed 25th October 2017, resigned 28th June 2018)

D J L Whitmore (appointed 20th February 2018)

A L Wilford (appointed 30th January 2019)

GOING CONCERN

The financial statements have been prepared on a going concern basis.

The Company is a member of the Slater and Gordon Consolidated Group whose ultimate parent entity is Slater and Gordon UK Holdings Limited, a company incorporated on 22 September 2017.

At 31 December 2018, the Group had net assets of £135 million and cash of £11 million. The Group has prepared cash flow forecasts for the foreseeable future, based on key assumptions around the achievement of revenues, which demonstrate cash self-sufficiency in the Group within available funding levels. Management has considered the level of new instructions and the likely future value of this work together with the forecasts and projected cash flow patterns of the Company for the foreseeable future being a period of 12 months from the date of approval of these financial statements.

Accordingly, the Directors have adopted the going concern basis of accounting for preparing these financial statements.

Directors' Report (Continued)
for the period ended 31 December 2018

DIRECTOR'S RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 101").

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 for that period.

In the case of the FRS101 financial statements the Directors are required to prepare financial statements for each financial period that give a true and fair view of the state of the affairs of the Company.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 and Article 4 of the IAS Regulation. 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.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
A L Wilford - Director
Date: 29 September 2019

Statement of Comprehensive Income
for the period ended 31 December 2018

	Notes	Period ended 31 December 2018 £	Year ended 30 June 2017 £
CONTINUING OPERATIONS			
Revenue		(2,545)	30,923
Cost of sales		<u>(3,485)</u>	<u>(16,972)</u>
GROSS (LOSS)/PROFIT		(6,030)	13,951
Administrative expenses		<u>(512)</u>	<u>(75,340)</u>
OPERATING (LOSS)/PROFIT		(6,542)	(61,389)
Income tax	4	<u>-</u>	<u>(16)</u>
(LOSS) FOR THE PERIOD		<u><u>(6,542)</u></u>	<u><u>(61,405)</u></u>

Statement of Financial Position
31 December 2018

	Notes	31 December 2018 £	30 June 2017 £
Current assets			
Trade and other receivables	5	2,359,792	2,536,402
Cash and cash equivalents	6	<u>70,957</u>	<u>211,717</u>
		2,430,749	2,748,119
Total assets		2,430,749	2,748,119
Liabilities			
Current liabilities			
Trade and other payables	8	<u>2,228,608</u>	<u>2,539,436</u>
		2,228,608	2,539,436
Total liabilities		2,228,608	2,539,436
Net assets		<u>202,141</u>	<u>208,683</u>
Equity			
Called up share capital	7	100	100
Retained earnings		<u>202,041</u>	<u>208,583</u>
		<u>202,141</u>	<u>208,683</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 December 2018.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved on 29 September 2019 and were signed on its behalf by:



.....
A L Wilford - Director

Statement of Changes in Equity
for the period ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 30 June 2016	100	269,988	270,088
Changes in equity			
Loss for the year	-	(61,405)	(61,405)
Balance at 30 June 2017	100	208,583	208,683
Changes in equity			
Loss for the period	-	(6,542)	(6,542)
Balance at 31 December 2018	100	202,041	202,141

Notes to the Financial Statements
for the period ended 31 December 2018

1. GENERAL INFORMATION

Recover Healthcare Limited is a company incorporated and domiciled in the United Kingdom.

2. ACCOUNTING POLICIES

Compliance with accounting standards

The financial statements have been prepared in compliance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

The Company's immediate parent undertaking, Slater & Gordon UK 1 Limited, includes the Company in its consolidated financial statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS) and are available from the registered office. At 31 December 2018 the company was a wholly owned subsidiary of Slater & Gordon UK 1 Limited, a company incorporated in England & Wales.

In the financial statements, the Company has applied the disclosure exemptions available under IFRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of compensation of key management personnel; and

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. During the year there were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

A summary of the significant accounting policies is set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received and represents amounts receivable for services provided in the ordinary course of business, net of discounts and sales taxes.

The company provides rehabilitation services. Income is recognised on delivery of service. Income can be reliably estimated based on agreed charges with customers or instructing parties. Where services are delivered by external parties costs can be reliably estimated based on charges agreed with those suppliers.

In the opinion of the directors, the company is engaged in only one class of business and its revenue and profit before taxation are derived wholly in the United Kingdom.

Notes to the Financial Statements (continued)
for the period ended 31 December 2018

2. ACCOUNTING POLICIES *(continued)*

Taxation

Taxation consists of income tax, and Value Added Tax ("VAT").

Income tax

Income tax expense comprises current and deferred tax.

Current tax

Current income tax expense or benefit is the tax payable / receivable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, and at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax for the period are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Value Added Tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of VAT, except where the VAT incurred is not recoverable from Her Majesty's Revenue and Customs ("HMRC") and is therefore recognised as part of the asset's cost or as part of the expense item. Receivables and payables are stated inclusive of VAT.

The net amount of VAT recoverable from, or payable to, HMRC is included as part of current receivables or payables in the consolidated statement of financial position.

Notes to the Financial Statements (continued)
for the period ended 31 December 2018

2. ACCOUNTING POLICIES (continued)

Trade receivables

Trade receivables are held at amortised cost less any impairment provisions equating to their recoverable value. Amounts set aside for settlement adjustments, are based on historical experience. The resulting settlement adjustments are recognised within revenue as they relate to revisions of income estimates, not collapsibility (credit risk). Movements in the impairment provision relating to credit risk are recognised within administrative expenses as bad debt expenses.

Trade payables

Trade payables do not carry any interest and are stated at their fair value.

Cash and cash equivalents

Cash in the Statement of Financial Position comprises cash at banks and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made a number of judgements, and the preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Directors, having given consideration to the current financial forecasts of the Group, the engagement with the banking syndicate and its financial advisers, the comprehensive review, and the performance improvement programmes being implemented by management, and having received confirmation that the Company will continue to access financial support from the Group via Slater & Gordon (UK) 1 Limited with has provided a letter of support to the Company, consider the going concern basis of preparation is appropriate.

3. EMPLOYEES AND DIRECTORS

The costs of the directors were borne by other Group companies.

Notes to the Financial Statements (continued)
for the period ended 31 December 2018

4. INCOME TAX

Analysis of tax expense

	Period ended 31 December 2018 £	Year ended 30 June 2017 £
Current tax:		
Tax	-	16
Deferred tax	-	-
Total tax charge in statement of comprehensive income	-	16

Factors affecting the tax expense

The tax assessed for the period is higher (2017: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	Period ended 31 December 2018 £	Year ended 30 June 2017 £
Loss on ordinary activities before income tax	<u>(6,542)</u>	<u>(61,389)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19.75%)	(1,243)	(12,124)
Effects of:		
Expenses not deductible for tax purposes	-	-
Group relief surrendered / (claimed)	1,243	12,124
Adjustment in respect of prior periods	-	16
Total tax charge in statement of comprehensive income	<u>-</u>	<u>16</u>

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 19% to 17% was announced in the 2016 Budget and substantively enacted on 6 September 2016 (to be effective from 1 April 2020).

Notes to the Financial Statements (continued)
for the period ended 31 December 2018

5. TRADE AND OTHER RECEIVABLES

	31 December 2018 £	30 June 2017 £
Trade receivables (net of impairment provision)	139,435	257,370
Amounts owed by group undertakings	2,219,775	2,250,192
Other receivables	582	28,840
	<u>2,359,792</u>	<u>2,536,402</u>

6. CASH AND CASH EQUIVALENTS

	31 December 2018 £	30 June 2017 £
Cash and cash equivalents	<u>70,957</u>	<u>211,717</u>

Cash and cash equivalents comprise cash held by the company. The carrying amount of these assets approximates to their fair value.

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number: Class:	Nominal value:	31 December 2018 £	30 June 2017 £
100 Ordinary	£1	<u>100</u>	<u>100</u>

8. TRADE AND OTHER PAYABLES

	31 December 2018 £	30 June 2017 £
Trade payables	296,682	105,500
Amounts owed to group undertakings	1,112,407	1,488,768
Accruals and deferred income	<u>819,519</u>	<u>945,168</u>
	<u>2,228,608</u>	<u>2,539,436</u>

Notes to the Financial Statements (continued)
for the period ended 31 December 2018

9. CONTINGENT LIABILITIES

The Company is party to a GBP currency Super Senior Facility Agreement ("SSFA") dated 22 December 2017, as amended on 3 September 2018, pursuant to which the Company's direct parent company, Slater and Gordon (UK) 1 Limited, is a borrower. Pursuant to the terms of the SSFA, the Company has given a cross-guarantee (along with other UK Group Companies) in relation to all liabilities outstanding under the SSFA in favour of the Finance Parties (as defined under the SSFA), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company.

The Company is also party to a debenture dated 22 December 2017 (the "Debenture") pursuant to which the Company (together with other UK Group Companies) covenants with GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties (as defined in the Debenture), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company) that it will on demand pay all liabilities outstanding under the SSFA (and associated finance documents) when they are due and payable and grants security over all of its assets in favour of GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties).

10. ULTIMATE PARENT COMPANY

The immediate parent company is React & Recover Medical Group Limited, a company registered in England and Wales.

From 22 December 2017 the ultimate parent undertaking is Slater and Gordon UK Holdings Limited, a company incorporated in England and Wales. Copies of the consolidated accounts of Slater and Gordon UK Holdings Limited can be obtained from 58 Mosley Street, Manchester, England, M2 3HZ.

Prior to 22 December 2017, the ultimate parent undertaking was Slater and Gordon Limited, a company incorporated in Australia. Copies of the consolidated accounts of Slater and Gordon Limited can be obtained from 485 La Trobe Street, Melbourne, Victoria, Australia 3000.