

Registered number: 08002473

Elysium Neurological Services Limited
(Formerly known as Sunfleur Limited)

Annual report and financial statements

For the year ended 31 December 2017

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Elysium Neurological Services Limited

Company Information

Directors	Joy Chamberlain Quazi Haque Mark Robson Steven Woolgar
Company secretary	Sarah Livingston (Appointed 5 April 2017)
Registered number	08002473
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 Neurological Services Limited

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Elysium Neurological Services 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 investment in and management of a specialist care home. The Company holds an investment in the subsidiary Elysium Neurological Services (Badby) Limited which provide neurological services. The "Group" is defined as all subsidiaries controlled by the intermediate parent Elysium Healthcare Holdings 2 Limited which also comprise the Company and its subsidiaries. The strategic report prepared is based on the Group as it relates to the principal business activity of the Company and its subsidiaries.

Business review

On 12 April 2017, Elysium Healthcare Group Limited purchased the entire share capital of Sunfleur Limited (later changed to Elysium Neurological Services Limited).

The period 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.

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 Group'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 time 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 Neurological Services 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 Neurological Services Limited

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

Principal risks and uncertainties

Regulatory risks

The results of the Group 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 Group'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 Group is well placed to respond to and comply with regulatory changes through dedicated regulatory and compliance teams.

The Group 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 Group operates are relatively standard and subject to annual review with each body. These provide clear benefits to the Group, both in terms of income stability and visibility. However, as with any system, there are could to be modifications, potentially through the introduction of a new contract structure or the services that are sought by the NHS from service providers like Elysium Healthcare. The extent of any such modifications could have a favourable or adverse impact on the Group. However, the Group maintains a close dialogue with the both the NHS and the Government in developing care programmes so that appropriate changes to the Group'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 Group's risk management framework. The Group'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 Group will rise with inflation and affect the Group's income. The rates paid under the terms of the Group'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.

Elysium Neurological Services Limited

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

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

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

Interest rate risk

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

The Group'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 Group'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 13 to the financial statements.

Elysium Neurological Services Limited

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

Future outlook & strategy

Whilst the market continues to be challenging with pressures on NHS funding, the Directors believe that the Group continues to be well positioned to take advantage of further opportunities. In particular, the Group 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 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 Neurological Services 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 Group'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 were as follows:

Joy Chamberlain (appointed 5 April 2017)
Quazi Haque (appointed 5 April 2017)
Steven Woolgar (appointed 5 April 2017)
Mark Robson (appointed 7 August 2017)
Daniel Kay (resigned 5 April 2017)
Duncan McAlear (resigned 5 April 2017)
Timothy Street (resigned 5 April 2017)

Directors' indemnities

The Group 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 Group 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 Group 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 Neurological Services 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 Group 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 Group 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.

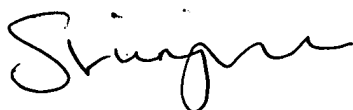
This confirmation is given and should be interpreted in accordance with the provisions of s418 of Companies Act 2006.

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
by:

4 May

2018 and signed on its behalf



Sarah Livingston
Company secretary

Elysium Neurological Services Limited

Directors' responsibilities statement For the year ended 31 December 2017

The Directors are responsible for preparing 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 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 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 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 Neurological Services Limited

Independent auditors' report to the shareholders of Elysium Neurological Services 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 loss 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 Neurological Services 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 16.

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 Neurological Services Limited

Independent auditors' report to the shareholders of Elysium Neurological Services 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 period 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 strategic report or Directors' annual report.

Elysium Neurological Services Limited

**Independent auditors' report to the shareholders of Elysium Neurological Services 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 Neurological Services Limited

**Profit and loss account
For the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
Administrative expenses		(1,124)	(704)
Operating loss		(1,124)	(704)
Interest payable and similar expenses	2	(315)	(511)
Loss before taxation	3	(1,439)	(1,215)
Tax on loss	7	-	-
Loss for the year		(1,439)	(1,215)

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

The notes on pages 14 to 22 form part of these financial statements.

Elysium Neurological Services Limited

Registered number: 08002473

**Balance sheet
As at 31 December 2017**

	Note	2017 £'000	2016 restated £'000
Non-current assets			
Investments	8	4,684	4,684
Current assets			
Debtors	9	-	687
Cash at bank and in hand		9	-
Creditors: amounts falling due within one year	10	(1,927)	(1,854)
Net current liabilities		<u>(1,918)</u>	<u>(1,167)</u>
Total assets less current liabilities		2,765	3,517
Creditors: amounts falling due after more than one year	11	(5,713)	(7,656)
Net liabilities		<u><u>(2,948)</u></u>	<u><u>(4,139)</u></u>
Capital and reserves			
Called up share capital	12	2,631	1
Profit and loss account		<u>(5,579)</u>	<u>(4,140)</u>
Shareholders' deficit		<u><u>(2,948)</u></u>	<u><u>(4,139)</u></u>

The financial statements of Elysium Neurological Services Limited (registered number: 08002473) were approved by the board of directors on 4 May 2018 and signed on its behalf by:



WHM Robson

Director

The notes on pages 14 to 22 form part of these financial statements.

Elysium Neurological Services Limited

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

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2016	1	(2,925)	(2,924)
Loss for the year	-	(1,215)	(1,215)
At 31 December 2016	1	(4,140)	(4,139)
Issue of share capital	2,630	-	2,630
Loss for the year	-	(1,439)	(1,439)
At 31 December 2017	2,631	(5,579)	(2,948)

Elysium Neurological Services Limited

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

1. Accounting Policies

General information and basis of accounting

Elysium Neurological Services 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 3.

Statement of compliance

The individual financial statements of Elysium Neurological Services 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 are summarised below. They have all been applied consistently throughout the year and to the preceding year.

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) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 Neurological Services 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 Neurological Services 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 £1.9 million (2016: £1.2 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.

Elysium Neurological Services Limited

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

1. Accounting Policies (continued)

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.

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.

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.

Impairment of assets

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

(i) Non-Financial assets

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

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

(ii) Financial assets

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

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

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

Elysium Neurological Services Limited

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

1. Accounting Policies (continued)

Taxation

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

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

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

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

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

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 realise 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 realise 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.

Elysium Neurological Services 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 estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results and could result in a change to the estimates in the next or future financial years. The directors have concluded that there are no critical accounting estimates and judgements.

2. Interest payable and similar expenses

	2017 £'000	2016 £'000
Interest payable on bank loans	3	118
Interest payable on loan notes	298	393
	<u>301</u>	<u>511</u>

3. Loss before taxation

Loss before taxation is stated after charging:

	2017 £'000	2016 £'000
Staff costs (note 6)	<u>1,061</u>	<u>508</u>

4. Auditors' remuneration

	2017 £'000	2016 £'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>4</u>	<u>4</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 Neurological Services Limited

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

5. Employees

	2017 £'000	2016 £'000
Wages and salaries	993	521
Social security costs	69	65
	<u>1,061</u>	<u>586</u>

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

	2017	2016
Administrative staff	3	3
	<u>3</u>	<u>3</u>

6. Directors' remuneration

	2017 £'000	2016 £'000
Directors' emoluments	<u>1,066</u>	<u>392</u>

During the year there were no retirement benefits were accruing to directors (2016: 0) in respect of defined contribution pension schemes.

The highest paid Director in the year received remuneration of £532,875 (2016: £196,128).

The total accrued pension provision of the highest paid Director at 31 December 2017 amounted to £Nil (2016: £Nil).

Elysium Neurological Services Limited

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

7. Taxation

Factors affecting tax charge for the year

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

	2017 £'000	2016 £'000
Loss before taxation	<u>(1,439)</u>	<u>(1,215)</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: - 20%)	(277)	(243)
Effects of:		
Tax losses utilised	-	243
Group relief surrendered	177	-
Adjustment for changes to tax rates	11	-
Tax losses not utilised	<u>89</u>	<u>-</u>
Tax on loss	<u>-</u>	<u>-</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 Neurological Services Limited

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

8. Fixed asset investments

	Investments in subsidiary undertakings £'000
Cost	
At 1 January 2017 and 31 December 2017	4,684
At 1 January 2017 and 31 December 2017	4,684
Net book value	
At 31 December 2016 and 31 December 2017	4,684

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Holding	Principal activity
Elysium Healthcare (Badby) Limited	England and Wales	100%	Residential care home

The investments are held at cost less impairment because their fair value cannot be measured reliably. Following an impairment review, the directors believed no impairment was required.

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.

9. Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	-	687
	-	687

Amounts owed by group undertakings were unsecured, interest free and repayable on demand.

Elysium Neurological Services Limited

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

10. Creditors: Amounts falling due within one year

	2017 £'000	2016 restated £'000
Other taxation and social security	-	61
Other creditors	-	1
Amounts owed to group undertakings	1,925	1,228
Accruals and deferred income	2	311
	<u>1,927</u>	<u>1,601</u>

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

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

	2017 £'000	2016 restated £'000
Bank loans	-	2,356
Amounts owed to group undertakings	5,713	5,299
	<u>5,713</u>	<u>7,655</u>
Terms and repayment schedule		
Within 1 year	-	231
Between 2 -5 years	-	2,356
	<u>-</u>	<u>2,587</u>

Amounts owed to group undertakings after more than year comprise loan notes which were unsecured and due on 31 December 2022. Interest is payable at 10% per annum, accruing on a day to day basis and if unpaid, capitalised on the last day of each financial year. The interest accrued at the end of the period totalled £298,106 (2016: £392,538).

On 5 April 2017, the loan notes were reassigned from Sunflower Sarl to Elysium Healthcare Holdings 3 Limited.

In October 2015, the Company together with a related party, Sunflower Property Sarl entered into a joint borrowing facility totalling £13,363,000 with Royal Bank of Scotland. The Company borrowed £2,832,000, secured over the assets of the Company and due to expire in June 2020. The interest accrued at the end of the period totalled £3,148 (2016: £118,359).

During the year, the bank loan was repaid.

Elysium Neurological Services Limited

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

12. Capital and reserves

	2017 £'000	2016 £'000
Allotted, called up and fully paid		
2,631,100 (2016 - 1,000) Ordinary shares of £1 each	<u>2,631</u>	<u>1</u>

The Company has one class of ordinary shares which carry rights to receive dividends as declared.

Profit and loss account

All current and prior period retained profit and losses.

13. Subsequent events

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

14. Controlling party

The immediate parent undertaking is Elysium Healthcare Holdings 3.

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 1 Limited group may be obtained.

15. Prior year restatement

During the prior period amounts owed to group undertakings due after more than one year was incorrectly included in amounts owed to group undertakings due within one year. Therefore, a prior year restatement has been made to reduce creditors falling due within one year and increase creditors falling due after more than year by £5,299,407.

16. Explanation of transition to FRS 102

The last financial statements prepared under International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs') were for the year ended 31 December 2016 and the date of transition to FRS 102 was therefore 1 January 2016. As a consequence of adopting FRS 102, there were no significant changes to the accounting policies to comply with the standard.