Registration number: 01488490

PPP Taking Care Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

PPP Taking Care Limited

Contents

PPP Taking Care Limited

Company Information

Directors	M.R. Howes T. N. Garrad M. A. Vardy S. J. Gates
Company secretary	J.P. Small
Registered office	5 Old Broad Street London EC2N 1AD
Auditors	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

PPP Taking Care Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for PPP Taking Care Limited ("the Company") for the year ended 31 December 2018.

Principal activity
The principal activity of the Company is the marketing, installation, monitoring and maintenance of telecare systems for the elderly. The customers are individuals diagnosed with a physical disability or chronic condition, who use the alarm service for peace of mind and the continued freedom to live in their own homes.

The Company is an accredited member of the Telecare Services Association ("TSA") which sets the TSA Telecare Code of Practice, ensuring that members are quality accredited to operate at a high standard and consistently adhere to best practice. The Company is inspected annually by TSA and met compliance at the latest inspection.

The Company holds ISO 9001 accreditation, which is a quality management certification for organisations who want to prove their ability to consistently provide products and services that meet the needs of their customers and other relevant stakeholders.

Review of the business
The turnover has been increased to £9,822k for the financial year ended 31 December 2018 (2017: £9,592k), in addition to increases in both Cost of sales and Administration expenses of £1,611k to £10,572k (2017 restated: £8,961k), resulting in a loss before tax of £638k (2017 restated: profit of £736k).

The Company made significant investment in its infrastructure and proposition during the year to support planned future growth.

Business environment

With the aged population currently at its highest level, the need for telecare systems is growing.

Strategy
The Company continuously strives to improve the quality and efficiency of service to customers, by ensuring that processes are customer centric to meet the needs of customers.

The company's key financial and other performance indicators during the year were as follows:

		2018	2017
(Loss)/profit on ordinary activities before taxation	£ 000	(638)	736
Turnover	£ 000	9,822	9,592
Current ratio (current assets to current liabilities)		1	1

Principal risks and uncertainties

The AXA UK Group has an established process for risk acceptance and risk management, which is addressed through a framework of policies, procedures and internal controls. All policies are subject to ongoing review by management, risk management and group internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance and finance teams take on an important oversight role in this regard. Line management is responsible for maintaining an internal control framework to manage financial and operational risks, which is monitored regularly to ensure the completeness, accuracy and integrity of the Company's financial information.

The principal risk facing the Company is any threat to the maintenance and prompt responsiveness of the personal alarm service. To mitigate this, monitoring of the end to end process for services, including IT support and infrastructure is maintained, to ensure that customers do not experience any degradation or disruption in services.

Financial risk management is discussed in the Financial risk review on pages 18 to 19.

Brexit

The implications to the Company of the United Kingdom's departure from the European Union have been considered, specifically the effects this could have on estimations and judgements made in the preparation of the financial statements. Whilst this assessment is ongoing with management carefully monitoring the latest events, as described above the Company has in place robust and effective capital and risk management processes, and the risks arising from Brexit are being managed alongside a range of risks inherent to its business. The Directors anticipate limited operational impacts arising from Brexit.

Approved by the Board on 1 August 2019 and signed on its behalf by:

....

M. A. Vardy

Director

PPP Taking Care Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Future developments
The Company continuously strives to improve the quality and efficiency of service to customers and maintains its TSA and ISO 9001 compliance.

The Company has identified a number of projects to deliver a more digitalised front and back end to enhance the customer journey, increase efficiency and expand the service to customers.

The directors believe that the Company is well placed in terms of strategic and market position to continue generating growth.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The ability to cope with unexpected risks to the financial position is shown within the Financial risk review on pages 18 and 19.

Detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the Company for the next 12 months and a strategic plan to 2020. As a consequence, the directors believe sufficient contingencies have been put in place that will enable the Company to manage its business risks and to continue in operational existence for the foreseeable future.

In order to support the current position of the Company and ensure its continued operation, the directors have obtained assurances on the continued financial support of the Company from AXA UK plc in the form of a letter of support.

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1. The directors who have served for part of the year are given below:

W. B. Darling (resigned 22 December 2018)

K.G. Gibbs (resigned 31 December 2018)

M.R. Howes

R. Turner (resigned 24 April 2019)

A. Wilkinson (resigned 31 March 2019)

S. J. Harland (resigned 9 April 2018)

The following directors were appointed after the year end:

T. N. Garrad (appointed 5 March 2019)

M. A. Vardy (appointed 14 June 2019)

S. J. Gates (appointed 14 June 2019)

Directors' qualifying third party and pension scheme indemnity provisions
The Company is party to a group wide indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of the Companies Act 2006.

The indemnification was in force during the year and at the date of approval of the financial statements.

EMPLOYEES

Employee involvement
The Company is committed to a policy of equal opportunity in recruitment, training, career development and promotion of staff, irrespective of gender, marital status, ethnicity, sexual orientation and religion. Full and fair consideration is also given to disabled persons, including the rehabilitation and retention of staff who become disabled, having regard to their particular aptitudes and abilities.

Great importance is placed on good communication with employees and in seeking to inform and involve staff in the development of the AXA UK Group operations and in the achievement of the global business goals.

A full range of written, audio, video and regular face-to-face communications, including team briefings, regular appraisals, Company news briefings and various bulletins is used. Regular consultation is maintained with independent and certified trade unions on the complete range of employment and business issues.

Branches outside the United Kingdom
The Company does not operate branches outside the UK.

Political donations
The Company made no donations for political purposes.

Statement of disclosure of information to auditor
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

PPP Taking Care Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Statement of Directors' Responsibilities
The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('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 of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Approved by the Board on 1 August 2019 and signed on its behalf by:

....
M. A. Vardy
Director

PPP Taking Care Limited

Independent Auditor's Report to the Members of PPP Taking Care Limited

Opinion

We have audited the financial statements of PPP Taking Care Limited (the "Company") for the year ended 31 December 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its 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.

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.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The directors' view on the impact of Brexit is disclosed on page 3. The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

Independent Auditor's Report to the Members of PPP Taking Care Limited (continued)

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 this regard.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

Independent Auditor's Report to the Members of PPP Taking Care Limited (continued)

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 the audit 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.

....
Sam Porritt (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

21 August 2019

PPP Taking Care Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £ 000	Restated 2017 £ 000
Turnover	5	9,822	9,592
Cost of sales		(1,620)	(1,903)
Gross profit		8,202	7,689
Administrative expenses		(8,952)	(7,058)
Other operating income		193	221
Operating (loss)/profit	6	(557)	852
Other interest receivable and similar income	10	5	2
Interest payable and similar charges	11	(86)	(118)
		(81)	(116)
(Loss)/profit before tax		(638)	736
Tax on (loss)/profit on ordinary activities	12	108	(181)
(Loss)/profit for the year		(530)	555

The transactions above derive from continuing activities.

The Company had no recognised gains or losses during the financial year ended 31 December 2018 other than those recognised in the Profit and Loss Account (2017: £nil). Therefore, the Company has elected not to present a Statement of Comprehensive Income for the year ended 31 December 2018.

PPP Taking Care Limited

(Registration number: 01488490)
Balance Sheet as at 31 December 2018

	Note	2018 £ 000	Restated 2017 £ 000
Fixed assets			
Tangible assets	13	3,156	3,019
Current assets			
Stocks	14	145	113
Debtors	15	1,012	971
Cash at bank and in hand		2,516	3,383
		3,673	4,467
Creditors: Amounts falling due within one year	16	(5,385)	(4,925)
Net current liabilities		(1,712)	(458)
Total assets less current liabilities		1,444	2,561
Creditors: Amounts falling due after more than one year	17	(594)	(1,181)
Provisions for liabilities	18	(100)	(100)
Net assets		750	1,280
Capital and reserves			
Called up share capital	19	151	151
Profit and loss account	20	599	1,129
Shareholders' funds		750	1,280

Approved by the Board on 1 August 2019 and signed on its behalf by:

M. A. Vardy
Director

The notes on pages 13 to 28 form an integral part of these financial statements.

PPP Taking Care Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	151	1,129	1,280
Loss for the year	-	(530)	(530)
Total comprehensive income	-	(530)	(530)
At 31 December 2018	151	599	750

	Share capital £ 000	Restated Profit and loss account £ 000	Total £ 000
At 1 January 2017	151	574	725
Profit for the year	-	555	555
Total comprehensive income	-	555	555
At 31 December 2017	151	1,129	1,280

The notes on pages 13 to 28 form an integral part of these financial statements.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The principal activity of the Company is the provision of telecare systems to individuals with increased medical risk, who wish to continue residing in their own homes.

The Company is a private limited company limited by shares under the Companies Act 2006. The address of its registered office is:
5 Old Broad Street
London
EC2N 1AD
UK

These financial statements were authorised for issue by the Board on 1 August 2019.

2 Accounting policies

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

Basis of preparation
The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006.

Prior period adjustments
Prior year restatements have been made to remove the alarm upgrade provision. An assessment was undertaken where it has been determined that the requirements to replace the alarm units does not meet the recognition criteria for a provision under IAS 37, therefore the provision has been removed from the financial statements. Details of the associated prior year adjustments are shown in note 20 Reserves.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

(a) The requirements of IFRS 7 'Financial Instruments: Disclosures'.

(b) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1; and
(ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.

(c) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements'.

(d) The requirements of IAS 7 'Statement of Cash Flows'.

(e) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

(f) The requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures'.

(g) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

2 Accounting policies (continued)

(h) The requirements of paragraph 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets', provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Changes in accounting policy

New standards, interpretations and amendments effective
The following have been applied for the first time from 1 January 2018:

IFRS 9
IFRS 9 Financial Instruments is a new accounting standard that is effective for the year ended 31 December 2018, that introduces new classification and measurement requirements, along with the introduction of an expected credit loss model for measuring impairments. An assessment of the standard was undertaken and it was concluded that the existing basis of measuring and classifying financial assets and financial liabilities could continue to be applied on adoption of the new standard. In addition, an assessment of the financial assets was undertaken to determine if an impairment adjustment would be required using an expected credit loss model. The conclusion reached was that any such adjustment would be considered immaterial and therefore no additional adjustments have been reported. Consequently the standard has not had a material effect on the financial statements.

IFRS 15
IFRS 15 Revenue from contracts with customers is a new standard that is effective for the year ended 31 December 2018, which provides a principles-based approach for revenue recognition. An assessment has been undertaken and the main revenue items as set out below are considered to be in compliance with the new revenue recognition principles, consequently the standard has not had a material effect on the financial statements.

None of the other other standards, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

Revenue recognition

Recognition

The Company earns revenue from the provision of services relating to marketing, installation, monitoring and maintenance of telecare systems for the elderly. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Performance obligations

The main performance obligations in contracts consist of the provision of a range of services to the eldercare market. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date on a time elapsed basis in accordance with each service contract. For certain elements of the contracts the performance obligation is recognised at a point in time, following the installation and supply of goods.

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, less their anticipated residual value.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Land and buildings consists of property partially occupied by the Company and partially leased to the previous parent entity under an operating lease.

Depreciation

Depreciation is charged so as to write off the cost of assets less residual value, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Buildings	Straight line up to a maximum of 20 years
Leasehold improvements	Straight line at 10% per annum
Monitoring equipment	Over the term of the finance lease
Other equipment	10% to 33% per annum/over the period of the contract

Leases

Operating lease - lessor

Leases are classified as operating leases where a significant proportion of the risks and rewards of ownership of the asset concerned are retained by the lessor. The rental income and costs relating to operating leases are credited or charged to the Profit and Loss Account on a straight-line basis over the term of the lease.

Operating lease - lessee

Leases are classified as operating leases where a significant proportion of the risks and rewards of ownership of the asset concerned are retained by the lessor. Payments made under operating leases, less any incentives received from the lessor, are charged to the Profit and Loss Account on a straight line basis over the lease term.

Finance lease - lessee

The Company leases personal alarm units under a finance lease, whereby the Company retains substantially all the risks and rewards of ownership.

Finance leases are capitalised on the lease commencement date at the lower of the fair value of the leased property and the present value of the minimum lease payments. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in creditors less than twelve months and greater than twelve months. The interest element of the finance cost is charged to the Profit and Loss Account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Stock

Stock is stated at the lower of cost or net realisable value, after provision for obsolete items. Cost represents the purchase price.

2 Accounting policies (continued)

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported on the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference raises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit and 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.

Pension scheme
The Company operates a defined contribution scheme that is available to all employees. Under a defined contribution scheme, the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Employees also contribute to the defined contribution scheme.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 Accounting policies (continued)

Financial instruments (post January 2018)

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, deferred tax assets, prepayments and deferred tax liabilities.

The Company recognises financial assets and financial liabilities in the balance sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability..

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement
Financial instruments are classified at inception into the category amortised cost.

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):-
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

The Company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

2 Accounting policies (continued)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires management to monitor and exercise judgement in the selection and application of appropriate accounting policies and in the use of accounting estimates.

Deferred taxation
The carrying value at the reporting date of the net deferred tax asset is £134k (2017: £139k), further details of which are disclosed in the accounting policy and note 12. Significant management judgement is applied to determine the deferred tax asset that can be recognised and is based on the probability of future taxable profits.

Provisions
The carrying value at the reporting date of the liability for provisions is £100k (2017: £100k), The judgements, estimates and assumptions employed in the assessment of the adequacy of these provisions are set out in the accounting policy and note 18.

4 Financial risk review

This note presents information about the Company's exposure to financial risks.

The Company is exposed to financial risk through its business operations affecting the financial assets and liabilities. The most important components of this risk given the nature of the Company's operations are credit, liquidity and cash flow risks.

The Company forms part of the AXA UK Group which has an established risk management framework on how each risk profile is identified, measured, monitored and controlled through Risk Committees advising the individual business unit Chief Executives.

A dedicated risk management function supports the individual business units by ensuring that a full understanding and control of risks is incorporated into management decision making and procedures.

The risk policies are documented in adherence to the AXA Group Standards issued by AXA Group Risk Management ("GRM"). The AXA UK Board is responsible for governance and the AXA UK Executive Committee for approving all new policies.

The notes that follow address the individual components of financial risk.

4 Financial risk review (continued)

Credit risk

The Company's definition of credit risk is the risk of capital or income loss resulting from counterparty default. Items which generate credit risk generally arise as a by-product of the Company's operations and other operational debts. The risk is mitigated by the Company by investing cash surpluses through banks which must fulfil credit rating criteria approved by the board. Receivables balances are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Liquidity and cash flow risk

The Company's definition of liquidity risk is the risk that the Company may not have sufficient available cash (or near cash assets or funding facilities) to pay obligations when they fall due at reasonable cost. The Company manages this by encouraging a robust working capital management environment by ensuring there are appropriate funding arrangements from the parent group and overdraft facilities, backed up by shorter-term, regular cash flow forecasting.

5 Turnover

The total turnover of the Company for the period has been derived from its principal activity wholly undertaken in the UK.

6 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2018 £ 000	2017 £ 000
Depreciation expense	989	798
Impairment loss of trade debtors	75	34
Cost of stock recognised as an expense	361	296
Operating lease expense - other	54	50
Impairment of Land and Buildings	108	-

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	4,632	3,914
Social security costs	370	283
Pension costs, defined contribution scheme	258	234
	5,260	4,431

7 Staff costs (continued)

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

	2018 No.	2017 No.
Production/Sales	27	29
Administration and support	116	86
	143	115

8 Directors' remuneration

The directors are employed and paid by companies in the AXA Group and their directorships are held as part of that employment. The emoluments of certain directors disclosed below are in respect of qualifying services to the AXA Group as a whole

	2018 £ 000	2017 £ 000
Remuneration	371	390
Contributions paid to defined benefit pension scheme	9	9
Compensation for loss of office	18	-
	398	399

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Exercised share options	1	3
Accruing benefits under money purchase pension scheme	1	1

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Remuneration	266	267

Mr. K. G. Gibbs was also a director of the intermediate parent company, AXA UK plc, during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mr. M. Howes was also a director of AXA PPP Healthcare Group Limited, during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mrs. A. Wilkinson was also a director of AXA PPP healthcare limited, during the year and her emoluments, which relate to their services to the AXA Group as a whole, are disclosed in the financial statements of that company.

9 Auditors' remuneration

During the year the Company obtained the following services from the Company's auditor at costs detailed below:

	2018 £ 000	2017 £ 000
Audit of the financial statements	23	18

The fees for the year ended 31 December 2018 are paid by a fellow group undertaking and are not recharged to the Company.

The prior year figure has been amended to exclude VAT.

10 Other interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest income on bank deposits	5	2

11 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Interest on obligations under finance leases and hire purchase contracts	86	118

12 Income tax

Tax (credited)/charged in the profit and loss account

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	(26)	193
UK corporation tax adjustment to prior periods	(87)	(6)
	(113)	187
Deferred taxation		
Arising from origination and reversal of temporary differences	(55)	(34)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	60	28
Total deferred taxation	5	(6)
Tax (credit)/charge in the profit and loss account	(108)	181

12 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
(Loss)/profit before tax	(638)	736
Corporation tax at standard rate	(121)	142
Increase (decrease) in current tax from adjustment for prior periods	(27)	22
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	34	12
Deferred tax expense relating to changes in tax rates or laws	6	5
Total tax (credit)/charge	(108)	181

The standard rate of tax applied to the reported profit on ordinary activities is 19.00% (2017: 19.25%).

Changes to the UK corporation tax rates were enacted in the Finance Act 2016, reducing the main rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

The impact included in the tax charge for the year is a charge of £6,233 (2017: £4,572).

Deferred tax

Deferred tax assets and liabilities

2018	Asset £ 000
Accelerated tax depreciation	115
Time Differences	19
	134

2017	Asset £ 000
Accelerated tax depreciation	128
Time Differences	11
	139

12 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	128	(13)	115
Time Differences	11	8	19
Net tax assets/(liabilities)	139	(5)	134

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	123	5	128
Time Differences	10	1	11
Net tax assets/(liabilities)	133	6	139

13 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Other property, plant and equipment £ 000	Monitoring equipment £'000	Total £ 000
Cost or valuation					
At 1 January 2018	1,019	7	16	3,693	4,735
Additions	-	-	-	1,234	1,234
Disposals	-	-	-	(337)	(337)
At 31 December 2018	1,019	7	16	4,590	5,632
Depreciation					
At 1 January 2018	60	3	16	1,637	1,716
Charge for the year	50	2	-	936	988
Eliminated on disposal	-	-	-	(337)	(337)
Impairment	109	-	-	-	109
At 31 December 2018	219	5	16	2,236	2,476
Carrying amount					
At 31 December 2018	800	2	-	2,354	3,156
At 31 December 2017	959	4	-	2,056	3,019

13 Tangible assets (continued)

The land and buildings were valued at £800k as at 31 December 2018 on a fair value basis by Cushman & Wakefield Limited, who are independent chartered surveyors and provide valuation services across all AXA UK's properties. The decrease in the valuation compared to the prior year has resulted in the carrying value exceeding the year end valuation, resulting in the impairment of the asset to its recoverable value. The impairment charge has been recorded within administrative expenses.

The total net book value of monitoring equipment as at 31 December 2018 includes £1,083k in respect of assets held under finance leases (2017: £1,699k).

14 Stock

	2018 £ 000	2017 £ 000
Finished goods and goods for resale	145	113

15 Debtors

	2018 £ 000	Restated 2017 £ 000
Trade debtors	136	180
Prepayments	364	191
Other debtors	378	461
Deferred tax assets	134	139
	1,012	971

16 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	159	161
Income tax liability	80	205
Social security and other taxes	96	114
Amounts due to related parties	2,886	2,030
Obligations under finance lease and hire purchase contracts	526	633
Other creditors	31	28
Accrued expenses	1,607	1,754
	5,385	4,925

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

17 Creditors: Amounts falling due after more than one year

	2018 £ 000	2017 £ 000
Obligations under finance leases and hire purchase contracts	575	1,101
Accruals and deferred income	19	80
	594	1,181

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2018 £ 000	2017 £ 000
Not later than one year	526	633
Later than one year and not later than five years	575	1,101
	1,101	1,734

The personal alarm units are leased under a finance lease. There is a £1.00 per unit purchase fee at the end of the 5 year term which has not been recognised in the Balance Sheet.

18 Other provisions

	Dilapidations £ 000
At 1 January 2018	100
At 31 December 2018	100

The dilapidations provision is in relation to leasehold property currently occupied by the Company. The provision is expected to be utilised in line with the lease term.

19 Share capital

Allotted, called up and fully paid shares

	2018 No. 000	 £ 000	2017 No. 000	 £ 000
Allotted, called up and fully paid: of £0.05 each	3,020	151	3,020	151

20 Reserves

Profit and loss account
Represents the accumulated profits and losses of the Company.

Prior year restatements have been made to remove the alarm upgrade provision. An assessment was undertaken where it has been determined that the requirements to replace the alarm units do not meet the recognition criteria for a provision under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, therefore the provision has been removed from the financial statements. The below table details the adjustments have had on prior year reserves.

Restatement of reserves	Share capital £ 000	Profit and loss account £ 000	Total £ 000
Previously stated at 1 January 2017	151	(536)	(385)
Reversal of provision	-	1,375	1,375
Deferred tax adjustment	-	(265)	(265)
Restated at 1 January 2017	151	574	725
Previously reported profit for the year ended 31 December 2017	-	297	297
Provision adjustment	-	289	289
Deferred tax adjustment	-	(31)	(31)
Restated at 31 December 2017	151	1,129	1,280
At 31 December 2018	151	599	750

21 Pension and other schemes

Staff pension costs

The Company operates a defined contribution scheme available to all of its employees. The pension costs charged in the financial statements represent the contribution payable by the Company during the year. The pension costs for the year are detailed below:

Outstanding contributions payable as at 31 December 2018 amount to £32k (2017: £26k).

22 Commitments

Operating leases

Operating lease commitments – where the Company is the lessee.

The commitments relate to land and buildings and are subject to rent reviews.

The lease agreement should have been terminated in February 2018 but the Company still occupies this property until the notice is served by the lease provider.

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

	2018 £ 000	2017 £ 000
Within one year	52	55
In two to five years	493	-
	545	55

The amount of non-cancellable operating lease payments recognised as an expense during the year was £54,000 (2017 - £50,000).

Operating lease rental receivable – where the Company is the lessor.

The rental receivable relates to land and buildings leased to the previous parent entity. The carrying amount of the associated asset is £800k as at 31 December 2018 (2017: £959k) shown within note 13.

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

2018	Minimum lease receipts £ 000
Within one year	57
In two to five years	283
In over five years	128
	468

23 Parent and ultimate parent undertaking

The Company's immediate parent is AXA PPP Healthcare Group Limited.

The ultimate parent is AXA SA.

The most senior parent entity producing publicly available financial statements is AXA SA.

23 Parent and ultimate parent undertaking (continued)

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is AXA SA, incorporated in France.

The address of AXA SA is:
25, avenue Matignon, 75008 Paris, France.

The parent of the smallest group in which these financial statements are consolidated is Guardian Royal Exchange plc, incorporated in England.

The address of Guardian Royal Exchange plc is:
5 Old Broad Street, London EC2N 1AD.