

Healthcare Services Group Limited

Annual Report and financial statements

Year ended 31 December 2017

Company registration number: 3290933



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Company information

Directors

C Colpo	Resigned 28th February 2018
D Tinsley	
M James	Resigned 28th February 2018
J M Munzinger	Appointed 21st May 2018
N Pace	Appointed 21st May 2018

Secretary

AG Secretarial Limited

Registered Office

1 Progress Park
Bedford
MK42 9XE

Auditors

KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Principle Bankers

Royal Bank of Scotland
2 St Philips Place
Birmingham
B3 2RB

Directors' report

The directors submit their annual report and the financial statements of the company for the year ended 31 December 2017.

Principal activities

The principal activities of the subsidiary companies was the provision of specialist distribution and warehousing services mainly to the pharmaceutical industry and the provision of sales order processing for customers. Healthcare Services Group Limited acts as a holding company.

The Company ceased to trade in 2016. Accordingly the accounts are prepared on a non-going concern basis.

Review of the business and future developments

There was no profit or loss for the year ended 31 December 2017, after taxation (2016: nil).

The directors do not propose the payment of a dividend for the year ended 31 December 2017 (2016: £nil).

Principal risks and uncertainties

There are no key risks to report.

Directors

The following were directors of the company during the year ended 31 December 2017:

C Colpo
M James
D Tinsley

Directors' interests in shares

The directors have no interests in the share capital of the company.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Going concern assessment

Since the company has ceased to trade, the directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

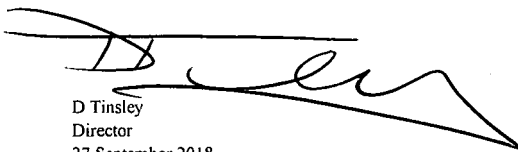
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP were appointed as auditors of the company and will therefore continue in office.

By order of the Board



D Tinsley
Director
27 September 2018
Registered Office
1 Progress Park
Bedford
MK42 9XE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial
- d. assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- e. use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the members of Healthcare Services Group Limited

Opinion

We have audited the financial statements of Healthcare Services Group Limited ("the company") for the year ended 31 December 2017 which comprise profit and loss account, the balance sheet, statement of changes in equity and related notes, including the accounting policies. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.

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 result for the year ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion that reports has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

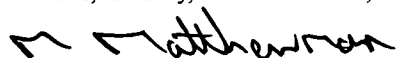
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Mark Matthewman (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
One North Fourth Street
MK9 1NE

Date: 27/9/18

Profit and Loss account and other comprehensive income

		Year ended 31 December 2017 £	Year ended 31 December 2016 £
	<i>Notes</i>		
Operating expenses		-	-
Profit before taxation	1	<u>-</u>	<u>-</u>
Taxation	3	-	-
Profit for the financial year		<u><u>-</u></u>	<u><u>-</u></u>

The results shown above are derived entirely from continuing operations.

There were no items of other comprehensive income during the current or preceding period other than the result for the financial period shown above.

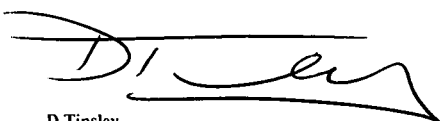
Notes on pages 11 to 12 form part of the financial statement.

Balance Sheet

		31 December 2017		31 December 2016	
	Note	£	£	£	£
Fixed Assets					
Investments	4		24,102,468		24,102,468
			<u>24,102,468</u>		<u>24,102,468</u>
Current assets					
Debtors	5	-	-	-	-
Current Liabilities					
Creditors: amounts falling due within one year	6	(1,212,409)		(1,212,409)	
Net current liabilities			(1,212,409)		(1,212,409)
Net Assets			<u>22,890,059</u>		<u>22,890,059</u>
Capital and reserves					
Called-up share capital	7		268,204		268,204
Share premium			751,031		751,031
Capital redemption reserve			7,500		7,500
Capital contribution reserve			21,869,128		21,869,128
Profit and loss account			(5,804)		(5,804)
Shareholders' funds			<u>22,890,059</u>		<u>22,890,059</u>

Notes on pages 11 to 12 form part of the financial statement.

These financial statements were approved by the board of directors on 27 September 2018 and were signed on its behalf by:



D Tinsley
Director

Company registration number: 3290933

Statement of changes in equity

	Called up Share Capital £000's	Share Premium Account £000's	Capital Redemption Reserve £000's	Capital Contribution Reserve £000's	Profit and Loss Account £000's	Total Equity £000's
Balance as at 1 January 2016	268,204	751,031	7,500	21,869,128	(5,804)	22,890,059
Total comprehensive income for the period						
Profit for the period	-	-	-	-	-	-
Transfer between Reserves	-	-	-	-	-	-
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-
Transactions with Owners, recorded directly in equity						
Capital Contribution from Parent	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
Balance as at 31 December 2016	268,204	751,031	7,500	21,869,128	(5,804)	22,890,059
Balance as at 1 January 2017	268,204	751,031	7,500	21,869,128	(5,804)	22,890,059
Total comprehensive income for the period						
Profit for the period	-	-	-	-	-	-
Transfer between Reserves	-	-	-	-	-	-
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-
Transactions with Owners, recorded directly in equity						
Capital Contribution from Parent	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
Balance as at 31 December 2017	268,204	751,031	7,500	21,869,128	(5,804)	22,890,059

Notes on pages 11 to 12 form part of the financial statement.

Accounting policies (forming part of the financial statements)

Accounting policies

Healthcare Services Group Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The company's ultimate parent undertaking Owens & Minor Inc includes the company in its consolidated financial statements. The consolidated financial statements of Owens and Minor Inc are prepared in accordance with US GAAP and are available to the public and may be obtained from www.owens-minor.com.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following :

- Reconciliation of number of shares
- Cash Flow Statement and related notes
- Key management personnel compensation

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value.

Investments

These are separate Financial Statements of the Company. Investments in subsidiaries are carried at cost less impairment.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Related party transactions

The company is a wholly owned subsidiary of Owens and Minor, Inc., the group financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS102 from disclosing transactions with wholly owned members of the Owens and Minor, Inc. group.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes to the financial statements

1 Profit on ordinary activities before taxation

All audit fees are paid through Movianto UK Limited. No element is recharged to the individual companies within the business unit.

Going concern

In a prior year, the directors took the decision to cease trading following rationalisation of the group. As the directors do not intend to acquire a replacement trade they have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

2 Staff numbers and costs

The company employed no staff during the year.

The four directors who served during the year were also directors of Movianto UK Limited, Healthcare Product Services Limited and Pharmacare Logistics Limited and three of the directors were also directors of Movianto Transport Solutions Limited. All companies are viewed together as one business unit (Movianto UK), a subsidiary of Healthcare Services Group Limited. Two directors of the company were employed by Movianto UK Limited. The total emoluments for these directors is as follows; all of which was paid by Movianto UK Limited. The remaining two directors' costs were borne by other companies within the Owens & Minor Group.

	2017	2016
	<u>2</u>	<u>3</u>
Number of directors that were member of the UK defined contribution pension scheme		
	2017	2016
	£	£
Emoluments	-	151,100
Payments for loss of office	-	-
Pension contributions to money purchase schemes	-	15,344
	<u>-</u>	<u>166,444</u>

3 Taxation

a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	2017	2016
	£	£
UK corporation tax	-	-
Tax on loss on ordinary activities (note 3(b))	<u>-</u>	<u>-</u>

b) Factors affecting the tax charge

The charge for the year can be reconciled to the profit per the income statement as follows :

	2017	2016
	£	£
Loss on ordinary activities before tax	<u>-</u>	<u>-</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	-	-
Transfer pricing adjustment	-	-
Adjustment in respect of prior years	-	-
Group relief	-	-
Total tax (note 3(a))	<u>-</u>	<u>-</u>

No provision for deferred taxation arises in 2017 (2016: £nil)

Notes to the financial statements

4 Investments

	2017	2016
	£	£
Cost and Net book value:		
At 1 January	24,102,468	24,102,468
Additions	-	-
At 31 December	<u>24,102,468</u>	<u>24,102,468</u>

The company holds 100% of the equity share capital and 100% of the voting rights of the following companies, all of which are registered at 1 Progress Park, Bedford, MK42 9XE.

Subsidiary Undertaking	Principal activity
Movianto UK Limited	Distribution and warehousing services to the pharmaceutical industry.
Healthcare Product Services Limited	Provision of sales order processing for customers.
Pharmacare Logistics Limited (Indirect)	Provision of sales order processing and warehousing for customers.
Movianto Transport Solutions Limited	Provision of overseas freight forwarding services to existing Movianto Group clients

5 Debtors

	2017	2016
	£	£
Deferred tax asset	-	-
	<u>-</u>	<u>-</u>

6 Creditors: amounts falling due within one year

	2017	2016
	£	£
Amounts owed to group undertakings	1,212,409	1,212,409
Other taxes and social security payable	-	-
	<u>1,212,409</u>	<u>1,212,409</u>

7 Share capital

	2017	2016
	£	£
Authorised:		
Equity interests:		
3,600,000 ordinary shares of 50p each	1,800,000	1,800,000
Non equity interests:		
200,000 preference shares of £1 each	200,000	200,000
	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, issued and fully paid		
Equity interests:		
536,408 ordinary shares of 50p each	<u>268,204</u>	<u>268,204</u>

8 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is O&M Movianto UK Holdings Limited, the Registered Office of which is located at 1 Progress Park, Bedford, MK42 9XE. The ultimate parent undertaking and controlling party is Owens and Minor, Inc, a company incorporated in the USA, the registered office of which is 9120 Lockwood Boulevard, Mechanicsville, Virginia, USA.

The smallest and largest group in which the company is consolidated is that headed by Owens and Minor, Inc., whose principal place of business is at Richmond, Virginia, USA. The group financial statements of Owens and Minor, Inc. are available to the public and may be obtained from 9120 Lockwood Boulevard, Mechanicsville, Virginia, USA.