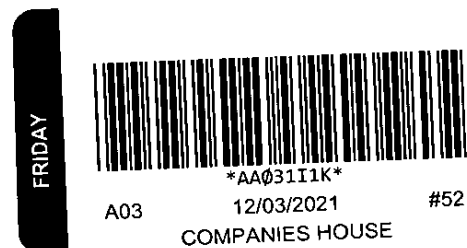




**Elysium Healthcare Limited**  
**Annual report and financial statements**  
**For the year ended 31 December 2019**

Registered number: 04063391



**Elysium Healthcare Limited**  
**Annual report and financial statements for the year ended 31 December 2019**  
**Company information**

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**Directors**

Joy Chamberlain  
Quazi Haque  
Steven Woolgar  
Keith Browner (appointed 1 May 2019)

**Company secretary**

Sarah Livingston

**Registered number**

04063391

**Registered office**

2 Imperial Place  
Maxwell Road  
Borehamwood  
WD6 1JN

**Elysium Healthcare Limited**  
**Annual report and financial statements for the year ended 31 December 2019**  
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**Elysium Healthcare Limited**  
**Strategic report**  
**For the year ended 31 December 2019**

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The directors present their strategic report for the year ended 31 December 2019.

**Principal activities**

The principal activity of the company is the operation of an independent rehabilitation hospital which provides learning disability and mental health services.

**Business review**

The company's turnover was principally derived from the provision of mental health care and other services to individuals for varying periods of stay, which have been individually agreed and put in place with the National Health Service ("NHS") or Clinical Commissioning Groups ("CCGs").

The company is part of the Elysium group (the "group" or "Elysium"), one of the largest providers of mental care, as well as neuro and complex community care services, in the United Kingdom. The Elysium brand has become well-recognised and respected within the healthcare market. The group and company ensure that its employees and clinicians are aligned to the "KITE" set of values:

- Kindness – in everything we say and do
- Integrity – being honest and doing the right thing
- Teamwork – working together to deliver great care and outcomes
- Excellence – being outstanding at what we do

These values seek to put the patient and service user at the heart of everything Elysium does and to deliver individualised, evidence-based care so that patients can move through pathways of care as their needs change. Elysium is committed to making carers an active part in each patient's recovery process and to helping everyone reach the end goal of more independent living.

The financial statements of Elysium Healthcare Limited have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 Healthcare Limited**  
**Strategic report**  
**For the year ended 31 December 2019 (continued)**

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**Profit and loss account**

The company's results for the year are summarised below:

	2019 £'m	2018 £'m
<b>Turnover</b>	<b>74.0</b>	<b>61.2</b>
<b>Operating loss</b>	<b>(14.3)</b>	<b>(13.6)</b>
Interest payable and similar expenses	(0.4)	(1.0)
<b>Loss before taxation</b>	<b>(14.6)</b>	<b>(14.6)</b>

Turnover for the year was £74.0 million (2018: £61.2 million) and arose predominantly from the provision of mental health services to patients for either the NHS or CGCs.

**Balance sheet**

The position of the company is set out in the balance sheet on page 13. Tangible assets component on the balance sheet has a net book value of £56.6 million (2018: £44.6 million).

**Principal risks and uncertainties**

Below are the principal risks and uncertainties to which the company is exposed. There exist no significant changes in these risks and uncertainties from the prior year.

**Regulatory risks**

The results of the company are subject to the regulatory environment and costs of compliance 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. The company's hospital is subject to regular review by the Care Quality Commission ("CQC"), and could be closed if compliance with their guidelines cannot be demonstrated. As part of a leading provider of mental health services group in the United Kingdom, the company is well-placed to respond to, and comply with, regulatory changes through the group's dedicated regulatory and compliance teams.

The company 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. The company believes that it has adequate safeguards in place to mitigate this risk.

**NHS contracts**

The NHS contracts under which the company operates are relatively standard and subject to annual review with each body. These provide clear benefits to the company, both in terms of income stability and visibility. However, as with any system, there could 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. The extent of any such modifications could have a favourable or adverse impact on the company. The company maintains a close dialogue with both the NHS and the government in developing care programmes so that appropriate changes to the company's services, if required, can be made in a timely manner.

**Principal risks and uncertainties (continued)**

**Doctors, clinicians and other qualified staff**

The company requires skilled doctors, psychologists, clinicians and nurses in order to care for its growing patient base. The directors recognise the importance of quality doctors and clinicians for ensuring the continued success of the company. The company 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 accommodated. Elysium's recently-launched 'overseas nurses' programme has been successful in recruiting nurses from Africa and the Caribbean. As a result of both this and the fact that the workforce does not contain a significant number of European Union nationals, the company does not see the UK's decision to withdraw from membership of the EU as materially impacting the supply of doctors and clinicians in the future.

The company 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.

**Impact of Brexit**

As discussed above, Brexit is expected to have an immaterial impact on the company's labour supply as the workforce does not contain a significant number of EU nationals. There does remain, however, continued uncertainty regarding changes to the UK's trading arrangements, customs agreements and tariffs post-Brexit. The company has considered the impact of a potential Brexit scenario and understands the impact on the business to predominantly be an increased cost of food and pharmaceuticals expected to impact the industry as a whole. Any currency devaluation would further cause the costs of imported medical supplies to increase. Developments continue to be monitored.

**Covid-19/Coronavirus**

The coronavirus pandemic has had a significant impact around the world, however with the company being within the healthcare industry, it is financially less exposed than other companies are to the threat which the virus presents. The company has traded well throughout the pandemic and expects to continue to do so for the foreseeable future. The company's principal risks as a result of Covid-19 have been around the likelihood of the coronavirus entering its sites and the availability of its staff.

The company has taken – and continues to take – various steps to prevent Covid-19 from entering its premises. Visits to services have been restricted to only those of an essential nature in line with government policy, hand hygiene has been strictly enforced, and there exist significantly enhanced cleaning routines. Specialist protective equipment is also readily available.

In instances where doctors, nurses and healthcare workers become ill with the coronavirus, shortages in staff availability are not experienced as available positions are backfilled by agency workers (of which there is no shortage).

## **Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company'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 company will rise with inflation and affect the company's income. The rates paid under the terms of the company's NHS contracts are generally reviewed on an annual basis and may or may not be in line with the consumer price index.

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

### **Credit risk**

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

### **Liquidity risk**

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

The company monitors its cash flow forecasts on a weekly basis 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 company's income or costs. The company has policies and procedures in place to mitigate the impact of fluctuations in interest rates and, in particular, to provide reasonable certainty over the company's cash flows through the use of the group's interest rate swaps.

The company'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 company's activities.

## **Key performance indicators**

The key performance indicators which assist management in achieving the company's business plans, strategic aims and various objectives are included within the strategic report of Elysium Healthcare Holdings 2 Limited, a holding company within the group.

**Elysium Healthcare Limited**  
**Strategic report**  
**For the year ended 31 December 2019 (continued)**

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**Going concern**

The company is part of a larger group, Elysium Healthcare Holdings 1 Limited (the “group”), and it meets its day to day working capital requirements through cash generated from operations and its borrowing facilities.

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate. In considering the forecast trading performance of the company in order to make this assessment, the directors have taken into account the potential impact of the coronavirus pandemic. Various scenarios have been considered and their impact calculated (neither of which was significant), including varying levels of occupancy, staff availability and working capital. In addition, the group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographical areas. There will always be a demand for mental healthcare; and with the company being within the healthcare industry (as opposed to other industries within the economy), the company is financially less exposed than other companies are to the threat which the virus presents.

In assessing the appropriateness of the going concern assumption, the directors have also considered the ability of the group to meet the debt covenants. The group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is able to operate comfortably within the level of its current facilities and meet its debt covenant obligations.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that it remains appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

In addition to the above, the company has received a letter of support from Elysium Healthcare Holdings 2 Limited.

**Future outlook and strategy**

The directors believe that the company continues to be well-positioned to take advantage of further opportunities.

In particular, the company will continue to focus on delivering growth through:

- delivering high quality care and promoting the highest clinical standards
- investing in its fixed assets
- leveraging the investment in the Elysium Healthcare brand to attract new patients, increase brand recognition and expand its service offering
- implementing improved systems and processes to increase productivity, efficiency and oversight
- using the size of the group’s portfolio and systems to procure materials and services more efficiently and effectively

Approved by the Board and signed on its behalf by:



**Keith Browner**  
Director  
7 December 2020



**Elysium Healthcare Limited**  
**Directors' report**  
**For the year ended 31 December 2019**

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The directors present their annual report on the affairs of the company, together with the financial statements, for the year ended 31 December 2019.

The strategic report includes a review of the group and company's business, future developments and a description of the principal risks and uncertainties facing the group and company as required by section 414C(11) of the Companies Act 2006.

**Dividends**

The directors do not recommend the payment of a dividend (2018: £nil).

**Directors**

The directors who served during the year and up to the date of signing the financial statements were as follows:

Joy Chamberlain  
Quazi Haque  
Steven Woolgar  
Keith Browner (appointed 1 May 2019)

**Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefits of its directors, which were made during the period and remain in force at the date of this report.

**Employee involvement**

Elysium 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 continually strive for improvements in all aspects of the business and to be active members of the teams 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 to actively contribute to the company. The company gives two-way internal communication high priority, with a ward to board governance structure; feedback is actively sought.

Elysium continually strives to achieve higher levels of staff retention, to promote equality and diversity in its workforce, and to support self-development when consistent with the company's objectives.

**Disabled employees**

Elysium 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.

In addition to complying with the requirements of the Equality Act 2010, Elysium 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 company attempts to ensure they remain in employment by making reasonable adjustment to accommodate their disability.

**Elysium Healthcare Limited**  
**Directors' report**  
**For the year ended 31 December 2019 (continued)**

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**Post balance sheet events**

Details of events subsequent to the balance sheet date are disclosed in note 23 to the financial statements.

**Audit**

For the year ending 31 December 2019, the company was entitled to an exemption from audit under section 479A of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.



**Keith Browner**  
Director  
7 December 2020

**Elysium Healthcare Limited**  
**Statement of directors' responsibilities**  
**For the year ended 31 December 2019**

---

The directors are responsible 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

Elysium Healthcare Limited has claimed the audit exemption relating to qualifying subsidiaries under section 479A of the Companies Act 2006.

**Elysium Healthcare Limited**  
**Profit and loss account**  
**For the year ended 31 December 2019**

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	Notes	2019 £'000	2018 £'000
<b>Turnover</b>	5	<b>74,044</b>	61,172
Cost of sales		<u>(63,515)</u>	<u>(52,048)</u>
<b>Gross profit</b>		<b>10,529</b>	9,124
Administrative expenses		<b>(24,781)</b>	(22,754)
<b>Operating loss</b>	6	<b>(14,252)</b>	(13,630)
Interest payable and similar expenses	9	<b>(386)</b>	(954)
<b>Loss before taxation</b>		<b>(14,638)</b>	(14,584)
Taxation	10	<b>(1,386)</b>	-
<b>Loss for the year</b>		<b>(16,024)</b>	(14,584)

There were no recognised gains and losses for the year other than those included in the profit and loss account.

All amounts relate to continuing operations.

The notes on pages 15 to 31 form part of these financial statements.

**Elysium Healthcare Limited**  
**Balance sheet**  
**As at 31 December 2019**

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investments	11	64,973	64,973
Tangible fixed assets	12	56,588	44,594
<b>Current assets</b>		<b>104,384</b>	<b>9,063</b>
Stock	13	281	202
Debtors: amounts falling due within one year	14	104,016	8,861
Cash at bank and in hand		87	-
Creditors: amounts falling due within one year	16	(210,429)	(86,898)
<b>Net current liabilities</b>		<b>(106,045)</b>	<b>(77,835)</b>
<b>Total assets less current liabilities</b>		<b>15,516</b>	<b>31,732</b>
Creditors: amounts falling due after more than one year	17	(10,047)	(10,246)
Provision for liabilities and charges	18	(120)	(113)
<b>Net assets</b>		<b>5,349</b>	<b>21,373</b>
<b>Capital and reserves</b>			
Called up share capital	19	29,762	29,762
Merger reserve	19	(5,621)	(5,621)
Profit and loss account	19	(18,792)	(2,768)
<b>Shareholder's funds</b>		<b>5,349</b>	<b>21,373</b>

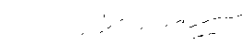
The company's registered number is 04063391.

For the year ending 31 December 2019, the company was entitled to an exemption from audit under section 479A of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved and authorised by the Board and were signed on its behalf on 7 December 2020.



**Keith Browner**  
Director

The notes on pages 15 to 31 form part of these financial statements.

**Elysium Healthcare Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2019**

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	<b>Called up share capital £'000</b>	<b>Merger reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total shareholder's funds £'000</b>
<b>At 1 January 2018</b>	<b>29,762</b>	<b>(5,621)</b>	<b>11,816</b>	<b>35,957</b>
Loss for the year	-	-	(14,584)	(14,584)
<b>At 31 December 2018</b>	<b>29,762</b>	<b>(5,621)</b>	<b>(2,768)</b>	<b>21,373</b>
Loss for the year	-	-	(16,024)	(16,024)
<b>At 31 December 2019</b>	<b>29,762</b>	<b>(5,621)</b>	<b>(18,792)</b>	<b>5,349</b>

The notes on pages 15 to 31 form part of these financial statements.

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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**1. General information**

Elysium Healthcare Limited (the "company") is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the company's registered office is 2 Imperial Place, Maxwell Road, Borehamwood, WD6 1JN.

**2. Basis of preparation**

The financial statements of Elysium Healthcare Limited have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* ("FRS 102") and the Companies Act 2006.

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. The functional currency of the company is Pound Sterling as 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 Healthcare 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 financial statements. Elysium Healthcare Holdings 2 Limited has prepared consolidated financial statements, within which Elysium Healthcare Limited is consolidated. These are available from 2 Imperial Place, Maxwell Road, Borehamwood, 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. Refer to note 4(k) for further details.

### **3. Going concern**

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate, having given due consideration to current trading forecasts and the various facilities available to the company.

The company is part of a larger group, Elysium Healthcare Holdings 1 Limited (the “group”), and it meets its day to day working capital requirements through cash generated from operations and its borrowing facilities. As at 31 December 2019, the company had net current liabilities of £105.5 million (2018: £77.8 million), net assets of £5.9 million (2018: £21.4 million) and made a loss during the year of £15.5 million (2018: £14.6 million).

In making their going concern assessment, the directors have taken into account the potential impact of the coronavirus pandemic. The group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographical areas. There will always be a demand for mental healthcare; and with the company being within the healthcare industry (as opposed to other industries within the economy), the recent outbreak of the coronavirus pandemic is not expected to have a negative impact on the company’s results. The National Health Service, the company’s largest customer, has provided additional support during this pandemic, and steps have been taken to bolster liquidity and reimburse Covid-19 related costs. Occupancy numbers remain strong, and staffing levels have been maintained due to the large supply of agency workers to which the company has access. As a consequence, the directors believe that the company is well-placed to manage its business risks successfully despite the current uncertain economic outlook.

In considering the forecast trading performance of the company, the directors have considered the impact of the coronavirus pandemic. The assessment made recognises the inherent uncertainty associated with any forecasting at the present time, and, whilst the directors believe that trading performance will remain robust, the scenarios prepared have included consideration of the impact of, specifically, the following on the company’s forecast trading performance; none of which resulted in any significant adverse impact thereon:

- Occupancy levels
- Availability of staff
- Any possible changes to the regulatory and legislative environment
- Business continuity as a result of non-clinical staff engaging in remote working
- Changes in credit risk and working capital (continuation of payment to terms and/or enhanced terms from funders)

In assessing the appropriateness of the going concern assumption, the directors have considered the ability of the group to meet the debt covenants. The group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is able to operate comfortably within the level of its current facilities and meet its debt covenant obligations.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that it remains appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

In addition to the above, the company has received a letter of support from Elysium Healthcare Holdings 2 Limited.



#### **4. Summary of significant accounting policies**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both 2019 and 2018, unless otherwise stated.

##### **a) Turnover**

Turnover represents the supply of services including, bed fees, observation fees, training fees and is stated net of VAT, rebates and trade discounts and represents the value of services provided and delivered under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Turnover received in advance is included in deferred income until the service is provided. Turnover in respect of services provided but not yet invoiced by the year end is included within accrued income.

##### **b) Interest payable**

Interest payable is recognised in the statement of profit or loss using the effective interest rate method.

##### **c) Tangible fixed assets**

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided and recognised in the profit and loss account on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Freehold buildings 50 years
- Leasehold buildings 50 years
- Motor vehicles 4 years
- Fixtures, fittings and equipment 3 to 10 years

Assets in the course of construction represent the direct costs of purchasing, constructing and installing property, plant and equipment ahead of their productive use.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Assets held under finance leases are depreciated on the same basis as owned assets.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the profit and loss account.

#### **4. Summary of significant accounting policies (continued)**

##### **d) Leases**

In 2016 the company entered into a number of sale and leaseback arrangements for the disposal of some of its freehold land and buildings, and at the same time entered into a 125 year term finance lease for the buildings and an operating lease of the same term for the rental of the land.

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### **4. Summary of significant accounting policies (continued)**

##### **e) Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Investments**

Investments in subsidiaries are measured at cost less impairment.

##### **Debtors**

Debtors are initially measured at transaction price including any transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment losses, and are assessed for indicators of impairment at each balance sheet date.

##### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### **f) 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.

##### **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.

#### **4. Summary of significant accounting policies (continued)**

##### **g) Taxation**

Current 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.

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:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- 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.

#### **4. Summary of significant accounting policies (continued)**

##### **h) Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### **Short-term benefits**

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

##### **Pensions**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **i) Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### **j) Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### **4. Summary of significant accounting policies (continued)**

##### **k) Critical accounting estimates and judgements**

The preparation of the financial statements requires the use of certain critical accounting estimates. The following is the only significant critical judgement, apart from judgements involving estimations (which is dealt with separately below), that the directors have made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### **Impairment reviews**

FRS 102 requires management to test for impairment of tangible assets if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. All of the company's assets were assessed for indicators of impairment, and no such indicators were present.

##### **l) Key sources of estimation uncertainty**

In preparing the financial statements, the directors are required to make 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. Management have assessed that there are no material sources of uncertainty.

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**5. Turnover**

All of the company's turnover is attributable to its principal activity. It is all derived in the United Kingdom.

**6. Operating loss**

The following items have been charged in arriving at operating loss:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of tangible fixed assets	<b>3,532</b>	3,056
(Profit)/loss on disposal of fixed assets	<b>(8)</b>	1
Operating lease rentals	<b>179</b>	180
Auditor's remuneration - current year	<b>-</b>	39

**7. Employees**

Staff costs were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>42,731</b>	38,468
Social security costs	<b>4,075</b>	3,631
Defined contribution scheme contributions	<b>1,207</b>	863
	<b><u>48,013</u></b>	<b><u>42,962</u></b>

The average number of employees, including directors, was as follows:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Clinical staff	<b>1,210</b>	1,078
Administrative staff	<b>512</b>	483
	<b><u>1,722</u></b>	<b><u>1,561</u></b>

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**8. Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments	<b>1,050</b>	1,252
Compensation for loss of office	-	263
	<b><u>1,050</u></b>	<b><u>1,515</u></b>

Defined contribution scheme contributions were made to no directors during the year (2018: one). The highest paid director in the year received remuneration of £400,000 (2018: £431,000) and no accrued pension provision (2018: £nil).

**9. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Finance fees	-	575
Interest payable on finance leases	<b>386</b>	379
	<b><u>386</u></b>	<b><u>954</u></b>



**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**10. Taxation**

The major components of income tax expense are as follows:

	2019 £'000	2018 £'000
<b>Current tax</b>		
Current year	-	-
Adjustments for prior periods	<u>(1,672)</u>	-
	(1,672)	-
<b>Deferred tax</b>		
Current year	17	-
Deferred tax asset now recognised as recoverable	<u>269</u>	-
	286	-
	<u>(1,386)</u>	-

The standard rate of UK corporation tax is 19% (2018: 19%). There is no expiry date on timing differences, unused tax losses or tax credits.

A reconciliation between the tax expense and the accounting loss multiplied by the tax rate of 19% (2018: 19%) is as follows:

	2019 £'000	2018 £'000
Loss before tax	<u>(14,638)</u>	<u>(14,584)</u>
At the standard UK corporation tax rate of 19% (2018: 19%)	2,781	2,771
Effects of:		
Expenses not deductible for tax purposes	(4)	(592)
Income not subject to tax	2	-
Transfer pricing	-	267
Adjustments for prior periods	(1,671)	-
Timing differences on fixed assets	(485)	(136)
Group relief	(2,276)	(1,928)
Effect of change in tax rate	(2)	(40)
Increase in estimate of recoverable deferred tax	269	-
Unrecognised deferred tax	-	(342)
	<u>(1,386)</u>	-

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**11. Investments**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
At beginning and end of the year	<u>64,973</u>	<u>64,973</u>

The movement for the year is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
At beginning of the year	<b>64,973</b>	66,028
Impairment charge	-	(1,055)
At end of the year	<u><b>64,973</b></u>	<u>64,973</u>

The company's investments in subsidiaries are as follows:

<b>Subsidiary</b>	<b>Principal activity</b>
Elysium Healthcare Property 1 Limited	Property holding company
Elysium Healthcare Property 2 Limited	Property holding company
Elysium Healthcare Property 3 Limited	Property holding company
Elysium Healthcare Property 4 Limited	Property holding company
Elysium Healthcare Property 5 Limited	Property holding company

All entities are 100% owned. All entities are incorporated in England and Wales. The registered address of all entities is 2 Imperial Place, Maxwell Road, Borehamwood, WD6 1JN. The entities have all taken a subsidiary guarantee from Elysium Healthcare Holdings 2 Limited and have taken the audit exemption under section 479A of the Companies Act 2006.

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**12. Tangible fixed assets**

	<b>Fixtures fittings &amp; equipment £'000</b>	<b>Land &amp; buildings £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2019	10,179	40,437	394	<b>51,010</b>
Additions	7,931	7,558	54	<b>15,543</b>
Disposals	<u>(225)</u>	<u>(1)</u>	<u>(1)</u>	<b><u>(227)</u></b>
At 31 December 2019	17,885	47,994	447	<b>66,326</b>
<b>Accumulated depreciation</b>				
At 1 January 2019	(3,189)	(3,052)	(175)	<b>(6,416)</b>
Depreciation charge for the year	(1,947)	(1,481)	(104)	<b>(3,532)</b>
Disposals	<u>208</u>	<u>1</u>	<u>1</u>	<b><u>210</u></b>
At 31 December 2019	(4,928)	(4,532)	(278)	<b>(9,738)</b>
<b>Net book value</b>				
At 31 December 2019	<b><u>12,957</u></b>	<b><u>43,462</u></b>	<b><u>169</u></b>	<b><u>56,588</u></b>
At 31 December 2018	6,990	37,385	219	44,594

The net book value of land and buildings is £43,462,000 (2018: £37,385,000). Of this amount, £1,410,000 (2018: £1,393,000) is long leasehold.

**13. Stock**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Food, pharmaceuticals and other consumables	<b><u>281</u></b>	<b><u>202</u></b>

Stock recognised in cost of sales during the year as an expense was £2,600,000 (2018: £1,202,000). There was no evidence of stock obsolescence during the year.

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**14. Debtors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	2,706	4,270
Prepayments and accrued income	6,895	1,929
Corporation tax	-	1,043
Deferred tax (refer note 15)	286	-
Other debtors	253	639
Amounts owed by group companies	93,876	980
	<b><u>104,016</u></b>	<b><u>8,861</u></b>

Amounts owed by group companies are unsecured, interest free and repayable on demand.

**15. Deferred tax**

The deferred tax balance comprises the following:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	<b><u>286</u></b>	<b><u>-</u></b>

The movement on the deferred tax account during the year is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
At beginning of the year	-	-
Credit to profit and loss	286	-
At end of the year	<b><u>286</u></b>	<b><u>-</u></b>

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**16. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>1,769</b>	2,606
Accruals and deferred income	<b>5,617</b>	1,154
Bank overdraft	<b>1,739</b>	598
Corporation tax	-	-
Social security and other taxes	<b>2,588</b>	2,756
Short-term lease creditors	<b>398</b>	378
Other creditors	<b>1,701</b>	560
Amounts owed to group companies	<b>196,617</b>	78,846
	<b><u>210,429</u></b>	<b><u>86,898</u></b>

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

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**17. Creditors: amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Long-term lease creditors	<u><b>10,047</b></u>	<u><b>10,246</b></u>

Finance lease payments are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Minimum lease payments</b>		
Within one year	<b>398</b>	<b>378</b>
Between two and five years	<b>1,593</b>	<b>1,510</b>
After five years	<u><b>46,229</b></u>	<u><b>44,555</b></u>
	<b>48,220</b>	<b>46,443</b>
Less: future finance charges	<u><b>(37,775)</b></u>	<u><b>(35,819)</b></u>
	<u><b>10,445</b></u>	<u><b>10,624</b></u>

**Present value of minimum lease payments**

Within one year	<b>384</b>	<b>34</b>
Between two and five years	<b>1,400</b>	<b>1,330</b>
After five years	<u><b>8,661</b></u>	<u><b>9,260</b></u>
	<u><b>10,445</b></u>	<u><b>10,624</b></u>

**Finance lease creditors**

Within one year (refer note 16)	<b>398</b>	<b>378</b>
After more than one year	<u><b>10,047</b></u>	<u><b>10,246</b></u>
	<u><b>10,445</b></u>	<u><b>10,624</b></u>

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**18. Provision for liabilities and charges**

	2019 £'000	2018 £'000
Provision for legal claims	<u>120</u>	<u>113</u>

The provision legal claims is based on management's estimates of legal costs of liabilities that are not covered by insurance. There is uncertainty regarding the timing of any outflows.

**19. Capital and reserves**

**Called up share capital**

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

	2019 £'000	2018 £'000
<b>Allotted, called up and fully paid</b>		
29,762,215 (2018: 29,762,215) ordinary shares of £1 each	<u>29,762</u>	<u>29,762</u>

**Profit and loss account**

The profit and loss account includes all current and prior year profits and losses.

**Merger reserve**

This reserve is a result of an intergroup re-organisation.

**20. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions of £1,207,000 (2018: £863,000) were made to the scheme during the year, of which £117,000 (2018: £117,000) remains payable at the balance sheet date, which is included in other creditors.

**Elysium Healthcare Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019 (continued)**

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**21. Operating lease commitments**

As at 31 December 2019, the company had the following minimum lease commitments under non-cancellable operating leases:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	<b>168</b>	154
Between two and five years	<b>675</b>	616
After five years	<b>19,922</b>	18,434
	<b><u>20,765</u></b>	<b><u>19,204</u></b>

**22. Capital commitments**

Capital commitments, which relate to building or refurbishment projects which have been contracted for but not yet received, total £7,732,000 at 31 December 2019 (2018: £1,474,000). The commitments will be financed internally.

**23. Subsequent events**

There were no subsequent events occurring between the end of the financial year and the date on which the financial statements were approved.

**24. Related parties**

Related party transactions with directors are detailed in note 8, whilst related party balances with group entities are included in notes 14 and 16 to the accounts.

**25. Controlling party**

The immediate parent undertaking is Elysium Healthcare Holdings 3 Limited with registered office at 2 Imperial Place, Maxwell Road, Borehamwood, WD6 1JN.

The ultimate parent undertaking is P Health S.à.r.l., a company incorporated in Luxembourg with registered address at 29 Avenue de la Porte Neuve, L-2227 Luxembourg, which is controlled by funds advised by BC Partners LLP.

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, WD6 1JN, from where the consolidated financial statements of both Elysium Healthcare Holdings 1 Limited and Elysium Healthcare Holdings 2 Limited may be obtained.