MEDICAL CARE DIRECT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2013

Registered number 4119418

Contents

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of Medical Care Direct Limited ('the Company') is the sourcing of private medical treatment for private individuals, insurers and trust fund administrators.

The Directors are disappointed to report a loss for 2013, £(34k) (2012: (£8k)) but note that a significant resource was invested in income generation activity in 2013, with results to be seen from 2014 onwards. Turnover for the year was increased and costs were well contained.

PRINCIPAL RISK AND UNCERTAINTIES

Medical Care Direct Limited, as part of the Skipton Building Society Group has a formal structure for managing risks through its risk management framework.
The principal risks and uncertainties of the Company pertain to raising the profile of the Company sufficiently to enable it to attract volumes of retail customers.
This risk is mitigated by a number of factors. The parentage of both Skipton Building Society and The Private Health Partnership Limited raises the profile of the Company and introduces high level contacts in larger organisations whilst lending credibility to the Company and enabling it to satisfy robust due diligence requirements. The key personnel involved with the Company from the parent also have large numbers of industry contacts.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the Company's policy to agree payment terms and conditions in advance of the supply of goods and endeavour to conform to those payment terms. Creditor days at 31 December 2013 were 48 (2012: 45).

DIRECTORS

The Directors who served during the year were:

M J Jones
A C Robinson
J E Lawson
I M Cornelius

Mr I M Cornelius is a Director of the ultimate parent undertaking Skipton Building Society. Mr A C Robinson is a Director of Skipton Group Holdings Limited. Ms J E Lawson is a Director of The Private Health Partnership Limited. The interests in the shares of the Group companies are not required to be recorded in the register maintained by the Company.

Other Directors of the Company as at 31 December 2013 had no other interests in the shares of any other Group undertaking at any time during the year.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company did not make any charitable or political donations during the year (2012: nil).

DIVIDENDS

No dividends were paid or received during the year ended 31 December 2013 (2012: nil).

GOING CONCERN

Notwithstanding net liabilities at 31 December 2013, the Directors believe that it is appropriate to prepare these financial statements on a going concern basis. The current economic environment is difficult and the Company has reported a loss before tax for the period. However, the Directors consider that the outlook is more favourable for the Company and expects the Company to be profitable in the forthcoming year. A letter of support for the next 12 months has been provided by The Private Health Partnership Limited.

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Medical Care Direct Limited

We have audited the financial statements of Medical Care Direct Limited for the year ending 31 December 2013 set out on pages 7 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 of the information and explanations we require for our audit.

Katherine Clinton

Katherine Clinton (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

29 January 2014

Statement of Comprehensive Income
for year ended 31 December 2013

	Note	2013	2012
		£	£
Revenue	1	**345,506**	338,087
Administrative expenses		**(378,949)**	(337,126)
Operating (Loss)/profit	3	**(33,443)**	961
Finance income	4	**47**	46
Finance expenses	5	**(10,359)**	(10,671)
Loss before tax		**(43,755)**	(9,664)
Tax credit	7	**9,345**	1,862
Loss for the year		**(34,410)**	(7,802)

The loss for the current and comparative financial period was derived wholly from continuing operations.

There were no other recognised items of income or expenditure during the year or prior period and so a separate statement of other comprehensive income and expenditure has not been presented.

The Statement of Comprehensive Income is prepared on an unmodified historical cost basis.

The notes on pages 11 to 22 form part of these financial statements.

Statement of Financial Position
at 31 December 2013

	Note	2013	2012
		£	£
Non-current assets			
Property, plant and equipment	11	**6,062**	21,594
Intangible assets	10	**3,309**	5,873
Deferred tax assets	12	**5,174**	5,393
Total non-current assets		**14,545**	32,860
Current assets			
Trade and other receivables	8	**142,586**	138,384
Cash and cash equivalents	9	**212,715**	169,676
Current tax asset		**7,502**	-
Total current assets		**362,803**	308,060
TOTAL ASSETS		**377,348**	340,920
Current liabilities			
Trade and other payables	13	**810,721**	737,540
Current tax liability		-	2,343
Total liabilities		**810,721**	739,883
Equity			
Share capital	14	**11,250**	11,250
Share premium		**47,502**	47,502
Retained earnings		**(492,125)**	(457,715)
Total equity		**(433,373)**	(398,963)
TOTAL EQUITY & LIABILITIES		**377,348**	340,920

These financial statements were approved by the board of directors on 29 January 2014 and were signed on its behalf by:

J E Lawson
Director

A C Robinson
Director

Registered number 4119418

The notes on pages 11 to 22 form part of these financial statements.

Statement of Changes in Equity
for year ended 31 December 2013

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 1 January 2013	11,250	47,502	(457,715)	(398,963)
Loss for the period	-	-	(34,409)	(34,410)
Balance at 31 December 2013	11,250	47,502	(492,124)	(433,373)

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Balance at 1 January 2012	11,250	47,502	(449,913)	(391,161)
Loss for the period	-	-	(7,802)	(7,802)
Balance at 31 December 2012	11,250	47,502	(457,715)	(398,963)

The notes on pages 11 to 22 form part of these financial statements.

Statement of Cash Flows
for year ended 31 December 2013

	Note	2013	2012
		£	£
Cash flows from operating activities			
Loss before tax		**(43,754)**	(9,664)
Adjustments for:			
Depreciation	11	**12,668**	19,723
Amortisation	10	**5,538**	6,731
Loss on sale of property, plant and equipment		**3,225**	8
Proceeds from sale of property, plant and equipment		**4,000**	-
Interest expense	5	**10,359**	10,671
Finance income	4	**(47)**	(46)
(Increase)/decrease in trade and other receivables	8	**(4,202)**	106,401
Increase/(decrease) in trade and other payables	13	**73,181**	(7,062)
		60,968	126,762
Interest paid	5	**(10,359)**	(10,671)
Taxation received		**(280)**	12,025
Net cash from operating activities		**50,329**	128,116
Cash flows from investing activities			
Interest received	4	**47**	46
Acquisition of property, plant and equipment	11	**(4,363)**	(2,440)
Acquisition of intangible assets	10	**(2,974)**	(806)
Net cash used in investing activities		**(7,290)**	(3,200)
Net increase in cash and cash equivalents		**43,039**	124,916
Cash and cash equivalents at 1 January		**169,676**	44,760
Cash and cash equivalents at 31 December	9	**212,715**	169,676

The notes on pages 11 to 22 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Medical Care Direct Limited ("the Company") is a company incorporated and domiciled in the UK.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(a) Basis of accounting
The financial statements are presented in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the EU and effective at 31 December 2013.

A number of new accounting policies have been adopted in the year.

Note 2 to the accounts sets out details of these new accounting policies adopted in the year and the impact of these adoptions on the financial statements.

Currency presentation
The annual accounts are presented in pounds Sterling and, except where otherwise indicated, have been rounded to the nearest pound.

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

Going Concern
The current economic environment is difficult and the Company has reported a loss for the period. However, the Directors consider that the outlook is more favourable for the Company and expects the Company to be profitable within the next year.

(b) Revenue recognition
Income is recognised over the period during which it is earned.

(c) Critical accounting estimates and judgements in applying accounting policies
The Company makes estimates and assumptions that affect the reported amount of assets and liabilities within the next financial year. The Company also has to make judgements in applying its accounting policies which affect the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(d) Property, plant and equipment
Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases:

Motor Vehicles	-	25% reducing balance
Office equipment	-	3-5 years straight line

(e) Intangible assets
Intangible assets include software development costs and purchased software that in the opinion of the Directors meets the definition of an intangible asset. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the day they are available for use. The estimated useful lives are as follows:

Purchased Software	-	3 years

(f) Leases
A lease that transfers substantially all the risks and rewards of ownership of an asset, is treated as a finance lease.

All other leases are accounted for as operating leases. Costs of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Notes to the financial statements (continued)

(g) Taxation
Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the statement of comprehensive income except where items are recognised directly in equity, in which case the associated income tax asset or liability is recognised via equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted or substantively enacted on the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The UK corporation tax rate will reduce to 21% effective from 1 April 2014 and 20% from 1 April 2015. It has not been possible to quantify the full anticipated effect of the reduction.

(h) Pensions
The company operates a defined contribution pension scheme. Contributions for the year are charged to the statement of comprehensive income.

(i) Cash and cash equivalents
Cash and cash equivalents comprise bank balances payable on demand.

(j) Financial instruments
Trade receivables and payables are recognised on a fair value basis. Financial assets are derecognised when the contractual right to cash flows expires, or the financial asset is transferred to another party and the right to receive cash flows is also transferred. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or has expired.

(k) Impairment
The carrying amounts of the Company's assets are reviewed at each year end to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The carrying amount of the asset is reduced through a provision account and the amount of the loss is recognised in the statement of comprehensive income.

2. Adoption of new and revised International Financial Reporting Standards

The following standards and amendments to standards have been adopted during the year:

- Amendments to IAS 1, *Presentation of items of Other Comprehensive Income.* This amendment is effective from 1 January 2013 and requires items presented in the statement of other comprehensive income to be grouped on the basis of whether they are potentially re-classifiable to profit or loss in subsequent periods. The impact of this amendment has had no impact on the financial statements of the Company.

- IFRS 13, *Fair Value Measurement.* Effective from 1 January 2013, this new standard defines fair value and sets out in a single framework comprehensive guidance for measuring fair value. The standard does not change the requirements with regards to which financial and non-financial assets and liabilities will be measured at fair value. This amendment does not have a financial impact on these financial statements.

- IFRS 7, *Financial Instruments – Disclosures.* Amendments to IFRS 7 '*Disclosures – Offsetting Financial Assets and Financial Liabilities*' is effective from 1 January 2013 and requires new disclosures for all recognised financial instruments that are offset in the Statement of Financial Position. The amendment has had no impact on the financial statements of the Company.

The Company notes that there are also new accounting standards on the horizon, which are neither adopted by the EU nor effective at 31 December 2013 including IFRS 9. IFRS 9 is still subject to EU endorsement, the timing of which is uncertain, but is currently expected to be effective for annual periods beginning on or after 1 January 2015. As such the Company is monitoring developments and considering the associated impact on the Company financial statements.

Notes to the financial statements (continued)

3. Operating (Loss) / Profit

	2013	2012
	£	£
Operating (Loss) / Profit has been arrived at after charging:		
Depreciation of property, plant and equipment (note 11)	**12,668**	19,723
Amortisation of intangibles (note 10)	**5,538**	6,731
Staff costs (note 6)	**273,146**	226,447
Rentals payable under operating leases	**17,243**	22,990
Auditor's remuneration and expenses:		
Audit of these accounts	**3,402**	3,300

4. Finance income

	2013	2012
	£	£
Bank interest on deposits	**47**	46
	47	46

5. Finance expenses

	2013	2012
	£	£
Interest expense on amounts owed to parent undertaking	**10,359**	10,671
	10,359	10,671

6. Staff numbers and costs

	2013	2012
The average monthly number of persons employed by the Company during the year was as follows:		
Directors	**1**	1
Other	**6**	6
	7	7

	2013	2012
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	**252,056**	206,157
Social security costs	**16,840**	16,040
Other pension costs	**4,250**	4,250
	273,146	226,447

A number of staff employed by the parent company also carry out duties for the subsidiary companies. Their costs are reflected within each company according to the amount of time allocated. Staff are included in the headcount of the company in which they spend the majority of their time.

Notes to the financial statements (continued)

6. Staff numbers and costs (continued)

Included in the above aggregate payroll costs are the following directors' emoluments:

	2013	2012
	£	£
Directors' emoluments	**142,564**	134,069
Social security costs	**13,267**	16,779
Other payroll costs	**6,855**	13,668
	162,686	164,516

Information regarding the highest paid director is as follows:

	2013	2012
	£	£
Salary	**54,932**	47,083
Benefits in kind	**3,169**	5,464
Pension contributions to money purchase scheme	**4,250**	10,988
	62,351	63,535

Pension benefits are accruing to 1 director (2012:1) under money purchase schemes.

The Company was recharged £3,109 (2012: £2,750) in respect of director services provided by Skipton Building Society.

Notes to the financial statements (continued)

7. Tax credit

	2013 £	2012 £
A reconciliation of current tax on the loss on ordinary activities at the standard UK corporation tax rate to the actual current tax expense is as follows:		

a) Analysis of credit in the year at 23.25% (2012: 24.5%)

	2013 £	2012 £
Current tax credit		
Current tax at 23.25%	**(9,501)**	343
Adjustment in respect of prior periods	**(63)**	(16)
Total current tax	**(9,564)**	327
Deferred tax credit		
Current year	**(563)**	(2,189)
Effects of changes in tax rates	**782**	-
Total deferred tax	**219**	(2,189)
Income tax credit	**(9,345)**	(1,862)

b) Factors affecting tax credit in the year	**2013 £**	2012 £
The credit for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows:		
Loss on ordinary activities before tax	**(43,754)**	(9,664)
Tax on loss on ordinary activities at UK standard rate of 23.25% (2012:24.5%)	**(10,171)**	(2,368)
Effects of:		
- expenses not deductible for tax purposes	**107**	107
- adjustment to tax expense in respect of prior periods	**(63)**	(16)
- effects of timing differences	**782**	415
Income tax credit	**(9,345)**	(1,862)

Notes to the financial statements (continued)

8. Trade and other receivables

	2013	2012
	£	£
Trade debtors before impairment	**132,606**	130,975
Impairment of trade debtors	**(824)**	(824)
	131,782	130,151
Other debtors	**1,900**	1,900
Prepayments and accrued income	**8,904**	6,333
	142,586	138,384

Aged analysis of trade debtors

	Total	Less than 30 days	30-60 days	60-90 days	90 days+
	£	£	£	£	£
Trade debtors 2013	**131,782**	**109,167**	**11,088**	**5,964**	**5,563**

	Total	Less than 30 days	30-60 days	60-90 days	90 days+
	£	£	£	£	£
Trade debtors 2012	130,151	103,992	15,645	4,154	6,360

The movement on the allowance for impairment in respect of trade debtors during the year was as follows:

	£
At 1 January 2013	**824**
Provisions made during the year	**-**
Debtors written off during the year	**-**
At 31 December 2013	**824**

9. Cash and cash equivalents

	2013	2012
	£	£
Bank balances	**212,715**	169,676

10. Intangible assets

	Purchased Software
	£
Cost	
At 1 January 2013	**20,647**
Additions	**2,974**
At 31 December 2013	**23,621**
Accumulated amortisation	
At 1 January 2013	**14,774**
Amortisation charge for the year	**5,538**
At 31 December 2013	**20,312**
Carrying amounts	
At 1 January 2013	**5,873**
At 31 December 2013	**3,309**

Notes to the financial statements (continued)

10. Intangible assets (continued)

	Total
	£
Cost	
At 1 January 2012	19,841
Additions	806
At 31 December 2012	20,647
Accumulated amortisation	
At 1 January 2012	8,043
Amortisation charge for the year	6,731
At 31 December 2012	14,774
Carrying amounts	
At 1 January 2012	11,798
At 31 December 2012	5,873

11. Property, plant and equipment

	Motor Vehicles	Office Equipment	Total
	£	£	£
Cost			
At 1 January 2013	**25,000**	**72,617**	**97,617**
Additions	**-**	**4,363**	**4,363**
Disposals	**(25,000)**	**(587)**	**(25,587)**
At 31 December 2013	**-**	**76,393**	**76,393**
Accumulated Depreciation			
At 1 January 2013	**17,300**	**58,723**	**76,023**
Depreciation charge for the year	**472**	**12,196**	**12,668**
Disposals	**(17,772)**	**(588)**	**(18,360)**
At 31 December 2013	**-**	**70,331**	**70,331**
Carrying amounts			
At 1 January 2013	**7,700**	**13,894**	**21,594**
At 31 December 2013	**-**	**6,062**	**6,062**

Notes to the financial statements (continued)

11. Property, plant and equipment (continued)

	Motor Vehicles	Office Equipment	Total
	£	£	£
Cost			
At 1 January 2012	25,000	70,625	95,625
Additions	-	2,440	2,440
Disposals	-	(448)	(448)
At 31 December 2012	25,000	72,617	97,617
Accumulated Depreciation			
At 1 January 2012	15,092	41,648	56,740
Depreciation charge for the year	2,208	17,515	19,723
Disposals	-	(440)	(440)
At 31 December 2012	17,300	58,723	76,023
Carrying amounts			
At 1 January 2012	9,908	28,977	38,885
At 31 December 2012	7,700	13,894	21,594

12. Deferred tax

The movement on the deferred tax account is as shown below:

	2013	2012
	£	£
At 1 January	**5,393**	3,205
Deferred tax charge in Statement of Comprehensive Income for the period	**(219)**	2,189
At 31 December	**5,174**	5,394

Deferred tax assets	**2013**	2012
Deferred tax assets are attributable to the following items:	**£**	£
Accelerated capital allowances	**5,009**	5,203
Temporary differences	**165**	191
At 31 December	**5,174**	5,394

The deferred tax asset is recognised despite the Company being loss making as the Company's accounts are prepared on a going concern basis and the directors expect the Company to be profitable within the next year.

13. Trade and other payables

	2013	2012
	£	£
Trade creditors	**284,877**	246,336
Amounts owed to parent undertaking	**474,404**	431,809
Other creditors	**824**	975
Accruals and deferred revenue	**50,616**	58,420
	810,721	737,540

All trade and other payables are payable on demand.

Notes to the financial statements (continued)

14. Share capital

	At 31 December 2013 £	At 31 December 2012 £
Allotted, called up and fully paid		
112,500 Ordinary shares at £0.10 each	**11,250**	11,250
	11,250	11,250

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15. Management of capital

Capital is considered to be the audited profit and loss reserve and ordinary share capital in issue.

	31 December 2013 £	31 December 2012 £
Capital		
Ordinary shares	**11,250**	11,250
Profit and loss reserve	**(492,124)**	(457,715)
Total	**(480,874)**	(446,465)

Company objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies.

The period end capital position is reported to the operational Board on a monthly basis. The capital position is also given due consideration when corporate plans are prepared, calculating the future requirements based upon the three year financial forecast.

During the year, the Company saw its capital position decrease from £(446,465) to £(480,874). The Company has received a letter of support from its parent company, The Private Health Partnership Limited.

Notes to the financial statements (continued)

16. Related parties transactions

The Company has related party relationships with other subsidiaries within the Skipton Building Society Group as detailed below.
All such transactions are priced on an arms-length basis.

	2013	2012
	Parent undertaking	Parent undertaking
	£	£
a) Net interest:		
Interest payable	**10,359**	10,671
Total	**10,359**	10,671
b) Purchase of services:		
Group shared service costs	**105,452**	80,615
Professional services	**14,109**	-
Total	**119,561**	80,615
c) Outstanding balances:		
Payable to related parties	**464,045**	421,138
Total	**464,045**	421,138
e) Key management compensation:		
Salaries and other short term employee benefits	**125,244**	92,276
Post employment benefits	**7,318**	6,743
Total	**132,562**	99,019

'Key management personnel' comprises: M J Jones; J E Lawson; J H Warr.

There are no provisions in respect of sales of goods and services to related parties, either at 31 December 2013 or at 31 December 2012.

The Company is part of the group banking arrangements involving the pooling of funds with other group companies within the PHP Group.

Notes to the financial statements (continued)

17. Capital commitments

The Company has annual commitments due under operating leases. At the statement of financial position date these were as follows:

	2013	2012
	£	£
On leases expiring:		
Within one year	**17,243**	22,990
Within two to five years	**-**	17,243
	17,243	40,233

18. Financial instruments

The financial risks faced by the Company include credit risk and liquidity risk and these are monitored on a regular basis by management.

Credit Risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due and makes provision for impairment. Management carefully manages its exposure to credit risk.

The maximum exposure to credit risk at the report date was:

	Carrying Amount	
	2013	2012
	£	£
Other receivables	**1,900**	1,900
Trade debtors	**132,606**	130,975
Cash and cash equivalents	**212,715**	169,676
Total gross balances	**347,221**	302,551
Impairment of trade receivables	**(824)**	(824)
Total	**346,397**	301,727

The aged analysis of trade debtors is included in Note 8.

Notes to the financial statements (continued)

18. Financial instruments (continued)

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 at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. The Directors believe they have minimal exposure to liquidity risk.

31 December 2013

		Contractual Cash Flows	
	Carrying amount	**Total**	**6 mths or less**
Non-derivative financial liabilities:	**£**	**£**	**£**
Trade and other payables	**285,701**	**285,701**	**285,701**
Accruals and deferred revenue	**50,616**	**50,616**	**50,616**
Amounts owing to group companies	**474,404**	**474,404**	**474,404**
	810,721	**810,721**	**810,721**

31 December 2012

		Contractual Cash Flows	
	Carrying amount	**Total**	**6 mths or less**
Non-derivative financial liabilities:	£	£	£
Trade and other payables	247,311	247,311	247,311
Accruals and deferred revenue	58,420	58,420	58,420
Amounts owing to group companies	431,809	431,809	431,809
	737,540	737,540	737,540

19. Ultimate parent undertaking

The Company is an 80% owned subsidiary of The Private Health Partnership Limited. The ultimate parent undertaking is Skipton Building Society which is registered in the United Kingdom. A copy of the group annual report and accounts into which the results of this company are consolidated is available from:-

The Secretary
Skipton Building Society
The Bailey
Skipton
North Yorkshire
BD23 1DN