

REGISTERED NUMBER: 06563486 (England and Wales)

PARTNERING HEALTH LIMITED
GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

Rothmans Audit LLP
Statutory Auditors
Chartered Accountants
Fryern House
125 Winchester Road
Chandlers Ford
Hampshire
SO53 2DR



PARTNERING HEALTH LIMITED
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FOR THE YEAR ENDED 30 SEPTEMBER 2018

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PARTNERING HEALTH LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2018

DIRECTORS:

S G Minion
A J Walters
Dr T S Wright
R S Brand
R Smith
A Kandiah

SECRETARY:

Miss K E Minion

REGISTERED OFFICE:

26-30 London Road
Cowplain
Waterlooville
Hampshire
PO8 8DL

REGISTERED NUMBER:

06563486 (England and Wales)

AUDITORS:

Rothmans Audit LLP
Statutory Auditors
Chartered Accountants
Fryern House
125 Winchester Road
Chandlers Ford
Hampshire
SO53 2DR

PARTNERING HEALTH LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

The year ended 30 September 2018 has been a year of significant change for the Partnering Health Limited group. This commenced with the strengthening and development of our executive team, followed by the successful implementation of new services and culminating with the final elements of our ambitious relocation programme, which we will see early in the new financial year, the relocation of our workforce to a purpose designed, modern and efficient contact centre, logistical and admin space and corporate head offices, all in the heart of the geography we cover.

This year has seen a great deal of success delivered by an empowered team working towards a common set of aims. These aims were jointly developed and implemented by the team. These aims were:

1. Ensuring our people were offered an environment to work within which made them feel valued and would enable them to achieve their goals and ambitions;
2. Maintaining and improving quality by implementing an integrated governance structure across all business areas;
3. Maintaining and improving our services by deploying innovative methods and developing performance monitoring structures;
4. Having robust business planning and monitoring cycles; and
5. Delivering efficiencies to ensure value for money was provided to customers and tax-payers

REVIEW OF BUSINESS

Our key financial performance indicators and our financial position for the group has seen a significant improvement for the current year as shown below:

Year to 30 September	2018 £'000	2017 £'000
Turnover	£12,079	£11,740
Gross Profit	£5,075	£4,390
Gross Profit percentage	42.0%	37.4%
Adjusted Profit before Taxation, Depreciation and Amortisation	£562	£110

Whilst turnover increased by 3% because of new services implemented, the improvement in gross profit margin also reflects continued tight control over the group's clinical costs of delivering its services.

The group's adjusted profit before taxation, depreciation and amortisation has improved more than five-fold representing a margin improvement from 1% in 2017 to 5% in 2018. This significant increase has been achieved by productivity and efficiency improvements together with successful cost control initiatives.

Management continuously monitors performance on all contracts to ensure that quality and performance standards are maintained with patient safety at the forefront of decision making at all times.

The directors have continued to carefully manage the working capital position of the group during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The group's operations expose it to a variety of financial risks, that include the effects of credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group, by monitoring levels of debt finance and the related finance costs.

The group's contracting landscape over the next 12 months poses a significant risk, following NHS commissioning intentions shifting from delivery of the types of services PHL offers from scale to localised offerings; a term we refer to as defragmentation.

The group's risk management and monitoring programme continually assesses our contract landscape and provides guidance to tactical decision making regarding business development activities.

The group's principle financial instruments comprise trade debtors, trade creditors, bank balances and hire purchase agreements. The risks applicable to the financial instruments are managed by the group.

Liquidity risk is managed by the close control of debtors and creditors to ensure the group maintains a continuing positive balance. Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and regular monitoring of both amounts outstanding and credit limits. Trade creditors liquidity risk is managed by ensuring funds are available to meet amounts due.

PARTNERING HEALTH LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

FUTURE DEVELOPMENTS

The group continues to be an intrinsic part of the health and care system in Southern England, having grown its business activities to include a wider range of urgent and primary care activities.

The organisation has through its continuous development and improvement strategy, continued to challenge itself to develop systems and processes to ensure that we are meeting our standards of providing excellent care.

Our customers and regulators have reported high levels of confidence, demonstrable through our further achievement of GOOD ratings by the Care Quality Commission for our services, along with the award of further contracts to deliver services to patients and service users on the South Coast.

The group will continue on its path of addressing the strategic aims it has previously set, with the addition of an ambitious technology development programme and growth plan.

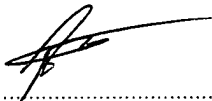
In summary the PHL group will continue to live by its values, of:

- o Being Caring;
- o Being Accountable;
- o Being Respectful;
- o Having Fun;
- o Working as a team; and
- o Being Efficient and Sustainable

To do this, we will work to our aims of:

- o Providing high quality services and delivering excellent care to our patients;
- o Nurturing and developing our environment, to ensure our workforce remain happy, productive and are rewarded for their commitment;
- o Providing highly effective, responsive and adaptive services, which meet all performance criteria set by the organisation or our customers;
- o Delivering our structured and methodical business development and growth plan, yet being responsive to changing needs in the market we operate within;
- o Being efficient and sustainable, through ensuring we care for the environment and our customers funding, which predominantly comes from tax-payers money; and
- o Developing our Information Management and Technology, to support the delivery and longer-term growth aspirations held by the company

ON BEHALF OF THE BOARD:



.....
R S Brand - Director

Date: 18/12/18

PARTNERING HEALTH LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2018.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2017 to the date of this report.

S G Minion
A J Walters
Dr T S Wright

Other changes in directors holding office are as follows:

R S Brand - appointed 1 November 2017
R Smith - appointed 7 March 2018
A Kandiah - appointed 7 March 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Rothmans Audit LLP, were appointed during the period. They will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
R S Brand - Director

Date:

18/12/18

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PARTNERING HEALTH LIMITED

Opinion

We have audited the financial statements of Partnering Health Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 September 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PARTNERING HEALTH LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Rothmans Audit LLP

Kevin Richards FCCA (Senior Statutory Auditor)
for and on behalf of Rothmans Audit LLP
Statutory Auditors
Chartered Accountants
Fryern House
125 Winchester Road
Chandlers Ford
Hampshire
SO53 2DR

Date: *18 December 2018*

PARTNERING HEALTH LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes £	2018 £'000	2017 £'000
TURNOVER	3	12,079	11,740
Cost of sales		<u>(7,004)</u>	<u>(7,350)</u>
GROSS PROFIT		5,075	4,390
Administrative expenses		(4,704)	(4,449)
Depreciation and amortisation		(269)	(218)
Other operating income		192	169
Operating expenses		<u>(4,781)</u>	<u>(4,498)</u>
OPERATING PROFIT/(LOSS)	5	294	(108)
Interest payable and similar charges	6	<u>1</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		293	(108)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		293	(108)
Depreciation and amortisation		<u>269</u>	<u>218</u>
ADJUSTED PROFIT BEFORE TAXATION		562	110
Tax on profit/(loss) on ordinary activities	7	<u>(8)</u>	<u>-</u>
PROFIT/(LOSS) LOSS FOR THE FINANCIAL YEAR		<u>301</u>	<u>(108)</u>
Profit/(loss) attributable to: Owners of the parent		<u>301</u>	<u>(108)</u>

The notes form part of these financial statements

PARTNERING HEALTH LIMITED
CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018

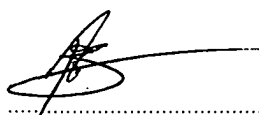
	2018 £'000	2017 £'000
PROFIT/(LOSS) FOR THE YEAR	301	(108)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	301	(108)
Prior year adjustment	<u>-</u>	<u>(114)</u>
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT	<u>301</u>	<u>(222)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL YEAR	<u>301</u>	<u>(108)</u>
Total comprehensive profit/(loss) attributable to: Owners of the parent	<u>301</u>	<u>(108)</u>

The notes form part of these financial statements

COMPANY BALANCE SHEET
30 SEPTEMBER 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		78		61
Investments	11		<u>-</u>		<u>-</u>
			78		61
CURRENT ASSETS					
Debtors	13	1,338		2,036	
Cash at bank and in hand		<u>26</u>		<u>5</u>	
		1,364		2,041	
CREDITORS					
Amounts falling due within one year	14	<u>1,699</u>		<u>2,854</u>	
NET CURRENT LIABILITIES			<u>(335)</u>		<u>(813)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(257)</u>		<u>(752)</u>
CAPITAL AND RESERVES					
Called up share capital	17		79		80
Retained earnings	18		<u>(336)</u>		<u>(832)</u>
SHAREHOLDERS' FUNDS			<u>(257)</u>		<u>(752)</u>
Company's profit/(loss) for the financial year			<u>496</u>		<u>(126)</u>

The financial statements were approved by the Board of Directors on 18 December 2018 and were signed on its behalf by:



.....
R S Brand - Director

PARTNERING HEALTH LIMITED (REGISTERED NUMBER: 06563486)

CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000	2017 £'000
FIXED ASSETS				
Intangible assets	9	839		1,049
Tangible assets	10	111		128
Investments	11	-		-
		<u>950</u>		<u>1,177</u>
CURRENT ASSETS				
Stocks	12	50	64	
Debtors	13	1,365	2,277	
Cash at bank and in hand		<u>157</u>	<u>25</u>	
		<u>1,572</u>	<u>2,366</u>	
CREDITORS				
Amounts falling due within one year	14	<u>2,817</u>	<u>4,139</u>	
NET CURRENT LIABILITIES			<u>(1,245)</u>	<u>(1,773)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(295)</u>	<u>(596)</u>
CAPITAL AND RESERVES				
Called up share capital	17	79		80
Retained earnings	18	<u>(374)</u>		<u>(676)</u>
SHAREHOLDERS' FUNDS		<u>(295)</u>		<u>(596)</u>

The financial statements were approved by the Board of Directors on its behalf by:

18 December 2018 and were signed on



R S Brand - Director

The notes form part of these financial statements

PARTNERING HEALTH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2016	80	(454)	(374)
Prior year adjustment	-	(114)	(114)
As restated	80	(568)	(488)
Changes in equity			
Total comprehensive income	-	(108)	(108)
Balance at 30 September 2017	80	(676)	(596)
Changes in equity			
Share buyback	(1)	-	(1)
Total comprehensive income	-	301	301
Balance at 30 September 2018	79	(375)	(296)

The notes form part of these financial statements

PARTNERING HEALTH LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2016	80	(592)	(512)
Prior year adjustment	-	(114)	(114)
As restated	80	(706)	(626)
Changes in equity			
Total comprehensive income	-	(126)	(126)
Balance at 30 September 2017	80	(832)	(752)
Changes in equity			
Share buyback	(1)	-	(1)
Total comprehensive income	-	496	496
Balance at 30 September 2018	79	(336)	(257)

The notes form part of these financial statements

PARTNERING HEALTH LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	1	169	(420)
Interest paid		(1)	-
Taxation refund		8	22
Net cash from operating activities		176	(398)
Cash flows from investing activities			
Purchase of tangible fixed assets		(44)	(34)
Sale of tangible fixed assets		3	-
Net cash from investing activities		(41)	(34)
Cash flows from financing activities			
Capital repayments in year		(2)	(14)
Share buyback		(1)	-
Net cash from financing activities		(3)	(14)
Increase/(decrease) in cash and cash equivalents		132	(446)
Cash and cash equivalents at beginning of year	2	25	471
Cash and cash equivalents at end of year	2	157	25

The notes form part of these financial statements

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£'000	£'000
Profit/(loss) before taxation	293	(108)
Depreciation charges	270	220
(Profit)/loss on disposal of fixed assets	(2)	1
Finance costs	<u>1</u>	<u>-</u>
	562	113
Decrease/(increase) in stocks	13	(64)
Decrease/(increase) in trade and other debtors	911	(367)
Decrease in trade and other creditors	<u>(1,317)</u>	<u>(102)</u>
Cash generated from operations	<u>169</u>	<u>(420)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2018

	30/9/18	1/10/17
	£'000	£'000
Cash and cash equivalents	<u>157</u>	<u>25</u>

Year ended 30 September 2017

	30/9/17	1/10/16
	£'000	£'000
Cash and cash equivalents	<u>25</u>	<u>471</u>

The notes form part of these financial statements

PARTNERING HEALTH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. COMPANY INFORMATION

Partnering Health Limited was incorporated on 11 April 2008 under Companies Act 2006, as a private limited company and is registered in England and Wales. The principal activity of Partnering Limited is the provision of services in the healthcare sector. The address of its registered office is 26-30 London Road, Cowplain, Waterlooville, Hampshire, PO8 8DL.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The presentational currency is £ sterling.

Financial reporting standard 102 - reduced disclosure exemptions

The parent company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- o the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- o the requirements of Section 7 Statement of Cash Flows;
- o the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- o the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- o the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Basis of consolidation

The consolidated financial statements incorporate the results of Partnering Health Limited and all of its subsidiary undertakings as at 30 September 2018 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Leases

A lease that does not transfer substantially all of the risks and rewards of ownership is classified as an operating lease and is therefore not included in the statement of financial position.

Intangibles and goodwill

On acquisition, the directors use their judgement to determine the fair value of any intangibles to recognise separately from goodwill. This is based on their knowledge and experience in the sector.

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Useful life of goodwill

A reliable estimate is made of the useful life of goodwill arising on acquisitions. The estimate is based on the directors knowledge of the underlying company and sector.

Turnover

Turnover represents net sales during the year adjusted for accrued and deferred income where applicable.

Turnover relates to the provision of healthcare services. Revenue is recognised on provision of the service.

Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life of 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

During the period the expected useful life was reassessed from 10 years to 5 years, to reflect the change in the expected term. This has resulted in an additional £75,868 of amortisation being processed in the current year. This additional amortisation of £75,868 will also be processed for the remaining 4 years of the goodwill's expected useful life.

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

All fixed assets are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of fixed assets initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- Four to seven years
Computer equipment	- Four to five years
Medical equipment	- Five years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Investments

Investments are held at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stock recognised in cost of sales during the year as an expense was £287,251 (2017: £260,037).

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Hire purchase and leasing commitments

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the estimated useful economic life of the asset.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight line basis over the term of the lease.

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Joint ventures

Jointly controlled operations involves the shared use of resources. In respect of its interests in jointly controlled operations, the group recognises the expenses that it incurs and its share of the income that it earns from the services provided by the joint venture.

Jointly controlled assets involves the joint control of assets acquired for the purposes of the joint ventures. In respect of its interests in jointly controlled assets, the group recognises its share of the jointly controlled assets, any expenses it has incurred, any hire purchase liabilities and its share of the income earned from its use of jointly controlled assets.

Going concern

The group is reliant on the continued support of its major creditor, and shareholder, Ashley House plc. Ashley House has confirmed its continuing support for a period of at least 12 months from the date of signing the accounts. The directors have therefore prepared the accounts on a going concern basis.

3. TURNOVER

The turnover and profit (2017 - loss) before taxation are attributable to the one principal activity of the group.

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£'000	£'000
Wages and salaries	3,288	2,856
Social security costs	228	216
Other pension costs	225	206
	<u>3,741</u>	<u>3,278</u>

The average number of employees during the year was as follows:

	2018	2017
Clinical	35	20
Non-clinical	131	139
	<u>166</u>	<u>159</u>

	2018	2017
	£	£
Directors' remuneration	163,583	83,250
Directors' pension contributions to money purchase schemes	436	62
Compensation to directors for loss of office	<u>-</u>	<u>30,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

4. EMPLOYEES AND DIRECTORS - continued

Directors fees of £12k were also paid to Ashley House Plc, in respect of services provided by Mr A Walters (2017: £11k).

Key management personnel remuneration, including directors, totalled £164k (2017: £113k).

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018 £'000	2017 £'000
Hire of plant and machinery	4	6
Depreciation - owned assets	59	73
Depreciation - assets on hire purchase contracts	1	11
(Profit)/loss on disposal of fixed assets	(2)	1
Goodwill amortisation	210	134
Auditors remuneration	15	15
Operating leases	<u>259</u>	<u>430</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £'000	2017 £'000
Interest payable	<u>1</u>	<u>-</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	2018 £'000	2017 £'000
Current tax:		
Over/under provision in prior year	<u>(8)</u>	<u>-</u>
Tax on profit/(loss)	<u>(8)</u>	<u>-</u>

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

7. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£'000	£'000
Profit/(loss) before tax	<u>293</u>	<u>(107)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	56	(21)
Effects of:		
Adjustments to tax charge in respect of previous periods	(8)	-
Deferred tax unprovided	<u>(56)</u>	<u>21</u>
Total tax credit	<u>(8)</u>	<u>-</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. INTANGIBLE FIXED ASSETS

Group	Goodwill
	£'000
COST	
At 1 October 2017 and 30 September 2018	<u>1,373</u>
AMORTISATION	
At 1 October 2017	324
Amortisation for year	<u>210</u>
At 30 September 2018	<u>534</u>
NET BOOK VALUE	
At 30 September 2018	<u>839</u>
At 30 September 2017	<u>1,049</u>

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

9. INTANGIBLE FIXED ASSETS - continued

Company

	Goodwill £'000
COST	
At 1 October 2017	
and 30 September 2018	<u>34</u>
AMORTISATION	
At 1 October 2017	
and 30 September 2018	<u>34</u>
NET BOOK VALUE	
At 30 September 2018	<u><u>-</u></u>
At 30 September 2017	<u><u>-</u></u>

10. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £'000	Medical equipment £'000	Computer equipment £'000	Totals £'000
COST				
At 1 October 2017	64	132	109	305
Additions	1	-	43	44
Disposals	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(50)</u>
At 30 September 2018	<u>65</u>	<u>82</u>	<u>152</u>	<u>299</u>
DEPRECIATION				
At 1 October 2017	21	109	47	177
Charge for year	11	20	29	60
Eliminated on disposal	<u>-</u>	<u>(49)</u>	<u>-</u>	<u>(49)</u>
At 30 September 2018	<u>32</u>	<u>80</u>	<u>76</u>	<u>188</u>
NET BOOK VALUE				
At 30 September 2018	<u><u>33</u></u>	<u><u>2</u></u>	<u><u>76</u></u>	<u><u>111</u></u>
At 30 September 2017	<u><u>43</u></u>	<u><u>23</u></u>	<u><u>62</u></u>	<u><u>128</u></u>

The net book value of tangible fixed assets includes £Nil (2017: £2k) in respect of assets held under hire purchase contracts.

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

10. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST			
At 1 October 2017	2	98	100
Additions	<u>2</u>	<u>44</u>	<u>46</u>
At 30 September 2018	<u>4</u>	<u>142</u>	<u>146</u>
DEPRECIATION			
At 1 October 2017	-	39	39
Charge for year	<u>1</u>	<u>28</u>	<u>29</u>
At 30 September 2018	<u>1</u>	<u>67</u>	<u>68</u>
NET BOOK VALUE			
At 30 September 2018	<u>3</u>	<u>75</u>	<u>78</u>
At 30 September 2017	<u>2</u>	<u>59</u>	<u>61</u>

11. FIXED ASSET INVESTMENTS

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

PHL Integrated Care Limited

Registered office: 26-30 London Road, Cowplain, Waterlooville, Hampshire, PO8 8DL

Nature of business: Medical practice activities

	%
Class of shares:	holding
Ordinary	100.00

PHL Primary Care Limited

Registered office: 26-30 London Road, Cowplain, Waterlooville, Hampshire, PO8 8DL

Nature of business: Medical practice activities

	%
Class of shares:	holding
Ordinary	100.00

PHL Best Practice Services Limited

Registered office: 26-30 London Road, Cowplain, Waterlooville, Hampshire, PO8 8DL

Nature of business: Medical practice activities

	%
Class of shares:	holding
Ordinary	100.00

The company also holds an investment in Portsmouth Health Limited, a dormant company. Partnering Health Limited owns 100% of the ordinary share capital. The registered office of Portsmouth Health Limited is 26-30 London Road, Cowplain, Waterlooville, Hampshire, PO8 8DL.

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

12. STOCKS

	Group	
	2018	2017
	£'000	£'000
Stocks	<u>50</u>	<u>64</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	2018	2017	2018
	£'000	£'000	£'000
Trade debtors	1,058	1,848	951
Amounts owed by group undertakings	-	-	363
Prepayments and accrued income	<u>307</u>	<u>429</u>	<u>24</u>
	<u>1,365</u>	<u>2,277</u>	<u>1,338</u>
	<u>2,036</u>		

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	2018	2017	2018
	£'000	£'000	£'000
Hire purchase contracts (see note 16)	-	2	-
Trade creditors	481	634	35
Amounts owed to group undertakings	-	-	750
Social security and other taxes	86	84	28
VAT	25	-	-
Other creditors	614	1,105	-
Accruals and deferred income	<u>1,611</u>	<u>2,314</u>	<u>886</u>
	<u>2,817</u>	<u>4,139</u>	<u>1,699</u>
			<u>2,854</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2018	2017
	£'000	£'000
Net obligations repayable:		
Within one year	<u>-</u>	<u>2</u>

Group

	Non-cancellable operating leases	
	2018	2017
	£'000	£'000
Within one year	218	259
Between one and five years	758	786
In more than five years	<u>2,653</u>	<u>2,843</u>
	<u>3,629</u>	<u>3,888</u>

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2018	2017
	£'000	£'000
Hire purchase contracts	<u>-</u>	<u>2</u>

Hire purchase agreements are secured against the assets to which they relate.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
7,900,000	Ordinary	£0.01	
		2018	2017
		£'000	£'000
		<u>79</u>	<u>80</u>

The ordinary shares have attached to them full voting, dividend rights and rights on winding up.

During the year, the company bought back 100,000 of its own shares at par.

18. RESERVES

Group

	Retained earnings £'000
At 1 October 2017	(675)
Profit for the year	<u>301</u>
At 30 September 2018	<u>(374)</u>

Company

	Retained earnings £'000
At 1 October 2017	(832)
Profit for the year	<u>496</u>
At 30 September 2018	<u>(336)</u>

Retained earnings represent accumulated profit and losses to date.

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

19. RELATED PARTY DISCLOSURES

Ashley House plc is the parent company of Ashley House Clinical Services Limited, a shareholder.

During the year the group was recharged expenses of £12k (2017: £12k) from Ashley House plc. The balance due to Ashley House plc at the year end was £614k (2017: £1,088k).

During the year purchases of £134k (2017: £148k) were made from Orchard Health Consultancy Limited, a company in which Dr T S Wright is a shareholder. The balance due to Orchard Health Consultancy Limited at the year end was £Nil (2017: £Nil).

During the year the group was recharged expenses of £12k (2017: £13k) from Mr S Minion, a director of the company. At the year end, £4k (2017: £Nil) was outstanding.

During the year purchases of £3k (2017: £Nil) were made from Equinox IP Limited, a company in which Mr A Kandiah is a shareholder and director. The balance due to Equinox IP Limited at the year end was £Nil (2017: £Nil).

During the year purchases of £1k (2017: £Nil) were made from Leading Health Limited, a company in which Mr R S Brand is a shareholder and director. The balance due to Leading Health Limited at the year end was £Nil (2017: £Nil).

20. ULTIMATE CONTROLLING PARTY

The directors do not consider there to be one controlling party.