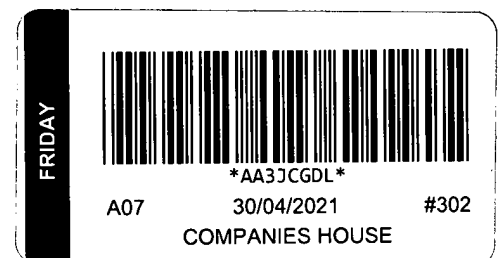


REGISTERED NUMBER: 06563486 (England and Wales)

PARTNERING HEALTH LIMITED
GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 2020

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PARTNERING HEALTH LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2020

DIRECTORS:

Mr S G Minion
Dr T S Wright
Mr R S Brand
Mr R Smith
Mr A Kandiah
Mr R D Coladangelo

SECRETARY:

Miss K E Minion

REGISTERED OFFICE:

Ailsa House, 3 Turnberry House
The Links, 4400 Parkway
Solent Business Park
Whiteley
Hampshire
PO15 7FJ

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 2020

During the financial year October 2019 to September 2020 we have experienced a great deal of success, however encountered some challenging times as a result of the Covid 19 Pandemic.

We are able to report our strongest year of trading in spite of the pandemic, largely through the level of involvement our Group has had in the delivery of the UK's response to the disease.

We have rapidly designed and mobilised services which have contributed to every facet of the health sectors response to the disease and have done so not only across our existing geography of Hampshire and the Isle of Wight, but also along with this have supported services covering a national footprint.

We have rapidly filled and then needed to expand our new contact centre and head office, which had not yet achieved its second birthday. We have welcomed a huge number of new people into our group and launched our 2030 Strategy, which is built on the foundations of our history and supported by our renewed Vision and Mission.

This year was made achievable due to the hard work and dedication of hundreds of hardworking and dedicated people, working tirelessly across a range of projects and services while relying upon every bodies' strength and resolve.

REVIEW OF BUSINESS

Our key financial performance indicators and the financial position for the continuing operations of the Group are shown below:

| Year to 30 September | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Turnover | 18,378 | 13,422 |
| Gross Profit | 7,880 | 5,925 |
| Adjusted Profit before Taxation, Depreciation and Amortisation | 1,104 | 564 |
| Financial performance ratios: | | |
| Gross margin | 42.88% | 44.14% |
| Operating margin | 4.18% | 1.94% |
| Net margin (based on profit after tax) | 3.93% | 1.75% |
| Return on capital employed | 57.48% | 116.54% |
| Liquidity ratios: | | |
| Current ratio | 0.92 | 0.74 |
| Quick ratio | 0.89 | 0.71 |

Continuing turnover saw a 37% increase mainly due to the Group's response to the delivery of several Covid related services as part of the UK's response to the disease. This increase however led to a small deterioration in the Gross Margin - 126bp - as the Group continues to be under pressure from higher clinical costs due to a reducing population of clinical resources and exorbitant rates being offered by other clinical service providers.

The Group's Continuing Adjusted Profit before Taxation, Depreciation and Amortisation has increased by 96%. Net margin (based on profit after tax) increased by 218bp driven by continued tight control over costs.

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

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

PARTNERING HEALTH LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

DEFINED BENEFIT PENSION SCHEME

The Group continues to support its defined benefit pension scheme which is closed to new members. It is a separate trustee administered entity holding assets to meet long term pension liabilities.

At the previous Triennial review of the scheme carried out in December 2015, the pension deficit was deemed to be immaterial. However, following the latest Triennial review of the scheme carried out in December 2018, the deficit increased to become material giving rise to prior year adjustments.

The valuation of the scheme was undertaken at the balance sheet date by a qualified independent actuary which showed a deficit in the scheme of £264k compared with a deficit of £169k as at 30 September 2019.

LIQUIDATION OF PHL BEST PRACTICE SERVICES LIMITED

In March 2020, the Covid 19 Pandemic meant the business had to temporarily close as the services it delivered were all undeliverable because of the 'lockdown'. The business was also informed during the initial lockdown period that its main client would cancel their contract with the company. With no prospect of being able to trade profitably, at a meeting with the Directors of Partnering Health Limited on 24 June 2020, it was agreed to stop providing funding to PHL Best Practice Services Limited.

The Directors of PHL Best Practice Services Limited met on 25 June 2020 to discuss the impact. It was agreed that without the continued funds being provided by Partnering Health Limited, PHL Best Practice Services Limited was no longer in a position to pay its debts, and so the decision was taken that the company ceased trading and was subsequently placed into Creditors' Voluntary Liquidation.

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 approach to partnership within the system and their strategic approach to business development, has ensured that we have been able to navigate successfully through the previously reported uncertainties related to NHS commissioning intentions. Via negotiation and business development activities, we have stabilised the outlook for our core business for multiple years.

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 principal 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 2020

FUTURE DEVELOPMENTS

We have launched in 2020, our 2030 Strategy and renewed our vision and mission, which is built upon our past success and our strong values of:

1. Caring
2. Accountability
3. Respect
4. Efficiency
5. Teamwork
6. Fun

Our Vision is to be an innovative healthcare enabler, known for providing a range of the highest quality care, agile solutions and cutting-edge technology services.

Our Mission is to enable people to remain well, or to receive the best possible health and social care via the provision of:

1. High quality healthcare services
2. Innovative and robust healthcare technology
3. Industry leading professional services

Our Group continues to be a well-respected provider of healthcare in the south, and having grown our footprint this year, we will now grow our profile and offer our services to the entire United Kingdom, ensuring our customers, service users and regulators remain satisfied that we are the best solution for their needs and will do so by not only living our values, but building upon the core pillars of our success which are:

1. Our People, their experience and success.
2. Our Quality of care, customer service and user experience.
3. Our Performance, in terms of service delivery and excellence.
4. Our Financial Stability and Security.

Our customers and regulators continue to support our business and operations and it is through that support we will continue to strive to be the best we can be, to develop on their behalf and innovate for our combined future.

ON BEHALF OF THE BOARD:



.....
Mr R S Brand - Director

3 March 2021

PARTNERING HEALTH LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2020.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2019 to the date of this report.

Mr S G Minion
Dr T S Wright
Mr R S Brand
Mr R Smith
Mr A Kandiah

Other changes in directors holding office are as follows:

Mr A J Walters - resigned 30 September 2020
Mr R D Coladangelo - appointed 1 October 2019

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, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
Mr R S Brand - Director

3 March 2021

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 2020 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 2020 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 five, 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

11 March 2021

PARTNERING HEALTH LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | Notes | 2020 Continuing £'000 | 2020 Discontinued £'000 | 2020 Total £'000 |
|---|-------|-----------------------------|-------------------------------|------------------------|
| TURNOVER | 3 | 18,378 | 46 | 18,424 |
| Cost of sales | | <u>(10,498)</u> | <u>14</u> | <u>(10,484)</u> |
| GROSS PROFIT | | 7,880 | 60 | 7,940 |
| Administrative expenses | | (6,928) | (80) | (7,008) |
| Depreciation and amortisation | | (362) | (4) | (366) |
| Other operating income | | 179 | - | 179 |
| Operating expenses | | <u>(7,111)</u> | <u>(84)</u> | <u>(7,195)</u> |
| OPERATING PROFIT/(LOSS) | 5 | 769 | (24) | 745 |
| Profit/loss on sale of investments | | <u>-</u> | <u>(445)</u> | <u>(445)</u> |
| | | 769 | (469) | 300 |
| Interest receivable and similar income | | 4 | - | 4 |
| Interest payable and similar expenses | 6 | (29) | (4) | (33) |
| Other finance costs | 22 | <u>(2)</u> | <u>-</u> | <u>(2)</u> |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 742 | (473) | 269 |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 742 | (473) | 269 |
| Depreciation and amortisation | | <u>362</u> | <u>4</u> | <u>366</u> |
| ADJUSTED PROFIT/(LOSS) BEFORE TAXATION | | 1,104 | (469) | 635 |
| Tax on profit/(loss) | 7 | <u>(20)</u> | <u>-</u> | <u>(20)</u> |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | <u>722</u> | <u>(473)</u> | <u>249</u> |
| Profit/(loss) attributable to: Owners of the parent | | | | <u>249</u> |

The notes form part of these financial statements

PARTNERING HEALTH LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | Notes | 2019 Continuing £'000 | 2019 Discontinued £'000 | 2019 Total as restated £'000 |
|--|-------|-----------------------------|-------------------------------|---------------------------------------|
| TURNOVER | 3 | 13,422 | 288 | 13,710 |
| Cost of sales | | <u>(7,497)</u> | <u>(45)</u> | <u>(7,542)</u> |
| GROSS PROFIT | | 5,925 | 243 | 6,168 |
| Administrative expenses | | (5,338) | (257) | (5,594) |
| Depreciation and amortisation | | (327) | (7) | (335) |
| Other operating income | | - | 76 | 76 |
| Operating expenses | | <u>(5,665)</u> | <u>(188)</u> | <u>(5,854)</u> |
| OPERATING PROFIT | 5 | 260 | 55 | 315 |
| Interest receivable and similar income | | 3 | - | 3 |
| Interest payable and similar expenses | 6 | (25) | - | (25) |
| Other finance costs | 22 | <u>(1)</u> | <u>-</u> | <u>(1)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 237 | 55 | 291 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 237 | 55 | 291 |
| Depreciation and amortisation | | <u>327</u> | <u>7</u> | <u>335</u> |
| ADJUSTED PROFIT BEFORE TAXATION | | 564 | 62 | 626 |
| Tax on profit | 7 | <u>(2)</u> | <u>-</u> | <u>(2)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>235</u> | <u>55</u> | <u>289</u> |
| Profit attributable to: Owners of the parent | | | | <u>289</u> |

The notes form part of these financial statements

PARTNERING HEALTH LIMITED
CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | | 2020 | 2019 as restated |
|---|-------|---------------------|---------------------|
| | Notes | £'000 | £'000 |
| PROFIT FOR THE YEAR | | 249 | 289 |
| OTHER COMPREHENSIVE INCOME | | | |
| Actuarial gains/(losses) | | (149) | (89) |
| Income tax relating to other comprehensive income | | <u>18</u> | <u>32</u> |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX | | <u>(131)</u> | <u>(57)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 118 | 232 |
| Prior year adjustment | 10 | <u>(137)</u> | <u>(34)</u> |
| TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT | | <u>(19)</u> | <u>198</u> |
| <hr/> | | | |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | <u>(19)</u> | <u>198</u> |


The notes form part of these financial statements

PARTNERING HEALTH LIMITED (REGISTERED NUMBER: 06563486)

CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2020

| | | 2020 | 2019 |
|--|-------|------------------|----------------------|
| | Notes | £'000 | as restated £'000 |
| FIXED ASSETS | | | |
| Intangible assets | 11 | 223 | 629 |
| Tangible assets | 12 | 462 | 475 |
| Investments | 13 | - | - |
| | | 685 | 1,104 |
| CURRENT ASSETS | | | |
| Stocks | 14 | 109 | 88 |
| Debtors | 15 | 1,176 | 1,604 |
| Cash at bank and in hand | | <u>1,652</u> | <u>563</u> |
| | | 2,937 | 2,255 |
| CREDITORS | | | |
| Amounts falling due within one year | 16 | <u>3,180</u> | <u>3,056</u> |
| NET CURRENT LIABILITIES | | (243) | (801) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 442 | 303 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 17 | (156) | (231) |
| PENSION LIABILITY | 22 | <u>(264)</u> | <u>(169)</u> |
| NET ASSETS/(LIABILITIES) | | <u>22</u> | <u>(97)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 20 | 79 | 79 |
| Retained earnings | 21 | <u>(57)</u> | <u>(176)</u> |
| SHAREHOLDERS' FUNDS | | <u>22</u> | <u>(97)</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 3 March 2021 and were signed on its behalf by:


.....
Mr R S Brand - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
30 SEPTEMBER 2020

| | | 2020 | | 2019 | |
|--|-------|-------|-------|----------------------|-------|
| | Notes | £'000 | £'000 | as restated £'000 | £'000 |
| FIXED ASSETS | | | | | |
| Intangible assets | 11 | | - | | - |
| Tangible assets | 12 | | 427 | | 447 |
| Investments | 13 | | - | | - |
| | | | 427 | | 447 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 2,517 | | 1,925 | |
| Cash at bank and in hand | | 1,526 | | 379 | |
| | | 4,043 | | 2,304 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 16 | 4,632 | | 2,447 | |
| NET CURRENT LIABILITIES | | | (589) | | (143) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | (162) | | 304 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 17 | | 156 | | 231 |
| NET (LIABILITIES)/ASSETS | | | (318) | | 73 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 20 | | 79 | | 79 |
| Retained earnings | 21 | | (397) | | (6) |
| SHAREHOLDERS' FUNDS | | | (318) | | 73 |
| Company's (loss)/profit for the financial year | | | (391) | | 364 |

The financial statements were approved by the Board of Directors and authorised for issue on 3 March 2021 and were signed on its behalf by:



.....
Mr 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 2020

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|-------------------------------------|--|-------------------------------|--------------------------|
| Balance at 1 October 2018 | 79 | (374) | (295) |
| Prior year adjustment | <u>-</u> | <u>(34)</u> | <u>(34)</u> |
| As restated | <u>79</u> | <u>(408)</u> | <u>(329)</u> |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>369</u> | <u>369</u> |
| Balance at 30 September 2019 | <u>79</u> | <u>(39)</u> | <u>40</u> |
| Prior year adjustment | <u>-</u> | <u>(137)</u> | <u>(137)</u> |
| As restated | <u>79</u> | <u>(176)</u> | <u>(97)</u> |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>118</u> | <u>118</u> |
| Balance at 30 September 2020 | <u><u>79</u></u> | <u><u>(58)</u></u> | <u><u>21</u></u> |

The notes form part of these financial statements

PARTNERING HEALTH LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|-------------------------------------|--|-------------------------------|--------------------------|
| Balance at 1 October 2018 | 79 | (336) | (257) |
| Prior year adjustment | <u>-</u> | <u>(34)</u> | <u>(34)</u> |
| As restated | <u>79</u> | <u>(370)</u> | <u>(291)</u> |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>501</u> | <u>501</u> |
| Balance at 30 September 2019 | <u>79</u> | <u>131</u> | <u>210</u> |
| Prior year adjustment | <u>-</u> | <u>(137)</u> | <u>(137)</u> |
| As restated | <u>79</u> | <u>(6)</u> | <u>73</u> |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>(391)</u> | <u>(391)</u> |
| Balance at 30 September 2020 | <u><u>79</u></u> | <u><u>(397)</u></u> | <u><u>(318)</u></u> |

The notes form part of these financial statements

PARTNERING HEALTH LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | | 2020 | 2019 as restated |
|---|-------|--------------|---------------------|
| | Notes | £'000 | £'000 |
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 1,437 | 600 |
| Interest paid | | (6) | - |
| Interest element of hire purchase payments paid | | (29) | (25) |
| Tax paid | | (14) | (2) |
| Net cash from operating activities | | <u>1,388</u> | <u>573</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (36) | - |
| Purchase of tangible fixed assets | | (150) | (104) |
| Sale of tangible fixed assets | | - | 2 |
| Acquisition of subsidiaries | | 4 | - |
| Disposal of subsidiary | | (49) | - |
| Interest received | | 4 | 3 |
| Net cash from investing activities | | <u>(227)</u> | <u>(99)</u> |
| Cash flows from financing activities | | | |
| Capital repayments in year | | (72) | (68) |
| Net cash from financing activities | | <u>(72)</u> | <u>(68)</u> |
| Increase in cash and cash equivalents | | <u>1,089</u> | <u>406</u> |
| Cash and cash equivalents at beginning of year | 2 | 563 | 157 |
| Cash and cash equivalents at end of year | 2 | <u>1,652</u> | <u>563</u> |

The notes form part of these financial statements

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2020 | 2019 as restated |
|--|---------------------|---------------------|
| | £'000 | £'000 |
| Profit before taxation | 269 | 291 |
| Depreciation charges | 162 | 125 |
| Profit on disposal of fixed assets | - | (2) |
| Amortisation | 204 | 210 |
| Loss on disposal of investments | 445 | - |
| Current service cost | 90 | 142 |
| Pension funding contributions | (146) | (97) |
| Finance costs | 35 | 26 |
| Finance income | (4) | (3) |
| | <u>1,055</u> | 692 |
| Increase in stocks | (21) | (38) |
| Decrease/(increase) in trade and other debtors | 397 | (206) |
| Increase in trade and other creditors | <u>6</u> | <u>152</u> |
| Cash generated from operations | <u>1,437</u> | <u>600</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 2020

| | 30/9/20 | 1/10/19 |
|---------------------------|--------------|------------|
| | £'000 | £'000 |
| Cash and cash equivalents | <u>1,652</u> | <u>563</u> |

Year ended 30 September 2019

| | 30/9/19 as restated | 1/10/18 |
|---------------------------|------------------------|------------|
| | £'000 | £'000 |
| Cash and cash equivalents | <u>563</u> | <u>157</u> |

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1/10/19 £'000 | Cash flow £'000 | Subsidiary acquisitions and disposals £'000 | Other non-cash changes £'000 | At 30/9/20 £'000 |
|--------------------------|---------------------|---------------------|---|---------------------------------------|---------------------|
| Net cash | | | | | |
| Cash at bank and in hand | <u>563</u> | <u>1,134</u> | <u>(45)</u> | | <u>1,652</u> |
| | <u>563</u> | <u>1,134</u> | <u>(45)</u> | | <u>1,652</u> |
| Debt | | | | | |
| Finance leases | <u>(317)</u> | <u>72</u> | <u>-</u> | <u>(20)</u> | <u>(265)</u> |
| | <u>(317)</u> | <u>72</u> | <u>-</u> | <u>(20)</u> | <u>(265)</u> |
| Total | <u>246</u> | <u>1,206</u> | <u>(45)</u> | <u>(20)</u> | <u>1,387</u> |

The notes form part of these financial statements

PARTNERING HEALTH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. COMPANY INFORMATION

Partnering Health Limited was incorporated on 11 April 2008 under the Companies Act 2006, as a private limited company and is registered in England and Wales. The principal activity of the group is the provision of services in the healthcare sector. The registered office address is Ailsa House, 3 Turnberry House, The Links, 4400 Parkway, Solent Business Park, Whiteley, Hampshire, PO15 7FJ.

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 presentation 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 2020 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are excluded from consolidation from the date that control ceases.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.

Pension liability

The calculation of the pension liability is determined using actuarial assumptions. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

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.

Contract accounting

Revenue and costs relating to long term contracts are recognised when the service is provided. Any costs in relation to contract set up are deferred where appropriate in line with the revenue recognition. This involves estimating the revenue and costs over the period of the contract.

Turnover

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

Turnover relates to the provision of healthcare services, recruitment services and rental income. Revenue is recognised on provision of the service.

Intangible assets

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 10 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.

Software costs recognised represent the capital expenditure on the development of the group's projects. Software is amortised over its expected useful life of 5 years.

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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 initially recognised at cost and subsequently carried at cost less accumulated impairment losses.

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 £651k (2019: £392k).

Financial instruments

The group only has financial assets and liabilities of the kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and debt instruments are subsequently measured at amortised cost.

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.

PARTNERING HEALTH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. ACCOUNTING POLICIES - continued

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.

Pension costs and other post-retirement benefits

The group accounts for its defined benefit pension scheme in accordance with FRS 102.

The pension scheme liabilities are measured using the projected units method. The pension scheme deficit is recognised in full and disclosed on the face of the balance sheet. The movement in the scheme deficit is split between operating profit and finance costs in the income statement and the statement of other comprehensive income.

In addition, the group makes contributions to a defined contribution scheme, the assets of which are held separately from those of the group in an independently administered fund. Contributions to this scheme are charged to the income statement as they become payable.

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.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

| | 2020 | 2019 as restated |
|----------------------|---------------|---------------------|
| | £'000 | £'000 |
| Healthcare services | 18,368 | 13,505 |
| Recruitment services | 10 | - |
| Rental income | 46 | 205 |
| | <u>18,424</u> | <u>13,710</u> |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. EMPLOYEES AND DIRECTORS

| | 2020 | 2019 as restated |
|-----------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Wages and salaries | 6,453 | 4,671 |
| Social security costs | 596 | 423 |
| Other pension costs | 279 | 227 |
| | <u>7,328</u> | <u>5,321</u> |

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

| | 2020 | 2019 as restated |
|--------------|-------------------|---------------------|
| Clinical | 98 | 66 |
| Non-clinical | 161 | 147 |
| | <u>259</u> | <u>213</u> |

| | 2020 | 2019 as restated |
|--|---------------------|---------------------|
| | £ | £ |
| Directors' remuneration | 383,891 | 279,068 |
| Directors' pension contributions to money purchase schemes | <u>3,833</u> | <u>1,612</u> |

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

| | | |
|------------------------|-----------------|-----------------|
| Money purchase schemes | <u>3</u> | <u>2</u> |
|------------------------|-----------------|-----------------|

Information regarding the highest paid director is as follows:

| | 2020 | 2019 as restated |
|---|---------------------|---------------------|
| | £ | £ |
| Emoluments etc | 97,815 | 96,000 |
| Pension contributions to money purchase schemes | <u>1,314</u> | <u>806</u> |

Directors fees of £17k were also paid to Ashley House Plc, in respect of services provided by Mr A Walters (2019: £17k).

Key management personnel remuneration, including directors, totalled £384k (2019: £279k).

5. OPERATING PROFIT

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

| | 2020 | 2019 as restated |
|--|-------------------|---------------------|
| | £'000 | £'000 |
| Hire of plant and machinery | 10 | 3 |
| Depreciation - owned assets | 75 | 51 |
| Depreciation - assets on hire purchase contracts | 87 | 75 |
| Profit on disposal of fixed assets | - | (2) |
| Goodwill amortisation | 204 | 210 |
| Development costs amortisation | 1 | - |
| Auditors remuneration | 23 | 15 |
| Operating leases | <u>217</u> | <u>259</u> |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 | 2019 as restated |
|---|------------------|---------------------|
| | £'000 | £'000 |
| Interest payable | <u>4</u> | - |
| Hire purchase and finance lease charges | <u>29</u> | <u>25</u> |
| | <u>33</u> | <u>25</u> |

7. TAXATION

Analysis of the tax charge

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

| | 2020 | 2019 as restated |
|------------------------------------|------------------|---------------------|
| | £'000 | £'000 |
| Current tax: | | |
| Over/under provision in prior year | <u>14</u> | 2 |
| Deferred tax | <u>6</u> | - |
| Tax on profit | <u>20</u> | <u>2</u> |

Reconciliation of total tax charge 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:

| | 2020 | 2019 as restated |
|---|-------------------|---------------------|
| | £'000 | £'000 |
| Profit before tax | <u>269</u> | <u>291</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | <u>51</u> | 55 |
| Effects of: | | |
| Adjustments to tax charge in respect of previous periods | <u>14</u> | 2 |
| Movement in deferred tax unprovided | <u>(45)</u> | <u>(55)</u> |
| Total tax charge | <u>20</u> | <u>2</u> |

Tax effects relating to effects of other comprehensive income

| | Gross | 2020 | Net |
|--------------------------|---------------------|------------------|---------------------|
| | £'000 | Tax | £'000 |
| | £'000 | £'000 | £'000 |
| Actuarial gains/(losses) | <u>(149)</u> | <u>18</u> | <u>(131)</u> |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

7. TAXATION - continued

| | Gross | 2019 Tax | Net |
|--------------------------|-------------|-------------|-------------|
| | £'000 | £'000 | £'000 |
| Actuarial gains/(losses) | <u>(89)</u> | <u>32</u> | <u>(57)</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. PRIOR YEAR ADJUSTMENT

The group has a pension obligation as part of the Prudential Platinum Scheme. Previously this was deemed to be immaterial due to the small number of employees included in the scheme and the continuing deficit contributions made to the scheme.

Following a Triennial review of the Scheme the liability had become material due to the poor performance of invested assets and so the directors sought a valuation for FRS102 purposes to include the liability in the financial statements. The amounts relating to prior periods have been recognised as a prior year adjustment. The prior year adjustment has reduced opening reserves in 2020 by £137k and the opening reserves in 2019 by £34k in both the company and the group.

10. OPERATING LEASES

Minimum lease payments are receivable as follows:

| | 2020 £'000 | 2019 £'000 |
|----------------------------|-----------------------|-----------------------|
| Within one year | - | 57 |
| Between one and five years | - | 227 |
| In more than five years | <u>-</u> | <u>520</u> |
| | <u>-</u> | <u>804</u> |

PARTNERING HEALTH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. INTANGIBLE FIXED ASSETS

Group

| | Goodwill £'000 | Development costs £'000 | Totals £'000 |
|------------------------|-------------------|-------------------------------|-----------------|
| COST | | | |
| At 1 October 2019 | 1,373 | - | 1,373 |
| Additions | 209 | 36 | 245 |
| Disposals | (1,339) | - | (1,339) |
| At 30 September 2020 | <u>243</u> | <u>36</u> | <u>279</u> |
| AMORTISATION | | | |
| At 1 October 2019 | 744 | - | 744 |
| Amortisation for year | 203 | 1 | 204 |
| Eliminated on disposal | (892) | - | (892) |
| At 30 September 2020 | <u>55</u> | <u>1</u> | <u>56</u> |
| NET BOOK VALUE | | | |
| At 30 September 2020 | <u>188</u> | <u>35</u> | <u>223</u> |
| At 30 September 2019 | <u>629</u> | <u>-</u> | <u>629</u> |

Company

| | Goodwill £'000 |
|--|-------------------|
| COST | |
| At 1 October 2019 and 30 September 2020 | <u>34</u> |
| AMORTISATION | |
| At 1 October 2019 and 30 September 2020 | <u>34</u> |
| NET BOOK VALUE | |
| At 30 September 2020 | <u>-</u> |
| At 30 September 2019 | <u>-</u> |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12. TANGIBLE FIXED ASSETS

| Group | Fixtures and fittings £'000 | Medical equipment £'000 | Computer equipment £'000 | Totals £'000 |
|------------------------|--|--|---|-------------------------|
| COST | | | | |
| At 1 October 2019 | 260 | 114 | 401 | 775 |
| Additions | 41 | 6 | 123 | 170 |
| Disposals | (75) | (80) | (26) | (181) |
| Acquisitions | - | - | 1 | 1 |
| At 30 September 2020 | <u>226</u> | <u>40</u> | <u>499</u> | <u>765</u> |
| DEPRECIATION | | | | |
| At 1 October 2019 | 66 | 82 | 152 | 300 |
| Charge for year | 50 | 8 | 104 | 162 |
| Eliminated on disposal | (54) | (80) | (25) | (159) |
| At 30 September 2020 | <u>62</u> | <u>10</u> | <u>231</u> | <u>303</u> |
| NET BOOK VALUE | | | | |
| At 30 September 2020 | <u>164</u> | <u>30</u> | <u>268</u> | <u>462</u> |
| At 30 September 2019 | <u>194</u> | <u>32</u> | <u>249</u> | <u>475</u> |

The net book value of tangible fixed assets includes £244k (2019: £311k) in respect of assets held under hire purchase contracts.

| Company | Fixtures and fittings £'000 | Medical equipment £'000 | Computer equipment £'000 | Totals £'000 |
|-----------------------|--|--|---|-------------------------|
| COST | | | | |
| At 1 October 2019 | 213 | 32 | 388 | 633 |
| Additions | 40 | 3 | 85 | 128 |
| At 30 September 2020 | <u>253</u> | <u>35</u> | <u>473</u> | <u>761</u> |
| DEPRECIATION | | | | |
| At 1 October 2019 | 42 | 2 | 142 | 186 |
| Charge for year | 48 | 6 | 95 | 149 |
| At 30 September 2020 | <u>90</u> | <u>8</u> | <u>237</u> | <u>335</u> |
| NET BOOK VALUE | | | | |
| At 30 September 2020 | <u>163</u> | <u>27</u> | <u>237</u> | <u>427</u> |
| At 30 September 2019 | <u>171</u> | <u>30</u> | <u>246</u> | <u>447</u> |

The net book value of tangible fixed assets includes £244k (2019: £311k) 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 2020**

13. FIXED ASSET INVESTMENTS

| Company | Shares in group undertakings £'000 |
|-----------------------|---|
| COST | |
| Additions | 1,117 |
| Impairments | (1,117) |
| At 30 September 2020 | - |
| NET BOOK VALUE | |
| At 30 September 2020 | - |

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: Ailsa House, 3 Tumberry House, The Links, 4400 Parkway, Solent Business Park, Whiteley, Hampshire, PO15 7FJ.

Nature of business: Medical practice activities

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

PHL Primary Care Limited

Registered office: Ailsa House, 3 Tumberry House, The Links, 4400 Parkway, Solent Business Park, Whiteley, Hampshire, PO15 7FJ.

Nature of business: Medical practice activities

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

PHL Best Practice Services Limited

Registered office: Ailsa House, 3 Tumberry House, The Links, 4400 Parkway, Solent Business Park, Whiteley, Hampshire, PO15 7FJ.

Nature of business: Medical practice activities

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

On 12 August 2020, PHL Best Practice Services Limited went into voluntary liquidation.

PHL Professionals Limited

Registered office: Ailsa House, 3 Tumberry House, The Links, 4400 Parkway, Solent Business Park, Whiteley, Hampshire, PO15 7FJ.

Nature of business: Medical practice activities

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

13. FIXED ASSET INVESTMENTS - continued

PHL Youla Limited

Registered office: Ailsa House, 3 Turnberry House, The Links, 4400 Parkway, Solent Business Park, Whiteley, Hampshire, PO15 7FJ.

Nature of business: Medical practice activities

| | |
|------------------|------------------|
| Class of shares: | % |
| Ordinary | holding 51.00 |

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 Ailsa House, 3 Turnberry House, The Links, 4400 Parkway, Solent Business Park, Whiteley, Hampshire, PO15 7FJ.

14. STOCKS

| | Group | |
|--------|--------------|------------------------------|
| | 2020 | 2019 |
| | £'000 | as restated £'000 |
| Stocks | <u>109</u> | <u>88</u> |

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | Company | |
|------------------------------------|--------------|------------------------------|------------------------------|
| | 2020 | 2019 | 2020 |
| | £'000 | as restated £'000 | as restated £'000 |
| Trade debtors | 696 | 880 | 655 |
| Amounts owed by group undertakings | - | - | 1,570 |
| Other debtors | 28 | 18 | 28 |
| VAT | 3 | - | - |
| Deferred tax asset | 44 | 32 | - |
| Prepayments and accrued income | <u>405</u> | <u>674</u> | <u>264</u> |
| | <u>1,176</u> | <u>1,604</u> | <u>2,517</u> |
| | <u>1,176</u> | <u>1,604</u> | <u>2,517</u> |

Deferred tax asset

| | Group | Company | |
|--------------|--------------|------------------------------|------------------------------|
| | 2020 | 2019 | 2020 |
| | £'000 | as restated £'000 | as restated £'000 |
| Deferred tax | <u>44</u> | <u>32</u> | <u>-</u> |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

All amounts shown under debtors fall due for payment within one year except the deferred tax asset recognised in respect of the defined pension scheme. This will reverse over the life of the scheme and is subject to changes in valuations of the defined benefit obligations and plan assets.

| | £'000 |
|--|------------------|
| Balance at 1 October 2019 | - |
| Prior year adjustment | <u>32</u> |
| Balance at 1 October 2019 (as restated) | 32 |
| Provided in the Income Statement in the year | (6) |
| Credited to Other Comprehensive Income in the year | <u>18</u> |
| Balance at 30 September 2020 | <u><u>44</u></u> |

The deferred tax asset comprises:

| | 2020 | 2019 |
|--|------------------|------------------------------|
| | £'000 | as restated £'000 |
| Deferred tax asset on pension liability | 50 | 32 |
| Deferred tax liability on accelerated capital allowances | <u>(6)</u> | <u>-</u> |
| | <u><u>44</u></u> | <u><u>32</u></u> |

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---------------------------------------|---------------------|------------------------------|---------------------|------------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | as restated £'000 | £'000 | as restated £'000 |
| Hire purchase contracts (see note 18) | 109 | 86 | 109 | 86 |
| Trade creditors | 995 | 1,107 | 115 | 160 |
| Amounts owed to group undertakings | - | - | 3,529 | 1,412 |
| Social security and other taxes | 269 | 223 | 54 | 42 |
| VAT | - | 2 | - | - |
| Other creditors | 261 | 206 | 42 | - |
| Accruals and deferred income | <u>1,546</u> | <u>1,432</u> | <u>783</u> | <u>747</u> |
| | <u><u>3,180</u></u> | <u><u>3,056</u></u> | <u><u>4,632</u></u> | <u><u>2,447</u></u> |

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Company | |
|---------------------------------------|--------------|------------------------------|----------------|------------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | as restated £'000 | £'000 | as restated £'000 |
| Hire purchase contracts (see note 18) | <u>156</u> | <u>231</u> | <u>156</u> | <u>231</u> |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

| | Hire purchase contracts | |
|----------------------------|--------------------------------|--------------------|
| | 2020 | 2019 |
| | | <i>as restated</i> |
| | £'000 | £'000 |
| Net obligations repayable: | | |
| Within one year | 109 | 86 |
| Between one and five years | 156 | 231 |
| | <u>265</u> | <u>317</u> |

Company

| | Hire purchase contracts | |
|----------------------------|--------------------------------|--------------------|
| | 2020 | 2019 |
| | | <i>as restated</i> |
| | £'000 | £'000 |
| Net obligations repayable: | | |
| Within one year | 109 | 86 |
| Between one and five years | 156 | 231 |
| | <u>265</u> | <u>317</u> |

Group

| | Non-cancellable operating leases | |
|----------------------------|---|--------------------|
| | 2020 | 2019 |
| | | <i>as restated</i> |
| | £'000 | £'000 |
| Within one year | 97 | 235 |
| Between one and five years | 257 | 848 |
| In more than five years | 171 | 1,878 |
| | <u>525</u> | <u>2,961</u> |

Company

| | Non-cancellable operating leases | |
|----------------------------|---|--------------------|
| | 2020 | 2019 |
| | | <i>as restated</i> |
| | £'000 | £'000 |
| Within one year | 57 | 57 |
| Between one and five years | 228 | 228 |
| In more than five years | 171 | 228 |
| | <u>456</u> | <u>513</u> |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

19. SECURED DEBTS

The following secured debts are included within creditors:

| | Group |
|-------------------------|-----------------------|
| | 2020 2019 |
| | as restated |
| | £'000 £'000 |
| Hire purchase contracts | <u>265</u> <u>317</u> |

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

20. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | | |
|----------------------------------|----------|----------------|-----------|-------------|
| Number: | Class: | Nominal value: | 2020 | 2019 |
| | | | £'000 | as restated |
| | | | £'000 | £'000 |
| 7,900,000 | Ordinary | £0.01 | <u>79</u> | <u>79</u> |

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

21. RESERVES

Group

| | Retained earnings £'000 |
|----------------------------|------------------------------------|
| At 1 October 2019 | (38) |
| Prior year adjustment | <u>(137)</u> |
| | (175) |
| Profit for the year | 249 |
| Other comprehensive income | <u>(131)</u> |
| At 30 September 2020 | <u>(57)</u> |

Company

| | Retained earnings £'000 |
|-----------------------|------------------------------------|
| At 1 October 2019 | 131 |
| Prior year adjustment | <u>(137)</u> |
| | (6) |
| Deficit for the year | <u>(391)</u> |
| At 30 September 2020 | <u>(397)</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 2020**

22. EMPLOYEE BENEFIT OBLIGATIONS

This is a funded defined benefit scheme providing benefits to the members based on final pensionable pay. The scheme commenced on 15 April 2015.

Contributions to the scheme are charged to the income statement so as to spread the cost of pensions evenly over employees' working lives with the group.

The assets of the scheme are held separately from those of the group, being invested in managed funds.

Employer contributions amounting to £146k (2019: £97k) were paid during the year.

The last full actuarial valuation as carried out at 31 December 2018 and updated to 30 September 2020 by a qualified independent actuary on an FRS 102 basis.

The amounts recognised in the balance sheet are as follows:

| | Defined benefit pension plans | |
|---------------------------------------|--|-----------------------------|
| | 2020 | 2019 as restated |
| | £'000 | £'000 |
| Present value of funded obligations | (1,062) | (1,109) |
| Fair value of plan assets | 798 | 940 |
| | (264) | (169) |
| Present value of unfunded obligations | - | - |
| Deficit | (264) | (169) |
| Net liability | (264) | (169) |

The amounts recognised in profit or loss are as follows:

| | Defined benefit pension plans | |
|--|--|-----------------------------|
| | 2020 | 2019 as restated |
| | £'000 | £'000 |
| Current service cost | 90 | 142 |
| Net interest from net defined benefit asset/liability | 2 | 1 |
| Past service cost | - | - |
| | 92 | 143 |
| Actual return on plan assets | (5) | 74 |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the present value of the defined benefit obligation are as follows:

| | Defined benefit pension plans | |
|--------------------------------------|--|-----------------------------|
| | 2020 | 2019 as restated |
| | £'000 | £'000 |
| Opening defined benefit obligation | 1,109 | 781 |
| Current service cost | 90 | 142 |
| Contributions by scheme participants | 13 | 24 |
| Interest cost | 18 | 24 |
| Actuarial losses/(gains) | 128 | 140 |
| Benefits paid | <u>(296)</u> | <u>(2)</u> |
| | <u>1,062</u> | <u>1,109</u> |

Changes in the fair value of scheme assets are as follows:

| | Defined benefit pension plans | |
|--------------------------------------|--|-----------------------------|
| | 2020 | 2019 as restated |
| | £'000 | £'000 |
| Opening fair value of scheme assets | 940 | 747 |
| Contributions by employer | 146 | 97 |
| Contributions by scheme participants | 13 | 24 |
| Interest income | 16 | 23 |
| Actuarial gains/(losses) | (21) | 51 |
| Benefits paid | <u>(296)</u> | <u>(2)</u> |
| | <u>798</u> | <u>940</u> |

The amounts recognised in other comprehensive income are as follows:

| | Defined benefit pension plans | |
|--------------------------|--|-----------------------------|
| | 2020 | 2019 as restated |
| | £'000 | £'000 |
| Actuarial gains/(losses) | <u>(149)</u> | <u>(89)</u> |
| | <u>(149)</u> | <u>(89)</u> |

The major categories of scheme assets as amounts of total scheme assets are as follows:

| | Defined benefit pension plans | |
|-------------|--|-----------------------------|
| | 2020 | 2019 as restated |
| | £'000 | £'000 |
| Equities | 320 | 400 |
| Bonds | 346 | 384 |
| Multi-Asset | <u>132</u> | <u>156</u> |
| | <u>798</u> | <u>940</u> |

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2020 | 2019 as restated |
|--------------------------------------|--------------|----------------------------|
| Discount rate | 1.55% | 1.80% |
| Rate of pensionable salary increases | 3.10% | 3.20% |
| Retail price inflation | 3.10% | 3.20% |
| Consumer price inflation | 2.40% | 2.20% |

23. RELATED PARTY DISCLOSURES

Ashley House plc is the parent company of Ashley House Clinical Services Limited, a major shareholder for part of the year.

During the year the group was recharged expenses of £26k (2019: £17k) from Ashley House plc. The balance due to Ashley House plc at the year end was £Nil (2019: £202k).

During the year purchases of £235k (2019: £188k) 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 £11k (2019: £11k).

During the year the group was recharged expenses of £7k (2019: £12k) from Mr S Minion, a director of the company. The balance due to Mr S Minion at the year end was £Nil (2019: £Nil).

During the year purchases of £44k (2019: £19k) 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 (2019: £2k).

During the year purchases of £3k (2019: £1k) 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 (2019: £Nil).

During the period, Youla Ltd, a shareholder of PHL Youla Limited, provided a loan to the company. At the period end, £218,951 was owed to Youla Ltd and is included within 'Creditors: amounts falling due within one year'. The loan bears no interest.

24. ULTIMATE CONTROLLING PARTY

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

PARTNERING HEALTH LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

25. FINANCIAL ASSETS AND LIABILITIES

Group

| | 2020 £'000 | 2019 £'000 |
|--|-----------------------|-----------------------|
| Financial assets measured at amortised cost | <u>2,376</u> | <u>1,461</u> |
| Financial liabilities measured at amortised cost | <u>1,521</u> | <u>1,630</u> |

Company

| | 2020 £'000 | 2019 £'000 |
|--|-----------------------|-----------------------|
| Financial assets measured at amortised cost | <u>3,779</u> | <u>2,027</u> |
| Financial liabilities measured at amortised cost | <u>3,951</u> | <u>1,889</u> |

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise hire purchase liabilities, trade creditors, amounts owed to group undertakings and other creditors.

26. ACQUISITIONS

On 1 October 2019, PHL Youla Limited purchased 100% of the trade and assets of Youla Ltd.

In calculating the goodwill arising on acquisition, the fair value of the net assets of Youla Ltd have been assessed and summarised in the following table:

| | Book value £'000 | Fair value adjustments £'000 | Fair value £'000 |
|--------------------------|-----------------------------|---|-----------------------------|
| Fixed assets | 1 | - | 1 |
| Current assets | 6 | - | 6 |
| Cash at bank | 4 | - | 4 |
| Creditors | <u>(220)</u> | <u>-</u> | <u>(220)</u> |
| Net liabilities acquired | <u>(209)</u> | <u>-</u> | <u>(209)</u> |

Consideration
Cash

100% of net liabilities acquired 209

Goodwill arising 209

In the year ended 30 September 2020, turnover of £188k and a loss before tax of £86k was included in the consolidated income statement in respect of the trade acquired.