

**Engage Health Holdings Limited**

**Annual report and financial statements**

**Registered number 7112411**

**Year ended 31 December 2014**



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## Strategic report

On 26 February 2015 the Prudential Regulatory Authority (PRA) formally confirmed the merger of Homeowners Friendly Society Limited (HFSL), the parent company of Engage Mutual Administration Limited (EMAL) and Family Assurance Friendly Society Limited. Under the legal terms of transfer, that HFSL is expected to cease to exist as a separate legal entity after 31 March 2015.

In addition to the cessation of HFSL as a legal entity there is an expectation that the activities, operations and locations of the two merged businesses will be based in a single location ultimately. The terms of the merger confirm that the enlarged group will retain a presence in North Yorkshire for a period of not less than 2 years.

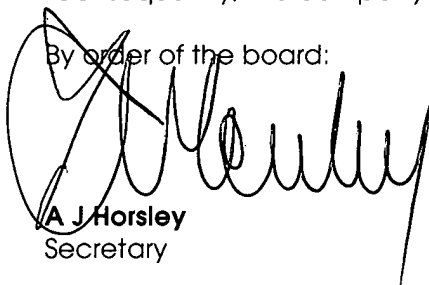
The merger of HFSL will not impact the principal activity of the company, as a holding company for Engage Mutual Health. The company is not a trading company and has therefore not received any income or expenditure.

On 15 March 2013, Home Owners Friendly Society subscribed for 3,000,000 ordinary shares in Engage Health Holdings Limited for a consideration of £3,000,000. On 15 March 2013, Engage Health Holdings Limited subscribed for 3,000,000 ordinary shares in Engage Mutual Health for a consideration of £3,000,000. On 7 March 2014, the Society subscribed for 1,000,000 ordinary shares in Engage Health Holdings Limited for a consideration of £1,000,000. On 7 March 2014, Engage Health Holdings Limited subscribed for 1,000,000 ordinary shares in Engage Mutual Health for a consideration of £1,000,000.

Engage Mutual Health made losses in the current and prior years, as investment in health insurance was made, and this investment is expected to continue in the short term. Accordingly a provision for the full value of the investment in Engage Mutual Health was made.

Consequently, the company made a loss of £1,000,000 in 2014 (2013: £4,000,001).

By order of the board:



A J Horsley  
Secretary

Hornbeam Park Avenue  
Harrogate  
HG2 8XE

24 March 2015

## **Directors' report**

The Directors present their report and financial statements for the year ended 31 December 2014.

### **Going concern**

The parent company of Engage Health Holdings Limited (EHHL) is Homeowners Friendly Society Limited (HFSL). HFSL has prepared a business plan for itself and its subsidiaries and has projected the future working capital requirements of EHHL. The Directors of EHHL have presented the accounts on a going concern basis as HFSL has confirmed, as part of the business plan, its commitment to funding the future working capital requirements of EHHL for a period of at least twelve months from the date of the signing of the accounts.

Due to the structure and timing of the merger of Engage Mutual Assurance with Family Investments, HFSL is expected to cease to exist as a legal entity as at 31 March 2015. The terms of the merger as set out in the instrument of transfer are such that the property, rights and liabilities of HFSL will be transferred under paragraph 86 (5)(a) of the Friendly Society Act 1992 into Family Assurance Friendly Society Ltd. The instrument of transfer ensures that the commitment of HFSL to EHHL will form part of the property, rights and liabilities being taken into the merged entity.

### **Proposed dividend**

The Directors do not recommend the payment of a dividend for the year (2013: £nil).

### **Directors**

The Directors who held office during the year and subsequently were as follows:

C M McComb (Chairman)  
P J Burrows  
P Chandler  
K J D Elliott  
C Fawcett  
A T Gosling  
N Masters

### **Political donations**

The company made no political donations during the year (2013: £nil).

### **Disclosure of information to auditors**

The Directors who held office at the date of the approval of this Directors' report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

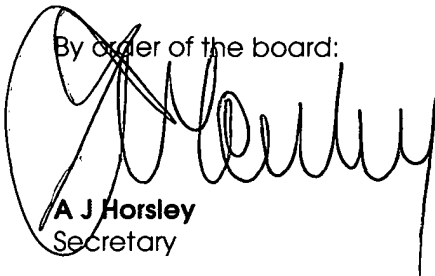
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## Directors' report (cont'd)

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed, and KPMG Audit plc will therefore continue in office.

By order of the board:



**A J Horsley**  
Secretary

Hornbeam Park Avenue  
Harrogate  
HG2 8XE

24 March 2015

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## Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK generally Accepted Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **Independent auditor's report to the members of Engage Health Holdings Limited**

We have audited the financial statements of Engage Health Holdings Limited for the year ended 31 December 2014 set out of pages 9 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**


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

## **Independent auditor's report to the members of Engage Health Holdings Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Jonathan Holt (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
Chartered Accountants  
1 St. Peter's Square  
Manchester  
M2 3AE

24 March 2015



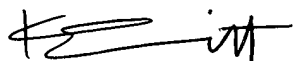
**Profit & Loss Account  
for the year ending 31 December 2014**

	Notes	2014 £	2013 £
(Loss) on investments	3	(1,000,000)	-
Provision for investments		-	(4,000,001)
<b>Loss on ordinary activities before tax</b>		<b>(1,000,000)</b>	<b>(4,000,001)</b>
Tax on loss on ordinary activities	4	-	-
<b>Loss on ordinary activities after tax</b>		<b>(1,000,000)</b>	<b>(4,000,001)</b>
<b>Retained loss</b>		<b>(1,000,000)</b>	<b>(4,000,001)</b>

**Balance Sheet  
at 31 December 2014**

	Notes	2014 £	2013 £
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	5	5,000,001	4,000,001
Reserves	6	(5,000,001)	(4,000,001)
		<hr/>	<hr/>
<b>Total shareholders' funds</b>		-	-
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 24 March 2015 and signed on its behalf by:



**K J D Elliott**  
Director

Company Number: 7112411

## Notes to the financial statements

### 1. Accounting policies

#### Investments

In the balance sheet of the Company, investments in group undertakings are stated at cost value, less any provision for impairment.

#### Impairment

The carrying amounts of the Group's investments are reviewed for impairment at each balance sheet date, or when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated and any shortfall is recognised immediately in profit or loss.

#### Going concern

The parent company of Engage Health Holdings Limited (EHHL) is Homeowners Friendly Society Limited (HFSL). HFSL has prepared a business plan for itself and its subsidiaries and has projected the future working capital requirements of EHHL. The Directors of EHHL have presented the accounts on a going concern basis as HFSL has confirmed, as part of the business plan, its commitment to funding the future working capital requirements of EHHL for a period of at least twelve months from the date of the signing of the accounts.

Due to the structure and timing of the merger of Engage Mutual Assurance with Family Investments, HFSL is expected to cease to exist as a legal entity as at 31 March 2015. The terms of the merger as set out in the instrument of transfer are such that the property, rights and liabilities of HFSL will be transferred under paragraph 86 (5)(a) of the Friendly Society Act 1992 into Family Assurance Friendly Society Ltd. The instrument of transfer ensures that the commitment of HFSL to EHHL will form part of the property, rights and liabilities being taken into the merged entity.

#### Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Law and applicable accounting standards, and under historic cost accounting rules.

The financial statements present information about the company as an individual undertaking and not about its Group. The company is exempt (by section 400 of the Companies Act 2006) from the requirement to prepare group financial account.

Under FRS 1 (revised 1996) 'Cash Flow Statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

### 2. Remuneration of Directors

The Directors are also Directors of the ultimate holding company, Homeowners Friendly Society Limited (HFSL). The Directors have been wholly remunerated by HFSL for their services to EHHL and other group undertakings. The costs of the Directors are recovered through charges to the group companies. During 2014 the total remuneration paid to the Directors was £819,000 (2013: £824,000) and the total remuneration paid to the highest paid director was £368,000 (2013: £356,000). For further details the Report of the Directors on Remuneration can be found in Homeowners Friendly Society Limited Group Report and Accounts.

## Notes to the financial statements

### 3. Investments

	2014 £ Book cost	2014 £ Market value	2013 £ Book cost	2013 £ Market value
<b>Investments</b>				
Investment in subsidiary	5,000,001	5,000,001	4,000,001	4,000,001
Provision as at 1 January	(4,000,001)	(4,000,001)	-	-
Provided in the year	(1,000,000)	(1,000,000)	(4,000,001)	(4,000,001)
<b>Financial investments</b>	-	-	-	-

Investments consist of an equity investment in Engage Mutual Health, a wholly owned subsidiary incorporated in the United Kingdom, which was acquired on 30 September 2010.

Engage Mutual Health made losses in prior years, as investment in health insurance was made, and this investment is expected to continue in the short term. Accordingly, a provision of £5,000,001 has been provided in relation to the Company's investment.

## Notes to the financial statements

### 4. Taxation

#### Analysis of the tax charge for the period:

	2014 £	2013 £
<b>UK corporation tax</b>		
Current tax on income for period	-	-
	<hr/>	<hr/>
<b>Tax on loss on ordinary activities</b>	-	-
	<hr/>	<hr/>

#### Reconciliation of current year tax charge:

	2014 £	2013 £
Loss on ordinary activities before tax	(1,000,000)	(4,000,001)
	<hr/>	<hr/>
Current tax at standard corporation tax rate - 21.5% (2013 - 23.25%)	(215,000)	(930,000)
Effects of:		
Increase in tax losses carried forwards	215,000	-
Accelerated capital allowances	-	930,000
Adjustment to prior year tax charge	-	-
	<hr/>	<hr/>
<b>Current tax on income for period</b>	-	-
	<hr/>	<hr/>

## Notes to the financial statements

### 5. Share capital

	2014 £	2013 £
Issued and fully paid ordinary shares of £1 each	5,000,001	4,000,001

### 6. Reconciliation of movement in equity shareholders' funds

	Share capital £	General reserve £	Total £
At 1 January 2013	1,000,001	-	1,000,001
Loss for the year	-	(4,000,001)	(4,000,001)
Issue of share capital	3,000,000	-	3,000,000
At 31 December 2013	4,000,001	(4,000,001)	-
Loss for the year	-	(1,000,000)	(1,000,000)
Issue of share capital	1,000,000	-	1,000,000
At 31 December 2014	5,000,001	(5,000,001)	-

One ordinary share of £1 was purchased by HFSL on 18 August 2010 for consideration of £1. On 24 December 2012, the Society subscribed for 1,000,000 ordinary £1 shares in Engage Health Holdings Limited for a consideration of £1,000,000. On 24 December 2012, Engage Health Holdings Limited subscribed for 1,000,000 ordinary £1 shares in Engage Mutual Health for a consideration of £1,000,000. On 15 March 2013, the Society subscribed for 3,000,000 ordinary shares in Engage Health Holdings Limited for a consideration of £3,000,000. On 15 March 2013, Engage Health Holdings Limited subscribed for 3,000,000 ordinary shares in Engage Mutual Health for a consideration of £3,000,000. On 7 March 2014, the Society subscribed for 1,000,000 ordinary shares in Engage Health Holdings Limited for a consideration of £1,000,000. On 7 March 2014, Engage Health Holdings Limited subscribed for 1,000,000 ordinary shares in Engage Mutual Health for a consideration of £1,000,000.

## Notes to the financial statements

### 7. Audit fees

Audit fees amounting to £1,750 (2013: £1,765) have been paid by Engage Mutual Health, a wholly owned subsidiary, on the company's behalf.

The total value of fees for non-audit and other services paid by the company to KPMG Audit Plc and KPMG LLP are disclosed in the accounts of the ultimate parent undertaking, Homeowners Friendly Society Limited on a consolidated basis.

### 8. Ultimate parent company

The consolidated financial statements of Homeowners Friendly Society Limited, the company's immediate and ultimate parent and the smallest and largest entity within which the company is included, can be obtained from Homeowners Friendly Society Limited, Hornbeam Park Avenue, Harrogate, HG2 8XE.

### 9. Post balance sheet event

On 26 February 2015 the Prudential Regulatory Authority (PRA) formally approved the merger of Homeowners Friendly Society Limited (HFSL) and Family Assurance Friendly Society Limited. The approval has confirmed, under the legal terms of transfer, that HFSL will cease to exist as a separate legal entity.

At the date of signing of the accounts work is ongoing to determine detailed plans, timelines and costs associated with the merger.