
PAM Wellbeing Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2020

PAM Wellbeing Limited

Company Information

Director	J D Murphy
Registered number	07475231
Registered office	Holly House 73-75 Sankey Street Warrington WA1 1SL
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	HSBC 4 Hardman Square Spinningfields Manchester M3 3EB

PAM Wellbeing Limited

Contents

	Page
Strategic Report	1 - 2
Director's Report	3 - 5
Independent Auditors' Report	6 - 9
Statement of Income and Retained Earnings	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 22

Strategic Report
For the Year Ended 31 December 2020

Introduction

The director presents the strategic report for the year ended 31 December 2020.

Business review

The Director is satisfied with the performance of the Company in the year. With the outbreak of Covid-19 and the countries of the United Kingdom applying movement restriction on its citizens. This saw an impact on the Company employees being able to travel and its customers being available to take part in the services provided by the Company. As the pandemic has evolved the Company has taken appropriate action to ensure that services were delivered on a continuous basis and that the costs of services were effectively controlled. This has resulted in the Company demonstrating effective control and response to be able to deal with Covid-19.

During 2020 the number one priority for the Company was the safety and wellbeing of its colleagues. The performance of the Company in 2020 is directly related to the commitment and performance of its Colleagues who demonstrated they are the Company's greatest asset. The ability for the Company to move as swiftly and respond to ever changing demands of 2020 was due to the attitude willingness and support of its Colleagues. Recruitment in the year was significantly down as a result of demand however this is expected to be a temporary trend. The use of associate labour and the cost of associate labour was also significantly reduced in the year.

Turnover for the year was £10.4m which was up on the previous year's (2019) £10.1m by almost 3%. The nature of the Covid-19 pandemic has resulted in increased demand for the company's wellbeing services especially in the later half of 2020 which were up by 7.7%.

EBITDA has almost doubled to £1.6m from £791k in 2019. This significant improvement has resulted from less reliance on Associate Labour, and increased efficiency of being able to deliver services remotely. Swift action was taken in quarter 2 of 2020 as the pandemic hit. This improvement is as a result of measures taken to change service delivery methods and to better use the technology that the Company had already built into its infrastructure.

New business sales in 2020 were also down on prior years. Again this as a result of clients and new prospective clients delaying decisions to award services as they themselves responded to the Covid-19 pandemic. This is a temporary delay and the 4th quarter of 2020 saw a return to previous business levels. The Company has no reason to believe that this return will not continue in 2021. The Company has continued to invest and develop its range of services to ensure that it can be a single provider of occupational health and rehabilitation services within its chosen sectors.

Gross profit margins were 76.9% an increase of 13.5% compared to 2019's 63.4%. This improvement was a result of increased productivity of resources and the reduction in travel related costs as more services were delivered digitally using technology.

A review of overhead costs and depreciation was carried out in 2020 to ensure that the costs and investment were aligned to the business environment. The Company continued to invest in its technology to enhance its service delivery.

Principal risks and uncertainties

The restriction on the movement of people remains a risk to the company in that it can bring a temporary reduction in services that are delivered in person. The disease management in the workplace is likely to bring increased demand for the Company's services as the requirement for Covid-19 testing is required by employer.

The occupational health market remains consistent with previous years with demand for services increasing but this is balanced against a limited pool of qualified employees. As a result, the Company does not expect a negative impact other than competition in terms of its pricing. The company continues to invest in its Colleague benefits and packages in order to attract and retain colleagues in line with future growth.

The Company considers that it has limited exposure in Financial risk as the Company trades in the UK and invoices its clients in £ sterling with no currency exposure.

Strategic Report (continued)
For the Year Ended 31 December 2020

Financial key performance indicators

The Company's financial KPI's continue to be turnover, gross profit and margin and EBITDA, which remain the major areas in shaping the future success of the business.

Other key performance indicators

Non financial KPI's are numerous but as in previous years they continue to focus on utilisation of both Colleague and Associate Networks, Health & Safety, Compliance and customer delivery metrics.

This report was approved by the board and signed on its behalf.

.....
J D Murphy
Director

Date: 14 April 2021

Director's Report
For the Year Ended 31 December 2020

The director presents his report and the financial statements for the year ended 31 December 2020.

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,255,370 (2019 -£643,202).

Director

The director who served during the year was:

J D Murphy

Future developments

The Company continues to grow its range of services through 2021 and works with client organisations to identify other value add services that can be delivered for the benefit of both organisations.

The effects of Covid-19 in 2020 and beyond means that the mental health and wellbeing of client's employees has never been more important and continues to be a valuable service offering to the Group's client base. There is therefore a significantly increased scope for the Company's services being provided to the client's employees.

Director's Report (continued)
For the Year Ended 31 December 2020

Financial instruments

The Company's financial instruments comprise bank balances, trade creditors, invoice discounting facilities and amounts owed by and owed to group undertakings.

Price risk - Due to the nature of the financial instruments used by the company, there is no significant exposure to price risk.

Credit risk - Credit checks are carried out where appropriate for new and existing customers.

Liquidity risk - The Company manages this risk by maintaining a balance between the various elements of working capital and monitoring cash flow requirements.

Cash flow risk - Senior management monitors the level of funds held within the business to ensure that there are sufficient funds available for working capital requirements, capital expenditure and the payment of tax. Consideration is also given to the impact of potential downturns in the level of business.

Interest rate risk - The Company has bank loans and operating leases. Interest rate risk is not considered significant as the rates are fixed.

Research and development activities

The Group's operating system OHIO is market leading and unique software that again continues in its advancement. The new year has seen a number of developments and initiatives undertaken for both internal (within the Group) and external use by the client base. Examples of internal use are centre around algorithmic scoring of some of the confidential services to enable the most suitable signposting and treatment path being provided to the client's employees. As well as OHIO providing an operational solution to clients, developments have been made enabling access of key financial data to be extracted with the enhanced security and safeguards regarding confidentiality.

Engagement with employees

The PAM Group terms its employees as Colleagues and, as the Strategic Report has stated, our Colleagues are the Company's greatest asset. We aim for everyone to be involved in the Company's development and growth.

Regular communication is achieved from the Board of Directors to all staff through Board, Senior Manager Meetings and down to Team Meetings.

In addition Colleagues are given annual reviews with their line managers in order to develop performance and involvement further. The reviews are held with a strong focus on the "Everyday Things That Matter" which is attributable to all Colleagues whether they be direct customer facing positions or not.

Disabled employees

The PAM Group is an Equal Opportunities Employer. We have an Equal Opportunities Policy which has been written by the Head of HR and formally approved by the Managing Director. The aim of this policy is that everyone should have the same opportunities for employment and promotion based on their ability, qualifications and suitability for the work. We will need to keep to, and go beyond, equal opportunities legislation.

We have designed this policy to make sure that no job applicant or employee receives less favourable treatment because of their race, sex, religion/belief, disability, marital status, age, maternity/pregnancy, sexual orientation, gender identity, gender expression or caring responsibilities, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable.

It is our policy to develop and maintain positive measures so we recruit, develop and hold on to people with disabilities, keep to the law and encourage best practice.

Director's Report (continued)
For the Year Ended 31 December 2020

Our guiding principles:

- Equal opportunities and diversity cover all aspects of working life. The understanding and views of people on related issues are shown through their behaviour.
- You must not discriminate against any person or group when recruiting, choosing, training, promoting or paying people.
- Harassment is also a type of discrimination, and we will treat it as such under the terms of this policy. We will not tolerate any type of harassment or bullying, including offensive remarks, at work.
- We will encourage you to tell us about any disability you may have and your ethnic background.
- We will take positive measures (which are allowed by legislation for suitably qualified people) so that we recruit and employ any under-represented minority group, for example, the Government's Disability Confident Policy for registered disabled people.
- We will follow the Disability Discrimination Act and will make reasonable adjustments for people with disabilities. If you become disabled while working for us, we will do everything possible to make sure you can keep working for us.
- You must keep to this policy. If you do not, we may take disciplinary action against you.
- If you consider that you are suffering from harassment or have been discriminated against, you should make your complaint in line with our grievance procedure.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Covid-19 continues to impact the company with some clients still experiencing lower volumes than experienced pre-pandemic. However, the pandemic also offers some major opportunities for the Company to offer enhanced services to its client base. Focus is continual around volumes and is a key focus of the Company's Management.

Auditors

The auditors, Hurst Accountants Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....
J D Murphy

Director

Date: 14 April 2021

Independent Auditors' Report to the Members of PAM Wellbeing Limited

Opinion

We have audited the financial statements of PAM Wellbeing Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 31 December 2020 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Members of PAM Wellbeing Limited (continued)

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report 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 Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which 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 director's 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 Director's Responsibilities Statement set out on page 3, the director is 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 director determines is 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 director is responsible for assessing the 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of PAM Wellbeing Limited (continued)

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 an Auditors' Report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- Enquiring of local management and parent company management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or that had a fundamental effect on the operations of the Company, including General Data Protection requirements, Anti-bribery and corruption policy and the Coronavirus Job Retention Scheme.

Audit response to risks identified

Our procedures to respond to risk identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence

Independent Auditors' Report to the Members of PAM Wellbeing Limited (continued)

with regulators; and

- Carrying out substantive testing to confirm the validity and accuracy of 'furlough' claims.

We have also considered the risks noted above in addressing the risk of fraud through management override of controls:

- Testing the appropriateness of journal entries and other adjustments; we have used data analytics software to runs tests designed to identify accounting transactions which may pose a heightened risk of material misstatement, whether due to fraud or error.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 Auditors' Report.

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 an Auditors' 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.

Anthony Woodings (Senior Statutory Auditor)

for and on behalf of

Hurst Accountants Limited

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

14 April 2021

**Statement of Income and Retained Earnings
For the Year Ended 31 December 2020**

	Note	2020 £	2019 £
Turnover	4	10,384,428	10,062,262
Cost of sales		(2,402,465)	(3,680,143)
Gross profit		7,981,963	6,382,119
Administrative expenses		(6,598,863)	(5,593,523)
Other operating income	5	168,401	
Operating profit	6	1,551,501	788,596
Interest payable and expenses	9	(1,662)	(194)
Profit before tax		1,549,839	788,402
Tax on profit	10	(294,469)	(145,200)
Profit after tax		1,255,370	643,202
Retained earnings at the beginning of the year		934,372	291,170
Profit for the year		1,255,370	643,202
Retained earnings at the end of the year		2,189,742	934,372

The notes on pages 13 to 22 form part of these financial statements.

PAM Wellbeing Limited
Registered number: 07475231

Balance Sheet
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	10,296	<i>10,713</i>
		10,296	<i>10,713</i>
Current assets			
Debtors: amounts falling due within one year	12	5,138,488	<i>5,464,232</i>
Cash at bank and in hand	13	63,123	<i>45,007</i>
		5,201,611	<i>5,509,239</i>
Creditors: amounts falling due within one year	14	(3,020,302)	<i>(4,583,658)</i>
Net current assets		2,181,309	<i>925,581</i>
Total assets less current liabilities		2,191,605	<i>936,294</i>
Provisions for liabilities			
Deferred tax	15	(1,862)	<i>(1,921)</i>
		(1,862)	<i>(1,921)</i>
Net assets		2,189,743	<i>934,373</i>
Capital and reserves			
Called up share capital	16	1	<i>1</i>
Profit and loss account	17	2,189,742	<i>934,372</i>
		2,189,743	<i>934,373</i>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
J D Murphy
Director

Date: 14 April 2021

The notes on pages 13 to 22 form part of these financial statements.

**Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	1	934,372	934,373
Comprehensive income for the year			
Profit for the year	-	1,255,370	1,255,370
Total comprehensive income for the year	-	1,255,370	1,255,370
At 31 December 2020	1	2,189,742	2,189,743

The notes on pages 13 to 22 form part of these financial statements.

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	291,170	291,171
Comprehensive income for the year			
Profit for the year	-	643,202	643,202
Total comprehensive income for the year	-	643,202	643,202
At 31 December 2019	1	934,372	934,373

The notes on pages 13 to 22 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1. General information

PAM Wellbeing Limited is a private company limited by share capital incorporated in England & Wales, company number 07475231. The address of the registered office and the principal place of business is Holly House, 73-75 Sankey Street, Warrington, WA1 1SL.

The principal activity of the company is that of the provision of counselling and physiotherapy services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of PAM Occupational Health Solutions Limited as at 31 December 2020 and these financial statements may be obtained from the Registrar of Companies.

2.3 Going concern

At 31 December 2020 the Company had net assets of £2,189,743 (2019: £934,373). The company has received assurances from its parent company that support will be provided such that it will be able to meet its debts as they fall due.

The COVID-19 pandemic is still ongoing, with the United Kingdom still in lockdown as of March 2021, however the Company has continued to trade positively, with increased margins.

Management have therefore prepared these financial statements on a going concern basis.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is principally recognised at the date of invoicing, which is after an appointment has been undertaken and a report issued to the customer.

2.5 Government grants

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest 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.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the Financial Statements
For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%	per annum reducing balance basis
-----------------------	---	-----	----------------------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Notes to the Financial Statements
For the Year Ended 31 December 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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 have had the most significant effect on the amounts recognised in the financial statements.

Useful life of tangible fixed assets

Management also exercises judgement in estimating the useful life of property, plant and equipment. The net book value of tangible fixed assets at the year end totalled £10,296 (2019: £10,713).

4. Turnover

The whole of the turnover is attributable to the principal activity of occupational health services.

	2020 £	2019 £
United Kingdom	10,384,428	10,062,262
	<u>10,384,428</u>	<u>10,062,262</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Government grants receivable	168,401	-
	<u>168,401</u>	<u>-</u>

Government grant income relates to amounts claimed in accordance with the Coronavirus Job Retention Scheme.

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	2,457	2,330
Defined contribution pension costs	<u>359,590</u>	<u>293,165</u>

Notes to the Financial Statements
For the Year Ended 31 December 2020

7. Auditors' remuneration

	2020	2019
	£	£
Audit services	<u>9,500</u>	<u>3,700</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

	2020	2019
	£	£
Wages and salaries	4,636,626	3,851,579
Social security costs	400,221	370,071
Cost of defined contribution scheme	359,590	293,165
	<u>5,396,437</u>	<u>4,514,815</u>

The average monthly number of employees, including the director, during the year was as follows:

	2020	2019
	No.	No.
Average number of employees	<u>150</u>	<u>143</u>

9. Interest payable and similar expenses

	2020	2019
	£	£
Other interest payable	<u>1,662</u>	<u>194</u>
	<u>1,662</u>	<u>194</u>

Notes to the Financial Statements
For the Year Ended 31 December 2020

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	294,528	146,241
Adjustments in respect of previous periods	-	(1,130)
	<u>294,528</u>	<u>145,111</u>
Total current tax	<u>294,528</u>	<u>145,111</u>
Deferred tax		
Origination and reversal of timing differences	(59)	89
Total deferred tax	<u>(59)</u>	<u>89</u>
Taxation on profit on ordinary activities	<u>294,469</u>	<u>145,200</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 -lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,549,839</u>	<u>788,402</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 -19%)	294,469	149,796
Effects of:		
Adjustments to tax charge in respect of prior periods	-	(1,130)
Short term timing difference leading to an increase (decrease) in taxation	-	(139)
Pension contributions deductible when paid	-	(3,327)
Total tax charge for the year	<u>294,469</u>	<u>145,200</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the Financial Statements
For the Year Ended 31 December 2020

11. Tangible fixed assets

	Fixtures and fittings £
Cost or valuation	
At 1 January 2020	21,418
Additions	2,040
At 31 December 2020	23,458
Depreciation	
At 1 January 2020	10,705
Charge for the year	2,457
At 31 December 2020	13,162
Net book value	
At 31 December 2020	10,296
<i>At 31 December 2019</i>	<i>10,713</i>

12. Debtors

	2020 £	2019 £
Trade debtors	32,662	38,224
Amounts owed by group undertakings	4,911,612	4,923,678
Other debtors	175,219	61,695
Prepayments and accrued income	18,995	440,635
	<u>5,138,488</u>	<u>5,464,232</u>

13. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>63,123</u>	<u>45,007</u>

Notes to the Financial Statements
For the Year Ended 31 December 2020

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	135,951	247,031
Amounts owed to group undertakings	1,910,268	3,785,452
Corporation tax	395,651	146,241
Other taxation and social security	98,129	218,039
Other creditors	-	18,072
Accruals and deferred income	480,303	168,823
	<u>3,020,302</u>	<u>4,583,658</u>

15. Deferred taxation

	2020 £
At beginning of year	(1,921)
Charged to profit or loss	59
At end of year	<u><u>(1,862)</u></u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	1,862	1,921
	<u>1,862</u>	<u>1,921</u>

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

Notes to the Financial Statements
For the Year Ended 31 December 2020

17. Reserves

Profit and loss account

The profit and loss reserve includes all current and prior period retained profits and losses.

18. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £359,590 (2019: £293,165). Contributions totalling £Nil (2019: £Nil) were payable to the fund at the balance sheet date.

19. Related party transactions

The company has taken advantage of the exemption in FRS 102 not to disclose transactions entered into between two or more members of a group whereby the subsidiary that is a party to the transaction is wholly owned by a member.

The director of the company is considered to be the key management personnel and received no remuneration.

20. Controlling party

The immediate parent company is People Asset Management Group Limited, a company registered in England and Wales.

The ultimate parent company is PAM Occupational Health Solutions Limited, a company incorporated in England and Wales. Mr J D Murphy is the ultimate controlling party, by virtue of his shareholding in PAM Occupational Health Solutions Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.