

**REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS FOR THE PERIOD 01 OCTOBER 2014 TO 30 JUNE 2015
FOR
BABYLON PARTNERS LIMITED**

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BABYLON PARTNERS LIMITED
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FOR THE PERIOD 01 OCTOBER 2014 TO 30 JUNE 2015

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BABYLON PARTNERS LIMITED
COMPANY INFORMATION
FOR THE PERIOD 01 OCTOBER 2014 TO 30 JUNE 2015

DIRECTOR:

Dr A Parsadoust
Mr C Bischoff

REGISTERED OFFICE:

6 Salem Road
Floor 2
London
W2 4BU

REGISTERED NUMBER:

08493276 (England and Wales)

AUDITOR:

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

BABYLON PARTNERS LIMITED
DIRECTORS' REPORT
FOR THE PERIOD 01 OCTOBER 2014 TO 30 JUNE 2015

The director presents his report with the financial statements of the period 01 October 2014 to 30 June 2015.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was the development and management of the Babylon iOS and Android application on behalf of the Babylon group.

DIVIDENDS

No dividends will be distributed for the period ended 30 June 2015 (2014: nil).

DIRECTOR

The directors who held office during the period are set out below:

Ali Parsadoust

Christopher Bischoff (appointed 15 January 2016)

POLITICAL AND CHARITABLE DONATIONS

No political or charitable donations were made during the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR'S

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

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

AUDITOR

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

ON BEHALF OF THE BOARD:



Dr A Parsadoust - Director

21 April 2016

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BABYLON PARTNERS LIMITED**

We have audited the financial statements of Babylon Partners Limited for the period ended 30 June 2015 set out on pages 4 to 8. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (UK Generally Accepted Accounting Practice applicable to Smaller Entities)

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 2, 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 (APB'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.

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 30 June 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

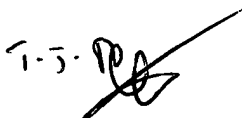
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Timothy Rush (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

25 April 2016

BABYLON PARTNERS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 01 OCTOBER 2014 TO 30 JUNE 2015**

		Period 01 October 2014 to 30 June 2015	Period 17 April 2013 to 30 September 2014
	Notes	£	£
TURNOVER		83,159	-
Administrative expenses		(2,827,555)	(1,999,096)
OPERATING LOSS	2	(2,744,396)	(1,999,096)
Interest payable and similar charges		(36,248)	(6)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,780,644)	(1,999,102)
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL PERIOD		(2,780,644)	(1,999,102)

BALANCE SHEET
30 JUNE 2015

	Notes	Period to 30 June 2015 £	Period to 30 September 2014 £
Current assets			
Debtors	4	742,921	565,792
Cash at bank and in hand		777,251	789,878
		<u>1,520,172</u>	<u>1,355,670</u>
Creditors: amounts falling due within one year	5	<u>(6,299,917)</u>	<u>(3,354,771)</u>
Net current liabilities		(4,779,745)	(1,999,101)
Total assets less current liabilities		(4,779,745)	(1,999,101)
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account		<u>(4,779,746)</u>	<u>(1,999,102)</u>
Shareholders' deficit	8	(4,779,745)	(1,999,101)

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the director on 21 April 2016 and were signed by:



Dr A Parsadoust - Director

BABYLON PARTNERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

The Company provide back office support to Babylon Healthcare Services Limited for which these services are to be charged at cost plus 5%.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding a loss after tax for the period ended 31 June 2015 of £2,780,644 and net liabilities of £4,779,745. The directors believe the company will continue in operational existence for the foreseeable future and at least 12 months from the signing of the financial statements. The company has received a commitment from its parent company, Babylon Holdings Limited, to provide continued financial support as will be necessary to ensure that the company will continue to meet its liabilities as and when they fall due for a period of not less than one year from the date of approving these financial statements.

2. OPERATING LOSS

The operating loss is stated after charging:

	2015 £	2014 £
Auditor's remuneration	8,000	6,000
Amounts paid on operating leases	64,556	32,561
Director's remuneration and other benefits	112,500	112,500

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period.

BABYLON PARTNERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD ENDED 30 JUNE 2015

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Amounts owed by group undertakings	436,491	331,780
Other debtors	306,430	234,012
	<u>742,921</u>	<u>565,792</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	103,252	300,646
Amounts owed to group undertakings	5,770,842	2,874,848
Taxation and social security	68,739	25,175
Other creditors	357,084	154,102
	<u>6,299,917</u>	<u>3,354,771</u>

6. OPERATING LEASE COMMITMENTS

As at 30 June 2015 the company had annual commitments under non-cancellable operating leases payable as follows:

	2015 £	2014 £
Within one year	140,850	10,013
Within two to five years	498,844	-
	<u>639,694</u>	<u>10,013</u>

7. CALLED UP SHARE CAPITAL

	2015 £	2014 £
Allotted, issued and fully paid:		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

BABYLON PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD ENDED 30 JUNE 2015**

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Loss for the year	(2,780,644)	(1,999,101)
Opening shareholders' deficit	(1,999,101)	-
	<u> </u>	<u> </u>
Closing shareholders' deficit	<u>(4,779,745)</u>	<u>(1,999,101)</u>

9. RELATED PARTY DISCLOSURES

Babylon Healthcare Services Limited

Shares the same immediate parent

During the period the following transactions took place with Babylon Healthcare Services Limited:

Turnover amounting to £83,159 was charged by the company based on the services agreement mentioned in note 1.

Purchases paid by Babylon Healthcare Services Limited were recharged to the Company in line with the transfer pricing agreement of £316,464.

The Company has amounts due from this related party at the balance sheet date of £434,791.

Babylon Holdings Limited

Immediate parent

The Company was transferred technology grants paid to Babylon Holdings Limited of £45,000.

The Company has amounts due from this related party at the balance sheet date of £5,770,842.

10. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Babylon Holdings Limited, a company incorporated in Jersey. The ultimate controlling party is considered to be Dr A Parsadoust.

The consolidated financial statements of these groups are not available to the public.