

OPEROSE HEALTH LIMITED
(formerly Centene UK Limited)

UNAUDITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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OPEROSE HEALTH LIMITED

COMPANY INFORMATION

Directors	A Chan T Dinkelman (appointed 1 May 2019) S Jones (appointed 1 January 2019) B Layton (appointed 1 January 2019)
Registered number	10014577
Registered office	77 New Cavendish Street London W1W 6XB
Accountants	Smith & Williamson LLP Accountants Onslow House Onslow Street Guildford Surrey GU1 4TL

OPEROSE HEALTH LIMITED

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OPEROSE HEALTH LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £1,401k (2017: loss £2,672k).

The directors do not recommend the payment of a dividend in respect of the period (2017: £Nil).

Directors

The directors who served during the year were:

C Brinkley (resigned 1 January 2019)
A Chan
J Schwaneke (resigned 1 January 2019)

Future developments

The Company plans to continue to manage its existing operations and explore additional opportunities.

Post Balance Sheet events

To date in 2019, Operose Health Limited has received £5,000K of cash fundings from Centene Corporation for operational cash needs.

On 31 March 2019, Operose Health Limited exited the Surrey Borders Partnership NHS Trust CAHMS contract, and on 30 June 2019 Operose Health Limited exited the Surrey Borders Partnership NHS Trust CFHS contract.

On 29 November 2019, the Company changed its name from Centene UK Limited to Operose Health Limited.

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


S Jones
Director

19.12.19

Date:

OPEROSE HEALTH LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish 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 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 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 for the Company's financial statements 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

OPEROSE HEALTH LIMITED

**ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE
UNAUDITED STATUTORY FINANCIAL STATEMENTS OF OPEROSE HEALTH LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2018**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Operose Health Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given us.

We are subject to the ethical and other professional requirements of the Institute of Chartered Accountants in England and Wales (ICAEW), which are detailed at <http://www.icaew.com/regulations>.

It is your duty to ensure that Operose Health Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Operose Health Limited. You consider that Operose Health Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Operose Health Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Use of this report

This report is made solely to the Board of Directors of Operose Health Limited, as a body, in accordance with the terms of our engagement letter dated 29 July 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Operose Health Limited and state those matters that we have agreed to state to the Board of Directors of Operose Health Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Operose Health Limited and its Board of Directors, as a body, for our work or for this report.

Smith & Williamson LLP

Smith & Williamson LLP

Accountants

Onslow House
Onslow Street
Guildford
Surrey
GU1 4TL

Date: *19 December 2019*

OPEROSE HEALTH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	£000	£000
Turnover	5,953	1,922
Cost of sales	(4,212)	(1,060)
Gross profit	1,741	862
Administrative expenses	(3,817)	(3,656)
Operating loss	(2,076)	(2,794)
Interest receivable and similar income	614	134
Loss before tax	(1,462)	(2,660)
Tax on loss	61	(12)
Loss for the financial year	(1,401)	(2,672)
Other comprehensive income for the year		
Total comprehensive income for the year	(1,401)	(2,672)

OPEROSE HEALTH LIMITED
REGISTERED NUMBER: 10014577

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	7	271	303
Investments	8	-	11,244
		<u>271</u>	<u>11,547</u>
Current assets			
Debtors	9	12,202	1,740
Cash at bank and in hand	10	2,282	1,010
		<u>14,484</u>	<u>2,750</u>
Creditors: amounts falling due within one year	11	(1,063)	(1,860)
Net current assets		<u>13,421</u>	<u>890</u>
Total assets less current liabilities		<u>13,692</u>	<u>12,437</u>
Provisions for liabilities			
Other provisions	13	(373)	(737)
Net assets		<u>13,319</u>	<u>11,700</u>
Capital and reserves			
Called up share capital	14	-	-
Other reserves		19,533	16,513
Profit and loss account		(6,214)	(4,813)
		<u>13,319</u>	<u>11,700</u>

OPEROSE HEALTH LIMITED
REGISTERED NUMBER: 10014577

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018


The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

S Jones
Director



Date:

19.12.19

The notes on pages 8 to 18 form part of these financial statements.

OPEROSE HEALTH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2017	13,373	(2,141)	11,232
Comprehensive income for the year			
Loss for the year	-	(2,672)	(2,672)
Capital contribution	3,140	-	3,140
	<hr/>	<hr/>	<hr/>
At 1 January 2018	16,513	(4,813)	11,700
Comprehensive income for the year			
Loss for the year	-	(1,401)	(1,401)
Capital contribution	3,020	-	3,020
	<hr/>	<hr/>	<hr/>
At 31 December 2018	19,533	(6,214)	13,319

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Operose Health Limited is a private company limited by share capital, incorporated in the United Kingdom and registered in England and Wales under Company number: 10014577. The registered office is 77 New Cavendish Street, London, England, W1W 6XB.

The financial information set out in these financial statements comprises the Company's statutory accounts for the years ended 31 December 2018 and 2017.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of MH Services International Holdings (UK) Limited as at 31 December 2018 and these financial statements may be obtained from 77 New Cavendish Street, London, England, W1W 6XB.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Going concern

The directors have considered the financial position of the Company. During this period the ultimate controlling party has provided confirmation of ongoing support to the Company. Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and as such, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'.

2.5 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.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 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 the Statement of Comprehensive Income 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.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 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 the Statement of Comprehensive Income 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.

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. Auditors' remuneration

	2018	2017
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	-	18

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.

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Employees

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	3,049	944
Social security costs	354	84
Pension costs	122	32
Other employee benefits	41	42
	3,566	1,102

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

	2018	2017
	No.	No.
Administrative	19	3
Clinical	51	16
	70	19

5. Key management personnel

The Company's key management personnel are the directors of Operose Health Limited and its chief executive officer. Total compensation to key management personnel was £863k (2017: £209k).

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Taxation

	2018 £000	2017 £000
Current tax on loss for the year	-	(2)
Adjustments in respect of previous periods	2	-
Total current tax	2	(2)
Deferred tax		
Origination and reversal of timing differences	(79)	14
Adjustment in respect of prior periods	16	-
Total deferred tax	(63)	14
Taxation on (loss)/profit on ordinary activities	(61)	12

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(1,462)	(2,660)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(278)	(512)
Effects of:		
Expenses not deductible for tax purposes	15	2
Adjustment to brought forward values	69	(159)
Adjustment to tax charge in respect of previous periods	2	-
Adjustment to tax charge in respect of previous periods - deferred tax	15	-
Adjust closing deferred tax to average rate of 19.00%	132	127
Adjust opening deferred tax to average rate of 19.00%	(111)	(49)
Deferred tax not recognised	95	605
Over/under provision	-	(2)
Total tax charge for the year	(61)	12

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Taxation (continued)

Factors that may affect future tax charges

At 31 December 2018, there were trading losses of £6,210k (2017: £4,833k) to be used against future trading profits.

7. Intangible assets

	Software £000
Cost	
At 1 January 2018	336
Additions	120
At 31 December 2018	<u>456</u>
Amortisation	
At 1 January 2018	33
Charge for the year	152
At 31 December 2018	<u>185</u>
Net book value	
At 31 December 2018	<u><u>271</u></u>
At 31 December 2017	<u><u>303</u></u>

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Fixed asset investments

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
At 1 January 2018	9,484	1,760	11,244
Disposals	(9,484)	(1,760)	(11,244)
At 31 December 2018	-	-	-

9. Debtors

	2018 £000	2017 £000
Due after more than one year		
Amounts owed by group undertakings	11,662	-
Other debtors	18	32
Deferred tax asset	65	2
	11,745	34
Due within one year		
Trade debtors	316	232
Amounts owed by group undertakings	-	258
VAT recoverable	104	-
Prepayments and accrued income	37	1,171
Tax recoverable	-	45
	12,202	1,740

10. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	2,282	1,010
	2,282	1,010

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Amounts owed to group undertakings	272	675
Corporation tax	-	8
Other taxation and social security	126	88
Other creditors	256	84
Accruals and deferred income	409	1,005
	1,063	1,860

12. Deferred taxation

	2018
	£000
At beginning of year	2
Charged to profit or loss	63
Utilised in year	-
At end of year	65

The deferred tax asset is made up as follows:

	2018	2017
	£000	£000
Tax losses carried forward	65	2
	65	2

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Provisions

	Onerous contract provision £000
At 1 January 2018	737
Utilised in year	(364)
At 31 December 2018	373

This provision represents the Company's best estimate of the probable foreseeable losses arising from onerous contracts which were acquired in the year. The provision is expected to be realised over the course of the next four accounting periods in line with the current contractual term. The provision has not been discounted and will be reviewed by management over the course of the contract.

14. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 (2017: 100) Ordinary shares at £0.70 each	70	70
	70	70

15. Capital commitments

At 31 December 2018, the Company had capital commitments contracted for but not provided for in these financial statements of £307k.

16. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Amounts due within 1 year	84	145
Amounts due within 2-5 years	50	37
	134	182

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33 to not disclose transactions with wholly owned group entities.

18. Post Balance Sheet events

To date in 2019, Operose Health Limited has received £5,000K of cash fundings from Centene Corporation for operational cash needs.

On 31 March 2019, Operose Health Limited exited the Surrey Borders Partnership NHS Trust CAHMS contract, and on 30 June 2019 Operose Health Limited exited the Surrey Borders Partnership NHS Trust CFHS contract.

On 29 November 2019, the Company changed its name from Centene UK Limited to Operose Health Limited.

19. Controlling party

The Company's immediate parent is MH Services International (UK) Limited, a company incorporated in England and Wales which holds the shares and voting rights in the Company.

The ultimate controlling party and the parent of the largest group which includes the Company and for which group accounts are prepared is Centene Corporation, a company incorporated in the United States of America. Copies of the Group accounts can be obtained from its registered office at Centene Plaza, 7700 Forsyth Boulevard, St. Louis, MO 63105, USA.

The consolidated accounts of MH Services International Holdings (UK) Limited, which is the smallest group which includes the Company and for which group accounts are prepared can be obtained from its registered office: 77 New Cavendish Street, London, W1W 6XB.