

Registered number: 10014577

CENTENE UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

THURSDAY



LD2 *L7FC74ZD* #200
27/09/2018
COMPANIES HOUSE

CENTENE UK LIMITED

COMPANY INFORMATION

Directors	C Brinkley A Chan J Schwaneke
Registered number	10014577
Registered office	11-13 Cavendish Square London W1G 0AN
Independent auditor	Nexia Smith & Williamson Accountants & Statutory Auditor Onslow House Onslow Street Guildford Surrey GU1 4TL

CENTENE UK LIMITED

CONTENTS

	<i>Page</i>
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 23

CENTENE UK LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Introduction

The directors present their strategic report for the year ended 31 December 2017.

Business review

The principal activities of Centene UK Limited (the Company) during the year were the provision of Health Care integration consultancy and Behavioural Health Services to the NHS.

Principal risks and uncertainties

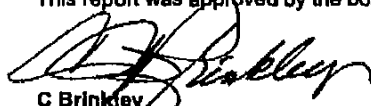
The principal risk and uncertainty facing the Company is impairment of investments. The Company holds an investment in its subsidiary. A significant change in the nature or market of this subsidiary could lead to impairment in the carrying value of this investment. More information can be found in Note 9.

Financial key performance indicators

The key financial performance indicators during the year were as follows:

The period ended 31 December 2016 was the first period of operations for the Company. The Company generated a loss for the financial period ended 31 December 2017 of £2,672,556 (2016: £2,140,541), which is mainly a result of loss making contracts in the year.

This report was approved by the board on 25 September 2018 and signed on its behalf.


C Brinkley
Director

CENTENE UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors' present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The loss for the year, after taxation, amounted to £2,672,556 (2016 - loss £2,140,541).

The directors do not recommend dividends to be paid.

Directors

The directors who served during the year were

C Brinkley (appointed 5 April 2017)
A Chan (appointed 5 April 2017)
J Schwaneke

Future developments

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

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors 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 auditor is aware of that information.

Post balance sheet events

On 26 January 2018 £3,000,000 was transferred to Centene UK Limited from Centene Corporation as a capital contribution for operational cash needs.

In March 2018 Centene UK Limited became a fully owned subsidiary of MH Services International (UK) Limited. At this point the investment in The Practice (Group) Limited (TPG), was also transferred to MH Services International (UK) Limited. Therefore, effective March 2018, TPG and Centene UK Limited are both fully owned subsidiaries of MH Services International (UK) Limited.

Effective 30 April 2018, TPG's 2014, 2015 & 2016 Secured Loan Notes reached maturity per the respective loan agreements (further detailed in Note 19).


As of 30 April 2018 Centene Corporation (the ultimate controlling party) forgave all loan balances and the accrued interest owed from TPG to Centene UK Limited.

The loan and accrued interest balances were then treated as capital contributions.

CENTENE UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

This report was approved by the board on 25 September 2018 and signed on its behalf.


C Brinkley
Director

CENTENE UK LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 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 judgments 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.

CENTENE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CENTENE UK LIMITED

Opinion

We have audited the financial statements of Centene UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of comprehensive income, Balance sheet, and Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2017 and of its loss 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 Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CENTENE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CENTENE UK LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 directors' report.

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.

Responsibilities of directors

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, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

CENTENE UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CENTENE UK LIMITED
(CONTINUED)**

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 auditor's 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 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.

Nexia Smith & Williamson

Jeffrey Selden (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Accountants & Statutory Auditor

Onslow House

Onslow Street

Guildford

Surrey

GU1 4TL

Date:

27 September 2018

CENTENE UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Turnover	1,921,502	17,354
Cost of sales	(1,059,525)	-
Gross profit	861,977	17,354
Administrative expenses	(3,655,739)	(2,286,676)
Operating loss	(2,793,762)	(2,269,322)
Interest receivable and similar income	133,527	77,886
Loss before tax	(2,660,235)	(2,191,436)
Tax on loss	(12,321)	50,895
Loss for the financial year	(2,672,556)	(2,140,541)
Other comprehensive income for the year		
Total comprehensive income for the year	(2,672,556)	(2,140,541)

The notes on pages 11 to 23 form part of these financial statements.

CENTENE UK LIMITED
REGISTERED NUMBER: 10014577

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	8		303,389		-
Investments	9		11,243,996		11,243,996
			<u>11,547,385</u>		<u>11,243,996</u>
Current assets					
Debtors	10	1,740,568		193,930	
Cash at bank and in hand	11	1,009,921		324,294	
		<u>2,750,489</u>		<u>518,224</u>	
Creditors: amounts falling due within one year	12	(1,859,791)		(529,204)	
Net current assets/(liabilities)			<u>890,698</u>		<u>(10,980)</u>
Total assets less current liabilities			<u>12,438,083</u>		<u>11,233,016</u>
Provisions for liabilities					
Other provisions	15	(737,203)		-	
			<u>(737,203)</u>		<u>-</u>
Net assets			<u><u>11,700,880</u></u>		<u><u>11,233,016</u></u>
Capital and reserves					
Called up share capital			70		70
Other reserves			16,513,907		13,373,487
Profit and loss account			(4,813,097)		(2,140,541)
			<u><u>11,700,880</u></u>		<u><u>11,233,016</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2018.


C Brinkley
 Director

The notes on pages 11 to 23 form part of these financial statements.

CENTENE UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2016	70	-	-	70
Comprehensive Income for the period				
Loss for the period	-	-	(2,140,541)	(2,140,541)
Total comprehensive Income for the period	-	-	(2,140,541)	(2,140,541)
Capital Contribution	-	13,373,487	-	13,373,487
Total transactions with owners	-	13,373,487	-	13,373,487
At 1 January 2017	70	13,373,487	(2,140,541)	11,233,016
Comprehensive Income for the year				
Loss for the year	-	-	(2,672,556)	(2,672,556)
Total comprehensive Income for the year	-	-	(2,672,556)	(2,672,556)
Capital Contribution	-	3,140,420	-	3,140,420
Total transactions with owners	-	3,140,420	-	3,140,420
At 31 December 2017	70	16,513,907	(4,813,097)	11,700,880

The notes on pages 11 to 23 form part of these financial statements.

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

Centene UK Limited is a private company, limited by shares, incorporated in England and Wales, registration number 10014577. The registered office is 11-13 Cavendish Square, London, England, W1G 0AN.

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 Centene Corporation as at 31 December 2017 and these financial statements may be obtained from the Securities and Exchange Commission.

2.3 Going concern

The directors have considered the financial position of the company. The company is in the early stages of development and as expected is not yet profitable. 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.

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

2.7 Interest income

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

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

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.

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in convertible loan notes in subsidiaries 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 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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 non-puttable ordinary shares.

Investments in compound financial instruments are valued at the directors' estimate of fair value. The debt element is valued at amortised cost using the directors' judgement as to what constitutes a market rate of interest for similar financial instruments. The equity element is based on the directors' opinion of its fair value using the Black Scholes model.

CENTENE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

i) Valuation of convertible loan notes (note 9)

The loan to subsidiary contains an equity element and a discount rate that is applied to the debt.

On issuing convertible debt or similar compound financial instruments that contain both a liability and an equity component, an entity shall allocate the proceeds between the liability component and the equity component. To make the allocation, the Company fair valued the equity component using the Black Scholes valuation method and fair valued the debt component by calculating the present value of future cash flows. This requires an assumption around the timing of the future cash flows and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

ii) Impairment of investments (note 9)

The Company considers whether investments in subsidiaries are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

iii) Provision for onerous contract (note 15)

To estimate the value of the onerous contracts acquired, the Company undertook a discounted cash flow working of the anticipated losses associated with the contracts for the remaining contract terms. This requires estimation of the future cash flows from the contracts, and also selection of an appropriate discount rate to calculate the net present value of the cash flows.

iv) Revenue recognition on rendering of services

The company estimates the revenue recognition on the consulting contract by considering the stage of completion of the contract at the year-end. This requires estimation of the percentage of completion at the year-end, and also consideration that the criteria for revenue recognition has been met.

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Auditor's remuneration

	<i>Period ended</i>
	<i>31 31</i>
	<i>December December</i>
	<i>2017 2016</i>
	<i>£ £</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17,500 21,750

5. Employees

Staff costs were as follows:

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
Wages and Salaries	944,132	-
Social Security Costs	83,689	-
Pension Costs	31,704	-
Other employee benefits	41,705	-
	<u>1,101,230</u>	<u>-</u>

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

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
Administrative	3	-
Clinical	16	-
	<u>19</u>	<u>-</u>

6. Key management personnel

The Company's key management personnel are the directors of Centene UK Limited and its chief executive officer. Total compensation to key management personnel was £209,208 (2016: £nil).

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Taxation

	31 December 2017 £	Period ended 31 December 2016 £
Corporation tax		
Current tax on loss for the year	(2,253)	(34,156)
	<u>(2,253)</u>	<u>(34,156)</u>
Total current tax	<u>(2,253)</u>	<u>(34,156)</u>
Deferred tax		
Origination and reversal of timing differences	14,574	(16,739)
Total deferred tax	<u>14,574</u>	<u>(16,739)</u>
Taxation on profit/(loss) on ordinary activities	<u>12,321</u>	<u>(50,895)</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	Year ended 31 December 2017 £	Period ended 31 December 2016 £
Loss on ordinary activities before tax	(2,660,235)	(2,191,436)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	(505,445)	(438,287)
Effects of:		
Other timing differences leading to an increase (decrease) in taxation	517,766	387,392
Total tax charge for the year/period	<u>12,321</u>	<u>(50,895)</u>

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Intangible assets

	Software £
Cost	
Additions	336,367
At 31 December 2017	<u>336,367</u>
Amortisation	
Charge for the year	32,978
At 31 December 2017	<u>32,978</u>
Net book value	
At 31 December 2017	<u><u>303,389</u></u>
At 31 December 2016	<u><u>-</u></u>

9. Fixed asset investments

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 January 2017	9,483,977	1,760,019	11,243,996
At 31 December 2017	<u>9,483,977</u>	<u>1,760,019</u>	<u>11,243,996</u>
Net book value			
At 31 December 2017	<u><u>9,483,977</u></u>	<u><u>1,760,019</u></u>	<u><u>11,243,996</u></u>
At 31 December 2016	<u><u>9,483,977</u></u>	<u><u>1,760,019</u></u>	<u><u>11,243,996</u></u>

Included with loans to subsidiaries is £1,625,019 of 8% secured convertible loan notes. The notes are redeemable and convertible at the discretion of the holder.

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Fixed asset investments (continued)

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
The Practice (Group) Limited	Ordinary	75 %	Provision of healthcare services

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
The Practice Properties Limited	Ordinary	100 %	Owning and renting property
The Practice Health Division Limited	Ordinary	99.99 %	Ceased trading
The Practice Services Limited	Ordinary	100 %	Provision of medical related services
Drummonds Medical Limited	Ordinary	100 %	Ceased trading
The Practice Surgeries Limited	None	0 %	Provision of healthcare services
Chilvers & McCrea Limited	None	0 %	Provision of medical related services
The Practice U Surgeries Limited	None	0 %	Provision of healthcare services
The Practice Corporate Management Limited	None	0 %	Administrative support for other Group companies
Phoenix Primary Care Limited	None	0 %	Provision of medical related services
Phoenix Primary Care (South) Limited	None	0 %	Provision of medical related services

The Practice Corporate Management Limited, The Practice Surgeries Limited, Chilvers & McCrea Limited and The Practice U Surgeries Limited are consolidated in The Practice (Group) Limited financial statements by virtue of control being exercised as set out in section 1162(2)(4) and schedule 7 of the Companies Act 2006.

The registered address of The Practice (Group) Limited is Rose House, Bell Lane Office Village, Bell Lane Little Chalfont, Amersham, Buckinghamshire, England HP8 8FA.

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Fixed asset investments (continued)

	Aggregate of share capital and reserves £	Profit/(loss) £
The Practice (Group) Limited	13,310,669	(2,898,665)
	<u>13,310,669</u>	<u>(2,898,665)</u>

10. Debtors

	2017 £	2016 £
<i>Due after more than one year</i>		
Other debtors	31,887	4,125
Deferred tax asset	2,164	16,739
	<u>34,051</u>	<u>20,864</u>
<i>Due within one year</i>		
Trade debtors	232,059	-
Amounts owed by group undertakings	258,258	124,730
Prepayments and accrued income	1,171,378	6,000
Tax recoverable	44,822	42,336
	<u>1,740,568</u>	<u>193,930</u>

11. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,009,921	324,294
	<u>1,009,921</u>	<u>324,294</u>

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Creditors: Amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	675,062	73,745
Corporation tax	7,959	7,959
Other taxation and social security	88,191	-
Other creditors	83,809	-
Accruals and deferred income	1,004,770	447,500
	<u>1,859,791</u>	<u>529,204</u>

13. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>2,634,939</u>	<u>1,949,312</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand and convertible loan notes.

14. Deferred taxation

	2017 £
At beginning of year	16,739
Utilised in year	(14,575)
At end of year	<u>2,164</u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Tax losses carried forward	<u>2,164</u>	<u>16,739</u>
	<u>2,164</u>	<u>16,739</u>

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Deferred taxation (continued)

At 31 December 2017, the company had losses available for relief against future taxable profits of £4,842,190 (2016: £2,378). At current rates of tax this would have given rise to a deferred tax asset of £823,173 (2016: £nil). Due to the uncertainties surrounding the timing of suitable future taxable profits this asset has not been recognised.

15. Provisions

	Onerous contract provision £
Arising on business combinations	828,364
Utilised in year	(91,161)
At 31 December 2017	<u>737,203</u>

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.

16. Business combinations

On 22 September 2017, the company acquired the assets and trade of Beacon Health Strategies UK Limited. The company received £500,000 in consideration which represented the fair value of the net assets acquired, which comprised as follows:

	2017 £
Intangible assets	328,000
Onerous contracts	(828,000)
	<u>(500,000)</u>
Fair value of net liabilities	<u>(500,000)</u>
Cash & cash equivalents	<u>500,000</u>
Cash inflow on acquisition	<u>500,000</u>

The total value of intangible assets acquired is attributable to Internally Developed Software (IDS).

CENTENE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Amounts due within 1 year	145,038	-
Amounts due within 2-5 years	36,621	-
	<u>181,659</u>	<u>-</u>

18. Related party transactions

There are no related party transactions which require disclosure.

19. Post balance sheet events

On 26 January 2018, £3,000,000 was transferred to Centene UK Limited from Centene Corporation as a capital contribution for operational cash needs.

Effective April 30, 2018, The Practice (Group) Limited's (TPG) 2014 Secured Loan Note Instrument (£135,000 plus accrued interest at an interest rate of 6% per annum) and the 2015 and 2016 Secured Loan Note Instruments (£1,093,018.83 secured loan note plus £532,000 drawn down on a £2,000,000 revolving credit facility plus accrued interest on both loan balances at an interest rate of 6% per annum) reached maturity as detailed per the respective executed loan agreements.

As of 30 April 2018, Centene Corporation (the ultimate controlling party) forgave all loan balances and the accrued interest owed from The Practice (Group) Limited to Centene UK Limited.

The loan and accrued interest balances were then treated as capital contributions.

Subsequent to the year end the company successfully completed a retrospective voluntary registration for VAT. As a result, input VAT suffered prior to 31 December 2017 of £487,248 has been recovered. This does not impact the reported result for the year.

20. Controlling party

The immediate parent at 31 December 2017 was MHS Consulting International Inc. However, on 13 March 2018, MH Services International (UK) Limited allotted 9,900 shares in consideration of the entire issued share capital of Centene UK Limited.

The name of the parent of the smallest and largest group of which Centene UK Limited is a member and for which group financial statements are prepared is Centene Corporation.

Centene Corporation is a publically traded company incorporated in the United States of America. Centene Corporation's address is 7700 Forsyth Blvd, St Louis, MO 63105.