

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2018**

**for
Apleona PPP Limited**

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**COMPANIES HOUSE
EDINBURGH**

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Apleona PPP Limited
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for the Year Ended 31 December 2018

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**Apleona PPP Limited
Company Information
for the Year Ended 31 December 2018**

Registered office

Fifth Floor
City Reach
5 Greenwich View Place
London
E14 9NN

Auditors

Ernst & Young LLP
G1 Building
5 George Square
Glasgow
G2 1DY

Bankers

Deutsche Bank AG – London
Winchester House
1 Great Winchester House
London
EC2N 2DB

Directors

JOP Thoden van Velzen
DL Hogg
RH Fainac

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

Principal activities, business review and future developments

The company provides property and facility management services. The directors have no plans to change the activities or operations of the company in the foreseeable future.

Going Concern

The Company's principal funding is received from Apleona GmbH using a cash pooling arrangement. This company and other shareholders are kept fully appraised on short and long term expected cash requirements for the Apleona PPP Limited business. The directors have received confirmation from Apleona GmbH that this financial support will continue for at least twelve months following the approval of these financial statements ensuring the Company is able to meet all future financial obligations. Thus, they have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Business review

The two principal contracts Gloucester Royal Hospital and Hull Women and Children's Hospital will continue to operate under a focused approach with regard to regular reporting and financial management. Future business strategies will be developed and implemented throughout 2019.

Risks and uncertainties

The directors consider that the principal risks and uncertainties facing the company are as follows:

Economic risk

- The risk of declining margins due to procurement driven sourcing policies adopted by clients;
- The risk of both discretionary and non-discretionary spend reducing due to the global market constraints prevalent throughout the Irish economy.

These risks are managed by the use of alternative sourcing of products and services and strict control of costs.

Competition risk

The directors of the company manage competition risk through close attention to customer service levels.

Financial risk

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

Results for the year

The Income Statement for the year ended 31 December 2018 and the Balance Sheet at that date are set out on pages 7 and 8. The loss on ordinary activities for the year before taxation amounted to £3,734,000 compared with a loss of £5,408,000 in the previous year. After a taxation credit of £277,000 (2017: £Nil), an amount of £3,457,000 (2017: debit of £5,408,070) was debited to retained earnings.

Dividend

No dividend was declared or paid in 2018 (2017: £Nil)

Directors

The directors who have held office during the period from 1 January 2018 to the date of this report (unless otherwise stated) are as follows:

JOP Thoden Van Velzen	
DL Hogg	(appointed 5 June 2019)
RF Fainac	(appointed 7 June 2019)
NL Bentley	(appointed 3 April 2018, resigned 29 March 2019)
PR Young	(appointed 31 January 2019, resigned 7 June 2019)
DG Van Breda	(resigned 31 March 2018)

Political and charitable contributions

The company made no political or charitable contributions during the year (2017: £Nil).

Important events since the balance sheet date

Important events since the statement of financial position date are disclosed in note 18 to the financial statements.

Principal risks and uncertainties

The principal risks of the company include the risk of reduced sales margins arising from cost cutting measures by the company's customers.

Disclosure of information to Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' responsibilities statement

The directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act

2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director 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 auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

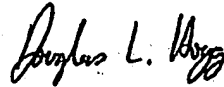
Small Companies Provisions

The directors have not prepared a strategic report as the Company is entitled to the special provisions applicable to Companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the board



RH Fainac - Director



DL Hogg - Director

Date: 30 September 2019

Independent Auditor's Report to the Members of Apleona PPP Limited

Opinion

We have audited the financial statements of Apleona PPP Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement and Statement of comprehensive income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, 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 101" Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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 below. 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.

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.

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.

Other information

The other information comprises the information included in the annual report, 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**Independent Auditor's Report to the Members of
Apleona PPP Limited (Continued)**

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement page 3 and 4, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

Ernst & Young LLP

Nicola McIntyre (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

Date 30 September 2019

Apleona PPP Limited
Income Statement and Statement of Comprehensive Income
for the Year Ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	3,261	3,236
Cost of sales		(2,995)	(3,174)
Gross profit		266	62
Administrative expenses		(134)	(124)
Impairment of Investment Asset	11	(3,500)	(5,000)
Operating loss		(3,368)	(5,062)
Interest receivable and other similar income	5	16	6
Interest payable and other similar charges	6	(382)	(352)
Loss on ordinary activities before taxation		(3,734)	(5,408)
Tax on loss on ordinary activities	9	277	-
Loss for the financial year		(3,457)	(5,408)

Statement of Comprehensive Income

Loss for the financial year	(3,457)	(5,408)
Total comprehensive loss for the year	(3,457)	(5,408)

Apleona PPP Limited
Registered Number: 3217015
Balance Sheet
31 December 2018

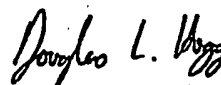
	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	10	3	6
Investments	11	64,053	67,553
		<u>64,056</u>	<u>67,559</u>
Current assets			
Debtors	12	5,452	5,283
Cash at bank and in hand		9	7
		<u>5,461</u>	<u>5,290</u>
Creditors: amounts falling due within one year	13	(616)	(781)
Net current assets		<u>4,845</u>	<u>4,509</u>
Total assets less current liabilities		<u>68,901</u>	<u>72,068</u>
Creditors: amounts falling due after one year	14	(18,516)	(18,225)
Net assets		<u>50,385</u>	<u>53,843</u>
Capital and reserves			
Called up share capital	15	10	10
Other reserves	17	55,125	55,125
Profit and loss account		(4,750)	(1,292)
Shareholders' funds		<u>50,385</u>	<u>53,843</u>

The financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies:

These financial statements were approved by the board of directors on 30 September 2019 and were signed on its behalf by:



RH Fainac - Director



DL Hogg - Director

Apleona PPP Limited
Statement of Changes in Equity
31 December 2018

	Called up share capital £000	Other Reserves £000	Retained Earnings £000	Total equity £000
Balance at 1 January 2017	10	55,125	4,115	59,250
Changes in equity				
Total comprehensive loss	-	-	(5,408)	(5,408)
Balance at 31 December 2017	10	55,125	(1,293)	53,842
Changes in equity				
Total comprehensive loss	-	-	(3,457)	(3,457)
Balance at 31 December 2018	10	55,125	(4,750)	50,385

1 Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Apleona PPP Limited for the year ended 31 December 2018 were authorised for issue by the board of directors on 30 September 2019 and the balance sheet was signed on the board's behalf by RH Fainac and DL Hogg.

Apleona PPP Limited is a limited liability company incorporated and domiciled in England and Wales.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£000s) except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Apleona Group GmbH.

Apleona Group GmbH, a company registered in Germany, is the parent company whose consolidated financial statements at 31 December 2018 include the results of the company and where the above information is included on a consolidated basis.

The Company has applied the following standards and amendments for the first time for their annual reporting period ended 31 December 2018:

- IFRS 9, 'Financial Instruments';
- IFRS 15, 'Revenue from Contracts with Customers'; and
- Annual Improvements 2014-2016 Cycle.

The Company had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 9 and IFRS 15. This is disclosed in note 3. The other amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting preparation

In preparing the financial statements under FRS 101 "Reduced Disclosure Framework" the Company has taken advantage of the following disclosure exemptions:

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair value measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirement of paragraph 17 of IAS 24 Related Party Disclosures and the exemption available under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries
- The requirements of paragraph 16 of IAS 24 to disclose key management personnel compensation
- The following paragraphs of IAS 1 Presentation of financial statements:
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 40A-D (requirements for a third statement of financial position)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures).
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment
 - paragraph 118(e) of IAS 38 Intangible Assets.
- The requirements of IFRS 7 Financial Instruments: Disclosures; The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of assets.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Report of the Directors on page 2.

The Company's principal funding is received from Apleona GmbH using a cash pooling arrangement. This company and other shareholders are kept fully apprised on short and long term expected cash requirements for the Apleona PPP Limited business. The directors have received confirmation from Apleona GmbH that this financial support will continue for at least twelve months following the approval of these financial statements ensuring the Company is able to meet all future financial obligations. Thus, they have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Accounting policies - continued

Investment in subsidiaries

Investments in subsidiaries are accounted for at a cost less, where appropriate, allowances for impairment.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	20% straight-line basis
Fixtures and fittings, tools and equipment	-	25% straight-line basis

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pensions and post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the period represents contributions payable by the company to the fund in respect of the accounting period.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

2 Accounting policies - continued

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Revenue Recognition

The accounting policies for the company's revenue from contracts with customers are explained in note 4.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

The financial statements are presented in Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Payments made to group retirement benefit schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

2 Accounting policies - continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS9 are classified as financial assets at fair value through profit or loss, loans and receivables, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

2 Accounting policies - continued

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in income statement.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

2 Accounting policies - continued

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position 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 (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements;

- i. **Valuation of investments:** Judgement is required in the assessment and valuation of investments, including assumptions on the timing and amount of future cash flows generated by the assets and the selection of an appropriate discount rate. In subsequent periods after the fair values have been finalised, these assets are subject to annual impairment testing.

Apleona PPP Limited
Notes to the Financial Statements
for the Year Ended 31 December 2018 (Continued)

3 Changes in Accounting Policies

This note explains the impact of the adoption of IFRS9 and IFRS15 on the Company's financial statements.

Impact on the financial statements

As a result of the changes in the Company's accounting policies, prior year financial statements were required to be restated for any changes identified. Upon review by the Company, no adjustment was required for IFRS9, however adjustment was required for IFRS15. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018. The impact of adoption on IFRS9 is however immaterial and does not impact on the rounded numbers disclosed within these financial statements.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	31 December 2017 As originally presented £'000	IFRS15 £'000	31 December 2017 As restated £'000	IFRS9 £'000	1 January 2018 Restated £'000
Balance Sheet (extract)					
Amounts to be billed for work performed	-	537	537	-	537
Prepayments and accrued income	537	(537)	-	-	-

	31 December 2016 As originally presented £'000	IFRS15 £'000	IFRS9 £'000	1 January 2017 Restated £'000
Balance Sheet (extract)				
Amounts to be billed for work performed	-	886	-	886
Prepayments and accrued income	894	(886)	-	8

No adjustments were required to the Income Statement or the Statement of other Comprehensive Income.

IFRS9

IFRS9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, recognition of financial instruments, impairment of financial assets and hedge accounting.

3 Changes in Accounting Policies - continued

The adoption of IFRS9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2 above. In accordance with the transitional provisions in paragraphs 7.2.15 and 7.2.26 of IFRS9, comparative figures have not been restated.

The total impact on the Company's retained earnings as at 1 January 2018 is immaterial.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS9), the company's management has assessed which business models apply to the financial assets held by the company and has classified its financial instruments into the appropriate IFRS9 categories. No financial instruments were reclassified.

(ii) Impairment of financial assets

Trade debtors are subject to IFRS9's new expected credit loss model. These debtors are considered to be low risk and therefore the impairment provision is determined as 12 months' expected credit losses. Applying the expected credit risk model resulted in the recognition of a loss allowance of £402 on 1 January 2018 (previous loss allowance £nil) and a further reduction in the allowance of £27 in the current reporting period.

IFRS15

The Company has adopted IFRS15 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS15, the Company has adopted the new rules retrospectively and has restated comparatives for the 2017 financial year. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018) and the beginning of the earliest period presented (1 January 2017):

		IAS18 carrying amount 31-Dec-17 £	Reclassi- fication £	IFRS 15 carrying amount 1-Jan-18 £
Amounts to be billed for work performed	(i)	-	537	537
Prepayments and accrued income	(i)	537	(537)	-
		IAS18 carrying amount 31-Dec-16 £	Reclassi- fication £	IFRS 15 carrying amount 1-Jan-17 £
Amounts to be billed for work performed	(i)	-	886	886
Prepayments and accrued income	(i)	894	(886)	8

There was no impact on the Company's retained earnings at 1 January 2018 and 1 January 2017.

3 Changes in Accounting Policies - continued

(i) Presentation of assets and liabilities related to contracts with customers

The Company has also voluntarily changed the presentation of certain amounts in the balance sheet to reflect the terminology of IFRS15:

- Amounts to be billed for work performed under contracts were previously presented as part of prepayments and accrued income (£537,000 as at 31 December 2017; £886,000 as at 1 January 2017).
- Contract liabilities – deferred income represent contracted works invoiced and/or paid in advance by customers and were previously presented as part of accruals and deferred income (£nil as at 31 December 2017; £nil as at 1 January 2017).

4 Revenue from Contracts with Customers

The Company derives revenue from the transfer of goods and services over time in relation to the provision of facilities management services. These contracts provide long term outsourced service arrangements within the health sector. The Company recognises revenue at the point of delivery for goods and over time for services where the customer simultaneously receives and consumes the benefit. Goods are predominantly delivered as part of service, design or management contracts and are therefore included and scheduled over time to fulfil overall performance contractual obligations.

In determining the amount of revenue and profits to record, and related balance sheet items (such as trade debtors, amounts to be billed for work performed and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Company incurs to deliver its contractual commitments and whether such costs should be capitalised or expensed as incurred. These judgements are inherently subjective and may cover future events such as performance KPIs and planned cost savings.

The Company enters into contracts which contain extension periods, where either the customer or both parties can choose to extend the contract, and/or termination clauses that could impact the actual duration of the contract. Judgement is applied to assess the impact that these clauses have when determining the appropriate contract term. The term of the contract impacts on the period over which revenue from performance obligations may be recognised.

The relevant revenue disaggregation is presented below:

	2018 £000	2017 £000
Long term facilities management contracts	2,930	3,184
Other facilities management contracts	279	2
Revenue from services to group companies	52	50
	<u>3,261</u>	<u>3,236</u>

Long term contracts have initial terms of more than 10 years. Revenues, profit before tax and net assets arise wholly within the United Kingdom.

The expected timing of revenue related to unsatisfied performance obligations arising from customer contracts within one year is £1,085,000 and within two to five years is £3,045,000. The revenue that will be earned by the company will include in future years will include revenue from additional works and new contracts.

Apleona PPP Limited
Notes to the Financial Statements
for the Year Ended 31 December 2018 (Continued)

5 Interest receivable and similar charges	2018 £000	2017 £000
Interest received from deposit account	16	6
	<u>16</u>	<u>6</u>

6 Interest payable and similar charges	2018 £000	2017 £000
Interest payable to group undertakings	382	352
	<u>382</u>	<u>352</u>

7 Operating profit – continuing operations

The profit on ordinary activities before taxation is stated after charging/(crediting)		
	2018 £000	2017 £000
Depreciation of tangible assets	3	3
Auditor's remuneration	6	15
	<u>9</u>	<u>18</u>

8 Staff numbers and costs

The average number of persons employed by the group during the year is outlined below.

	2018 Number	2017 Number
Management	1	2
Sales and service	16	13
	<u>17</u>	<u>15</u>

The aggregate payroll cost of these persons was as follows:

	2018 £000	2017 £000
Wages and salaries	674	595
Social welfare costs	66	46
Other pension costs	14	24
	<u>754</u>	<u>665</u>

Apleona PPP Limited
Notes to the Financial Statements
for the Year Ended 31 December 2018 (Continued)

9 Taxation

(a) Analysis of credit in year

Current tax:

Corporation tax on profits for the year
Adjustments in respect of prior years

277

Total tax on profit on ordinary activities

277

(b) Reconciliation of the expected tax charge at the standard tax rate to the actual tax charge at the effective rate

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	2018	2017 (Amended)
	£000	£000
Loss on ordinary activities before tax	(3,734)	(5,408)
Loss on ordinary activities multiplied by standard rate of corporation tax of 19% (2017: 19.25%)	(709)	(1,041)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	668	963
Change in tax rates	4	5
Movement in unrecognised deferred tax asset	37	73
Prior Year items	277	-
Current tax credit for year (note 9(a))	277	-

The reconciliation of the expected tax charge of 2017 has been amended to reflect actual reconciling items having been incorrectly disclosed and analysed in 2017.

(c) Factors that may affect future tax charges

The UK corporation tax rate was reduced from 20% to 19% effective 1 April 2017, and thereafter to 17% effective 1 April 2020. The rate change will impact the amount of any future tax payments to be made by the Company.

Apleona PPP Limited
Notes to the Financial Statements
for the Year Ended 31 December 2018 (Continued)

10 Tangible fixed assets

	Plant and Machinery £000	Fixtures, fittings, tools and Equipment £000	Total £000
Cost			
At beginning of year	10	48	58
Additions	-	-	-
At end of year	10	48	58
Depreciation			
At beginning of year	10	42	52
Charge for year	-	3	3
At end of year	10	45	55
Net book value			
At 31 December 2018	-	3	3
At 31 December 2017	-	6	6

Apleona PPP Limited
Notes to the Financial Statements
for the Year Ended 31 December 2018 (Continued)

11 Investments

	Shares in group undertakings £000
<i>Shares in subsidiary undertakings</i>	
At 1 January 2018	67,553
Additions	
Impairment	(3,500)
At end of year	64,053

The directors have completed an assessment of the carrying value of the Company's investments in both Apleona Real Estate Limited and Apleona HSG Limited as at 31 December 2018. Apleona Real Estate Limited has sufficient headroom that no adverse impact should be anticipated.

For Apleona HSG Limited, this assessment concluded that there was a further reduction in the value in use of the asset caused by a reduction in operating cash flows forecast to be generated by this subsidiary. The resulting impairment of £3,500,000 (2017: £5,000,000) has been recognised through the profit and loss account. This reduced the carrying value of that investment to £62,590,000 (2017: £66,090,000).

The value of the investment in Apleona HSG limited is most sensitive to achievement of budget/forecast EBITA and the resulting free cash flow. Achievement of the budget/forecast EBITA used is dependant on free cash flow reaching £5.3m when Apleona HSG Limited benefits from completed restructures.

The calculation of value in use is based on a number of judgements of which the most significant is the level of forecast operating cash flows. A reduction of c£500,000 per annum in annual operating cash flows from the forecast used would result in a further reduction in value in use of £7,100,000. The directors have no recent or comparable market activity available to estimate the fair value less costs of disposal.

The undertakings in which the company's interest at the year-end is more than 20% are as follows:

	Country of Incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Apleona Real Estate Limited	Republic of Ireland	Property and Facility Management	100% ordinary
Apleona HSG Limited	United Kingdom	Property and Facility Management	100% ordinary

BHSG Facility Management Limited a wholly owned dormant subsidiary undertaking previously incorporated in England and Wales was formally dissolved on 14 August 2018.

Apleona PPP Limited
Notes to the Financial Statements
for the Year Ended 31 December 2018 (Continued)

12 Debtors

	2018 £000	2017 £000
Contract assets		
Trade debtors	499	223
Amounts to be billed for work performed	185	537
	<u>684</u>	<u>760</u>
Amounts owed by group undertakings	4,659	4,523
Prepayments and accrued income	109	-
	<u>5,452</u>	<u>5,283</u>

Amounts owed by group undertakings include receivables of £4,637,000 (2017: £4,421,970) which are unsecured and receivable on demand.

13 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	27	65
Amounts Owed to Group Undertakings	31	62
Taxation and social security	160	396
Contract liabilities – deferred income	4	-
Accruals	394	258
	<u>616</u>	<u>781</u>

14 Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Loan from immediate parent undertaking	18,516	18,225
	<u>18,516</u>	<u>18,225</u>

The loan from group undertaking is long term and bears interest at 1-month GBP-Libor rate observed on the last day of the previous month (reference rate) plus 1 %

Apleona PPP Limited
Notes to the Financial Statements
for the Year Ended 31 December 2018 (Continued)

15 Called up share capital

	2018 £000	2017 £000
<i>Authorised</i>		
100,000 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
10,000 Ordinary shares of £1 each	10	10
	<hr/>	<hr/>

16 Dividends

During the year the company have not declared or paid a dividend (2017: £Nil).

17 Reserves

	Other Reserves £000
At beginning of year	55,125
Transfer to general reserves	-
	<hr/>
At end of year	55,125
	<hr/>

18 Important events since the balance sheet date

There have been no significant events affecting the company since the statement of financial position date and the directors do not envisage any substantial changes to the nature of the business in the foreseeable future.

19 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Apleona GmbH, a company incorporated in Germany.

The ultimate parent undertaking is EQT VII (No 1) LP, a limited partnership registered in the United Kingdom. The largest and smallest group in which this company is consolidated is that of Apleona Group GmbH. Apleona Group GmbH prepares group financial statements and copies can be obtained from An der Gehespitz, 50, 63263, Neu-Isenburg.

20 Commitments

There is a charge over the assets of the Company and over those of certain subsidiary undertaking in favour of Deutsche Bank AG, London Branch in respect of all monies due or to become due from the company to the chargee on any account whatsoever.