

DELPHI MEDICAL CONSULTANTS LIMITED

Report and Financial Statements

Year ended 31 March 2017

DRAFT

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Officers and professional advisors

Directors	Anthony Duerden (appointed 14 October 2016) Dr John S Richmond (resigned 14 October 2016)
Company Secretary	Anthony Duerden (appointed 31 March 2017) Tracy Woods (appointed 14 October 2016 and resigned 31 March 2017) Dr John S Richmond (resigned 14 October 2016)
Registered Office	Centenary Court Croft Street Burnley Lancashire BB11 2ED
Registered Number	06014150
External Auditor	Beever and Struthers Chartered Accountants and Statutory Auditor St George's House 215-219 Chester Road Manchester M15 4JE
Bankers	HSBC Newhouse Road 1 Oxford Square Blackpool Lancashire FY4 4YH

Directors' Report

The Director is pleased to present their report along with the audited financial statements for the year ended 31 March 2017.

Objectives and Activities

Incorporated as a limited company, Delphi Medical Consultants Limited was established on 30 November 2006. The principle activity of the company during the period was to provide clinical and non-clinical substance misuse services.

Directors

The director, together with details of the changes which have occurred up to the date of approval of this report is set out on page 1.

Review of the Business

Delphi Medical Consultants Limited ("DMC") is a private limited company which since October 2016 has formed part of the group of companies within The Calico Group.

DMC is a subsidiary company of Acorn Recovery Projects and is governed via the Acorn Board. The Board has recently been strengthened, increasing from three trustees to six during the early part of 2016. The Board meets on an eight weekly basis and the Chairman also sits on The Calico Group Board.

DMC's aim is not just to raise the standard of our work but to inspire those we work with to better achieve their potential. We understand the role social determinants of health have to play in the efficacy and ability of an individual and communities to 'recover' from addiction. Our model is based upon providing the best possible opportunities for individuals and communities to start well, live well and age well. People with addiction problems often lack social support and suffer from isolation which is compounded with a propensity to experience other negative health impacts.

We have defined the culture of the organisation by implementing our values. We reference them in all decision making; from decisions about patient care through to strategic planning. We offer people centred services which are; Accessible, Sustainable and Accountable.

Our service provision spans across community and prison settings, and we focus on developing pathways which bring substance misuse into broader health and social care provision to improve the health and wellbeing of those we work with and their families.

DMC supplies services to the public and private sector. Our focus is to ensure that we retain a balance of contracts within the Local Authority to deliver community services within the public health remit.

Key Risks and Challenges

National changes, as part of welfare reform, present challenges to DMC through pressures on the reliance of public sector funding to support its mainstay which is drug and alcohol services commissioned via the public sector. Reductions in Public Health funding is likely to increase crime and negatively impact on the health and wellbeing of our customers; therefore our customers will continue to experience increased social exclusion and deprivation and it is likely that while funding cuts will continue; the need and demand for services which address key health inequalities will increase.

There is a national trend merging following the Public Health funding cuts within substance misuse as local authorities combine forces to procure 'super contracts' – for example, Lancashire and parts of greater Manchester are combining forces. Our initial competitor analysis is that our key competitors are:

- NHS Trusts
- CGL in Lancashire
- Other large voluntary sector providers (Addaction, Phoenix Futures, Lifeline etc.)
- Large private sector organisations (Virgin Healthcare, Serco, G4S etc.)

These organisations have a turnover which enables them to bid for the work; although as part of The Calico Group, DMC are able to compete on the quality which can be delivered. Addressing the gap in the financial ability to proceed with large scale work and bids will be the main challenge in terms of sustainability over the coming period.

As part of The Calico Group, the business requires the infrastructure to be able to deliver and grow, but recognises the financial position places a pressure on finding the 'right balance'.

DMC secured a £2.5M contract in April 2017 to delivery integrated substance misuse services in Blackpool. This contract is being delivered in conjunction with Acorn Recovery Projects and is a significant milestone for future bidding opportunities.

DMC hopes to retain their existing Manchester Prison contract until the end of 2017/18 and potentially until 2020.

Key Opportunities

As part of The Calico Group, DMC has the support and weight of a large organisation to support growth and enhance our profile across the North West.

We will participate to develop a combined Group business strategy for growth based upon geography and themed work-streams and developing a bidding model within the Group to enable DMC to bid for large scale service models across the North West.

Directors' Report (continued)

Key Opportunities (continued)

In August 2017, DMC will undertake plans to establish an Occupational Health Service Model and pilot this service within The Calico Group. Towards the end of the year we will scope the feasibility of developing a Delphi Pharmacy Service - engaging with Clinical Commissioning Groups (CCGs), Local Medical Committees (LMC) and Local Pharmaceutical Committee (LPCs) across North West regarding prescribing & dispensing and management to offer GP/Pharmacy Consultancy Service for the management of people with addictions to Over the Counter Medication.

Key Performance Indicators (KPI's)

Due to the clinical nature of our services, DMC has legal and contractual obligations to adhere to the following:-

- Care Quality Commission – involving regular inspections.
- Home Office Inspections.
- Her Majesty's Inspectorate of Prisons Inspections.
- Investigations into Death in Custody/Death in Service.
- Production of Coroners reports and attendance at court/court reports.
- General Medical Council – medical revalidation and accountable officer for Clinicians.
- Nursing & Midwifery Council – compliance with NICE guidelines and accountability for Nurses.
- KPI Frameworks directed by Commissioners.
- Implementation of performance monitoring systems to ensure high quality performance across services.
- Audit, reviews, implementing improvement and managing change.

As well as the above, we manage financial performance through performance of contracts against budgets, contribution to overhead costs and cash flow performance.

Group Structure

A review of the Group's company and governance structures has taken place over the past year to ensure they can best support our purpose by ensuring there is adequate leadership capacity and that the Group continues to grow and develop.

A number of options relating to changes in structure of the Group to help with these objectives were considered by all Boards. It has been agreed to establish a new 'social enterprise' holding company with a common board for each of the legal entities which are Calico Enterprise, Acorn, SafeNet and Delphi. This holding company will sit between the legal entities and the Group Board. A 'transitional' advisory board has been established to progress the new arrangements which is expected to be established by March 2018. This new arrangement will enhance continued growth by integrating service and company offers and allowing competition with larger scale 'lead' providers.

Statement as to disclosure of information to auditor

The director who was in office on the date of approval of these financial statements has confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. The director has confirmed that they have taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Small company provisions

The report of the directors has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The director has taken advantage of the small companies' exemption from the requirement to prepare a strategic report.

Statement of Directors' Responsibilities in respect of the Annual Report & Financial Statements

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102").

Under company law the director 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' Report (continued)

Statement of Directors' Responsibilities in respect of the Annual Report & Financial Statements (continued)

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company 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.

Auditor

Beever and Struthers, Chartered Accountants and Statutory Auditor, who were appointed on the date of acquisition, have indicated their willingness to continue in office. A resolution to reappoint them as auditors will be proposed at the forthcoming annual general meeting.

Approved by the Board and signed on its behalf by:-

Anthony Duerden
Director
12 September 2017

Independent Auditor's report to the members of Delphi Medical Consultants Limited

We have audited the financial statements of Delphi Medical Consultants Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income and Retained Earnings, Statement of Changes in Equity, the Statement of Financial Position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's ("FRC's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended; and
- 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- 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

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.

Maria Hallows
Senior Statutory Auditor
For and on behalf of **BEEVER AND STRUTHERS**, Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 12 September 2017

Statement of Comprehensive Income For the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	2	2,980,486	427,404
Cost of Sales		(983,067)	(217,526)
Gross profit		1,997,419	209,878
Administrative expenses		(1,954,435)	(53,475)
Operating profit	3	42,984	156,403
Interest payable		-	-
Profit on ordinary activities before taxation		42,984	156,403
Taxation on profit on ordinary activities	6	-	(31,281)
Total comprehensive income for the year		42,984	125,122
Total comprehensive income for the year attributable to:			
Owners of the parent		42,984	125,122

All of the activities in the current and prior financial periods are derived from continuing operations.

The notes on pages 8 to 11 form part of the accounts.

Statement of Changes in Equity For the year ended 31 March 2017

	Called-up Share Capital £	Income and Expenditure Reserve £	Total £
At 1 April 2015	1,000	11,590	12,590
Profit for the year	-	125,122	125,122
At 31 March 2016	1,000	136,712	137,712
Profit for the year	-	42,984	42,984
At 31 March 2017	1,000	179,696	180,696

Statement of Financial Position At 31 March 2017

	Note	2017 £	2016 £
Current assets			
Cash at bank and in hand		213	28,827
Debtors	7	364,968	458,729
		<hr/>	<hr/>
		365,181	487,556
Creditors: amounts falling due within one year	8	(184,485)	(349,844)
		<hr/>	<hr/>
Total assets less current liabilities		180,696	137,712
Net assets		<hr/>	<hr/>
		180,696	137,712
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	1,000	1,000
Income and Expenditure Reserve		179,696	136,712
		<hr/>	<hr/>
		180,696	137,712
		<hr/>	<hr/>

These accounts have been delivered in accordance with the provisions applicable to companies subject to the small company's regime.

The notes on pages 8 to 11 form part of these financial statements.

The financial statements were approved by the director and authorised for issue on 12 September 2017 and signed on their behalf by:

Anthony Duerden
Director
12 September 2017

Notes to the Financial Statements

1. Accounting policies

Delphi Medical Consultants Limited is a limited company incorporated in England & Wales. The registered office is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") and with the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. However, on adoption of FRS 102 no transitional adjustments were required from prior periods.

The company meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

Going concern

After reviewing the company's forecasts and projections, the director has a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing these financial statements.

Value added tax ("VAT")

The supply of health services provided by registered doctors is VAT exempt. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable.

Taxation

The charge for taxation for the year is based on the profits arising on taxable activities undertaken at the appropriate enacted rate.

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted. Deferred tax assets are only recognised to the extent that their recovery is reasonably expected in the foreseeable future.

Judgement and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statement.

Turnover

Turnover comprises of medical treatment income. Turnover is stated exclusive of Value Added Tax ("VAT").

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to the future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pensions

The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

Financial instruments

Financial assets and liabilities are initially measured at the transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Notes to the Financial Statements (continued)

2. Turnover

	2017	2016
	£	£
Medical Treatment Income	2,980,486	427,404
	<u> </u>	<u> </u>

3. Operating profit

The operating profit for the year is stated after charging:-

	2017	2016
	£	£
Auditor's fees	6,480	-
	<u> </u>	<u> </u>

4. Directors' remuneration

The Director(s) did not receive any remuneration or expenses from the company during the period.

5. Employees

Employee numbers are a combination of Delphi Medical Limited and Delphi Medical Consultants Limited. All employees are on dual contracts with both entities. The average monthly number of employees during the year, analysed by function, was as follows:

	2017	2016
	Number	Number
Community and Prison staff	46	42
Finance and administration	8	12
Detoxification staff	14	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	2017	2016
	£	£
Staff costs consist of:		
Salaries	1,855,914	1,642,919
Social security costs	165,566	129,664
Pension contributions	123,394	110,746
	<u> </u>	<u> </u>
Allocated to Delphi Medical Limited	2,144,874 (534,147)	1,883,329 (1,850,739)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Notes to the Financial Statements (continued)

6. Taxation

	2017	2016
	£	£
<i>Current tax charge</i>		
UK Corporation tax on profit for the period	-	31,281
	=====	=====
<i>Factors affecting the tax charge for the period</i>		
Profit on ordinary activities before tax	42,984	156,403
	=====	=====
Taxation at the standard rate of corporation tax of 20%	8,597	31,281
Group relief received for no payment	(8,597)	-
	-----	-----
Current tax charge for the period	-	31,281
	=====	=====

7. Debtors

	2017	2016
	£	£
Trade debtors	161,613	200,664
Prepayments	33,385	-
Amounts owed to group undertakings	169,970	258,065
	-----	-----
	364,968	458,729
	=====	=====

8. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	20,964	189,515
Taxation and social security	-	39,468
Accruals and deferred income	147,723	120,861
Amounts due to group undertakings	15,798	-
	-----	-----
	184,485	349,844
	=====	=====

9. Share capital

At 31 March 2017, the number of authorised, allotted, called up and fully paid £1 ordinary shares was 1,000 (2016: 1,000).

On 15 October 2016, the company was acquired by Acorn Recovery Projects.

Notes to the Financial Statements (continued)

10. Parent undertaking

The Company is a 100% subsidiary of Acorn Recovery Projects, a company incorporated in England and Wales. Consolidated accounts which include the results of the Company can be obtained from:

- Company Secretary, The Calico Group Limited, Centenary Court, Croft Street, Burnley, BB11 2ED

No other accounts include the results of the Company.

The Director considers The Calico Group Limited ("Group") to be the ultimate parent entity.

11. Related party transactions

Acorn Recovery Projects ("Acorn"), the parent company

During the year, Acorn supplied services amounting to £60,000 (2016: £Nil).

At 31 March 2017, the company owed Acorn £13,000 (2016: £Nil).

Calico Homes Limited ("Homes"), a fellow subsidiary of Group

There were no transactions during the year (2016: £Nil).

At 31 March 2017, the company owed Homes £3,000 (2016: £Nil).

Delphi Medical Limited ("Medical"), a fellow subsidiary of Acorn

During the year, there were no transactions (2016: £Nil).

At 31 March 2017, Medical owed the company £170,000 (2016: £258,000).