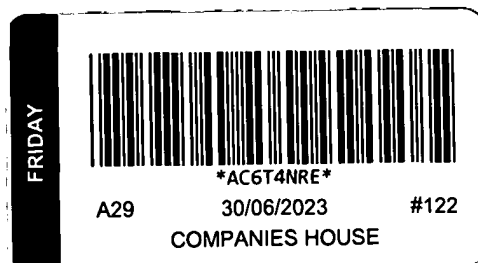


# **Alliance Diagnostic Services Limited**

## **Annual Report & Financial Statements**

**For the year ended 30 September 2022**

**Company number 04026369**





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**Alliance Diagnostic Services Limited**

**DIRECTORS**

P M Hart  
R H Evans

**INDEPENDENT AUDITORS**

Deloitte LLP  
Statutory Auditor  
Four Brindleyplace  
Birmingham  
B1 2HZ  
United Kingdom

**BANKERS**

NatWest Bank plc  
1 Town Hall Building  
Banbury  
Oxon  
OX16 8JS  
United Kingdom

**REGISTERED OFFICE**

AML Hub  
The Woods  
Opus 40 Business Park  
Warwick  
Warwickshire  
CV34 5AH  
United Kingdom



## Alliance Diagnostic Services Limited

### STRATEGIC REPORT

#### PRINCIPAL ACTIVITY AND REVIEW OF THE YEAR

The principal activity of the Company during the year was the provision of diagnostic imaging services, molecular imaging services and patient services to public health services and independent organisations.

#### REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The Company operates a fixed scanning site in London using primarily MRI, CT and PET/CT technology, adding value to customers through providing practical solutions at the critical point of clinical decision-making, by helping to plan, develop and deliver clinical pathways that deliver the best possible patient outcomes.

The key performance indicators of the Company are:

	2022	2021
	£000	£000
Turnover	4,900	3,049
EBITDA <sup>1</sup>	219	(976)
EBITA <sup>2</sup>	219	(976)

The company does not consider there to be any other key performance indicators relevant to the business.

#### RESULTS AND DIVIDENDS

The profit for the financial year amounted to £211,000 (2021: loss of £945,000) and net liabilities were £2,040,000 (2021: £2,251,000). The profit earned during the year is as a result of a strong business performance resulting from increased demand for diagnostic imaging services. During the year no dividends have been paid (2021: nil).

#### FUTURE DEVELOPMENTS

The Directors continue to promote the diagnostic imaging services, molecular imaging services and patient services of the Company to enhance shareholder value.

<sup>1</sup> EBITDA is earnings before interest, tax, depreciation, amortisation, profit/(loss) on disposal of property, plant and equipment and exceptional items.

<sup>2</sup> EBITA represents earnings before interest, tax, amortisation, profit/(loss) on disposal of property, plant and equipment and exceptional items.



## Alliance Diagnostic Services Limited

### STRATEGIC REPORT (continued)

#### MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company Directors recognise the importance of sound risk management to the success of operations and accordingly set policies to mitigate the risks. The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised below.

Risk Category	Potential Impact	Mitigation
Competitive risk	Loss of contracts during competitive tender	Ensuring clinical standards and performance criteria on existing contracts are maintained; Broad spread of customers to minimise the impact of losing an individual customer.
Operational risk	Failure to meet growth targets	Annual budget reviewed by the Directors, with actual performance against the budget reported monthly; Clear delegated authority for major capex and material contracts with Director review and approval; Centralisation of purchasing scanners and ensuring appropriate insurance cover.
Legislative risk	Increased compliance costs	Monitoring potential changes to legislation; Actively engaging with decision makers to drive change; Regular audits undertaken of compliance with legislation.
Credit risk	Increased bad debt expense	Agreeing payment terms in advance, including invoicing periods for long term contracts; Appropriate credit control procedures are followed; Deferred payment terms offered only to those customers which demonstrate an appropriate payment history and satisfy credit-worthiness procedures.
Liquidity risk	Withdrawal of funding	Liquidity risk is managed at the Group level and includes regular monitoring of, and reporting compliance with, bank covenants both prospectively and retrospectively; Applying cash collection targets throughout the Group; Utilising debt factoring facilities; Regular cash flow forecasting, with action taken if needed to re-time flows.
Economic risk following referendum decision to leave the European Union	Reduced profitability as a result of instability in the Sterling	Hedging via a portion of the Group's borrowings being denominated in Euros.


**Alliance Diagnostic Services Limited**
**STRATEGIC REPORT (continued)**

<b>Risk Category</b>	<b>Potential Impact</b>	<b>Mitigation</b>
Recruitment risk following referendum decision to leave the European Union	Inability to provide cost effective services due to utilising greater volume of agency workers	Development of undergraduate placement scheme, graduate recruitment programme and other international recruitment channels.
Reputational risk	Loss of existing or future business	Ensuring clinical standards are consistently met and monitored; Ensuring information governance standards are consistently met and monitored; Certain categories of scans are double-reported; Press comments are monitored and responded to as appropriate.
Pricing risk	Reduced profitability	Entering medium to long term contracts; Broad customer base to minimise the impact of a single customer making changes.
Supply chain risk	Inability to deliver our services due to disruption in our supply chain. This risk may be compounded by the referendum decision to leave the European Union	Contingency planning; Contractually specified service level performance criteria; Effective communication with key stakeholders.
Inflation risk	Increase in price in supplier contracts	Implemented price increases in customer contracts and put in controls over quantity of use of items where costs have increased

Approved by the board on 30 June 2023 and signed on its behalf by:

P M Hart  
 Director  
 AML Hub  
 The Woods  
 Opus 40 Business Park  
 Warwick  
 Warwickshire  
 CV34 5AH  
 United Kingdom



## **Alliance Diagnostic Services Limited**

### **DIRECTORS' REPORT**

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The Directors present their report together with the audited financial statements for the year to 30 September 2022.

#### **FUTURE DEVELOPMENTS**

Future developments have been discussed in the strategic report on page 2.

#### **EVENTS AFTER THE BALANCE SHEET DATE**

There are no subsequent events to disclose.

#### **DIRECTORS AND THEIR INTERESTS**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

P M Hart  
R H Evans

No Director is beneficially interested in the share capital of the Company.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

During the year and at the date of the approval of financial statements the Company maintained insurance cover for Directors' and Officers' liability as permitted under section 232 (2) of the Companies Act 2006.

#### **EQUALITY**

The Group is committed to ensuring that recruitment practices promote equality of opportunity in line with the 2010 Equality Act in the UK and relevant legislation in other regions in which the Group operates. The Group treats all applicants fairly regardless of their sex, sexual orientation, marital status, race, colour, nationality, ethnic or nation origin, religion, age, disability and union membership status. The Group ensures that no requirement of condition is imposed without justification, which could disadvantage an individual on any of the above grounds. The Group continues to be supportive of the employment of disabled persons. Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event an existing member of staff becomes disabled, it is the Group's policy to provide continued employment wherever practicable in the same or alternative positions and appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

#### **DIVIDENDS**

During the year no dividends have been paid (2021: nil). The directors do not propose to pay a dividend after the balance sheet date.

#### **POLITICAL DONATIONS**

The Company made Enil (2021: Enil) political donations during the year.

#### **FINANCIAL RISK MANAGEMENT**

The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised in the Strategic Report.



## Alliance Diagnostic Services Limited

### DIRECTORS' REPORT (continued)

#### GOING CONCERN PRINCIPLES

The Group performs regular assessments on the going concern status of the Group. These assessments take into consideration:

- current solvency of the Group;
- current liquidity position;
- available committed and uncommitted bank facilities;
- cash commitments for the next 12 months;
- budgets and forecasts;
- bank covenants; and
- debt maturities.

The assessments are reviewed by the Board of Directors. The forecasts for the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of the consolidated financial statements, including performing sensitivity analyses.

The wider Group had a good trading performance for the year ended 30 September 2022 and generated sufficient cash from operations.

The wider Group successfully established a Domestic Medium-Term Note (DMTN) programme, in July 2022, that has been registered with the JSE. The floating rate notes are listed on the interest rate market of the JSE. The Group has also refinanced some of its term debt during August 2022, thereby extending the debt maturities. The wider Group is in a strong financial position and is expected to remain within bank covenants for the next reporting period based upon current forecasts.

The Group's assessments and sensitivity analysis show that the Group has adequate resources to continue in operation for the foreseeable future; and has sufficient accessible capital and liquidity to continue to meet its obligations as they fall due and as a result it is appropriate to prepare the consolidated financial statements on a going concern basis.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.



## **Alliance Diagnostic Services Limited**

### **DIRECTORS' REPORT (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)**

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.

#### **DIRECTORS' CONFIRMATIONS**

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **AUDITORS**

Deloitte LLP are deemed to be re-appointed under s487(2) of the Companies Act 2006.

Approved by the Board on 30 June 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'P M Hart'.

P M Hart  
Director  
AML Hub  
The Woods  
Opus 40 Business Park  
Warwick, Warwickshire  
CV34 5AH  
United Kingdom



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE DIAGNOSTIC SERVICES LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **OPINION**

In our opinion the financial statements of Alliance Diagnostic Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 Financial Reporting Council's (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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE DIAGNOSTIC SERVICES LIMITED  
(continued)**

**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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE DIAGNOSTIC SERVICES LIMITED (continued)**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- **Accrued Income Existence and Rights and Obligations:** There is a fraud risk that management could recognise accrued income that does not exist or that the entity does not have the rights and obligations to accrue for. We have performed a number of procedures to address this risk. We have performed inquiries of management and have performed substantive procedures by agreeing a sample of such transactions to appropriate supporting evidence including post year-end invoice, post year-end bank statement and tracing through to 3rd party RIS appointment system.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE DIAGNOSTIC SERVICES LIMITED  
(continued)**

**Report on other legal and regulatory requirements**

**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 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.

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 any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**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.

DocuSigned by:



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Peter Gallimore, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
30 June 2023


**Alliance Diagnostic Services Limited**
**PROFIT AND LOSS ACCOUNT**
**for the year ended 30 September 2022**

	Notes	2022 £000	2021 £000
<b>TURNOVER</b>	4	<b>4,900</b>	3,049
Cost of sales		<b>(3,261)</b>	(2,352)
<b>GROSS PROFIT</b>		<b>1,639</b>	697
Administrative expenses		<b>(1,988)</b>	(1,673)
Other exceptional income		<b>568</b>	-
<b>OPERATING PROFIT/(LOSS)</b>	5	<b>219</b>	(976)
Interest payable and similar expenses		<b>(8)</b>	(6)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>211</b>	(982)
Tax on profit/(loss)	6	-	37
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>211</b>	(945)

The Company's activities all derive from continuing operations.

There is no other comprehensive income or expenses other than those included above and therefore a statement of comprehensive income has not been included in these financial statements.

**Alliance Diagnostic Services Limited****BALANCE SHEET**

Company registered number: 04026369

As at 30 September 2022

	Notes	2022 £000	2021 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	-	-
<b>CURRENT ASSETS</b>			
Debtors	8	4,996	4,741
Cash at bank and in hand		1,364	426
		<u>6,360</u>	<u>5,167</u>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(8,400)</u>	<u>(7,418)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,040)</u>	<u>(2,251)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(2,040)</u>	<u>(2,251)</u>
<b>NET LIABILITIES</b>		<u>(2,040)</u>	<u>(2,251)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Profit and loss account		<u>(2,040)</u>	<u>(2,251)</u>
<b>TOTAL SHAREHOLDERS' (DEFICIT)</b>		<u>(2,040)</u>	<u>(2,251)</u>

The notes on pages 15 to 25 are an integral part of these financial statements.

These financial statements on pages 12 to 25 were approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:

P M Hart  
Director



**Alliance Diagnostic Services Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 September 2022**

	Called up share capital	Profit and loss account	Total Shareholders' deficit
	£000	£000	£000
At 1 October 2020	-	(1,306)	(1,306)
Loss for the financial year and total comprehensive expenses	-	(945)	(945)
At 30 September 2021	-	(2,251)	(2,251)
Profit for the financial year and total comprehensive expense	-	211	211
At 30 September 2022	-	(2,040)	(2,040)



**Alliance Diagnostic Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 September 2022**

**1. GENERAL INFORMATION**

The Company is a private company limited by shares and is incorporated in the United Kingdom under Companies Act 2006 and registered in England. The address of the registered office and principal place of business is shown on page 1. The principal activity of the Company is shown in the Strategic Report on page 2.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**3. 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 preparation**

These financial statements have been prepared on a going concern basis under the historical cost convention.

**Exemptions**

As a qualifying entity the Company has taken advantage of the exemption provided in paragraph 1.12(b) of FRS 102 from preparing a Statement of Cash Flows. The cash flows of the Company are incorporated into the Consolidated Statement of Cash Flows prepared in the Group financial statements of Life Healthcare Group Holdings Limited.

The Company has taken advantage of the exemption provided in paragraph 4.12(a) of FRS 102 from preparing a reconciliation of the numbers of shares outstanding at the beginning and end of the period.

The Company has taken advantage of the exemption provided in paragraph 33.7 of FRS 102 from disclosing key management personnel compensation.

The Company has taken advantage of the exemption provided in paragraphs 11.39-11.48A and 12.26-12.29 of FRS 102 from disclosing certain financial instrument disclosures. The financial instrument disclosures are incorporated into the Group financial statements of Life Healthcare Group Holdings Limited.

The Company has taken advantage of the exemption in paragraph 33.1(a) of FRS 102 from disclosing transactions with related parties that are other wholly owned members of the Alliance Medical Group Limited group.

**Functional and presentation currency**

The Company's functional and presentation currency is the pound sterling.



**Alliance Diagnostic Services Limited****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 September 2022****3. ACCOUNTING POLICIES (continued)****GOING CONCERN PRINCIPLES**

The Group performs regular assessments on the going concern status of the Group. These assessments take into consideration:

- current solvency of the Group;
- current liquidity position;
- available committed and uncommitted bank facilities;
- cash commitments for the next 12 months;
- budgets and forecasts;
- bank covenants; and
- debt maturities.

The assessments are reviewed by the Board of Directors. The forecasts for the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of the consolidated financial statements, including performing sensitivity analyses.

The wider Group had a good trading performance for the year ended 30 September 2022 and generated sufficient cash from operations.

The wider Group successfully established a Domestic Medium-Term Note (DMTN) programme, in July 2022, that has been registered with the JSE. The floating rate notes are listed on the interest rate market of the JSE. The Group has also refinanced some of its term debt during August 2022, thereby extending the debt maturities. The wider Group is in a strong financial position and is expected to remain within bank covenants for the next reporting period based upon current forecasts.

The Group's assessments and sensitivity analysis show that the Group has adequate resources to continue in operation for the foreseeable future; and has sufficient accessible capital and liquidity to continue to meet its obligations as they fall due and as a result it is appropriate to prepare the consolidated financial statements on a going concern basis.



## Alliance Diagnostic Services Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

#### 3. ACCOUNTING POLICIES (continued)

##### Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	Straight line over length of contract or 10 years, whichever is the shorter
Static scanning units and associated equipment (including buildings)	Straight line over length of contract or 10 years, whichever is the shorter

Assets under construction are transferred to their respective asset class and commence depreciation on the date commercial operation commences.

##### Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cost generating unit ("CGU") to which the asset belongs to. An asset's recoverable amount is the higher of the assets, or CGU's, fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in profit or loss in the period in which it arises.

##### Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

##### Revenue recognition

Turnover, which excludes value added tax, represents the value of services supplied, and is recognised according to the value of services supplied in the period. Turnover is recognised principally on a 'per scan' basis.

##### Pensions

The Company operates defined contribution pension plans, administered by a third party, for Directors and employees. Contributions are charged to the profit and loss account as they become payable.

##### Current tax

Current tax is the amount of income tax payable in respect of the taxable results for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.



## **Alliance Diagnostic Services Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 September 2022**

#### **3. ACCOUNTING POLICIES (continued)**

##### **Deferred taxation**

The deferred taxation charge takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the expectation that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).



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**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**Critical accounting judgements and 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 balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historic experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

*Critical judgements in applying the entity's accounting policies*

The Company has recognised a deferred tax asset in relation to decelerated capital allowances. The directors believe this asset to be recoverable and have recognised an asset.

*Sources of estimation uncertainty*

The Company's assessment of its bad debt provision involves estimates based on historical knowledge of the customer and market conditions. The actual outcome of the Company's bad debt experience may be higher or lower than this assessment. At the end of the financial year the provision for bad debts was £432,000 (2021: £327,000).

**4. TURNOVER**

Turnover represents amounts for the provision of services which fall within the Company's continuing activities, stated net of value added tax. All turnover originates in, and has an ultimate destination of, the United Kingdom and arises from the Company's principal activity.


**Alliance Diagnostic Services Limited**
**NOTES TO THE FINANCIAL STATEMENTS**
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**5. OPERATING PROFIT/(LOSS)**
**(a) This is stated after charging:**

		<b>2022</b>	2021
		<b>£000</b>	£000
Operating lease rentals	- land and buildings	<b>525</b>	549
	- other	<b>257</b>	88

Auditors' remuneration for the audit of these financial statements of £15,000 (2021: £15,000) is borne by the immediate parent undertaking, Alliance Medical Limited, for the period. Auditors' remuneration for non-audit services was nil (2021: nil).

**(b) Directors' remuneration**

The Directors have neither received nor waived any right to emoluments in respect of their services to the Company during the year (2021: £nil). Two (2021: two) Directors of the Company at the balance sheet date are also, or have also been, Directors of one or more of the other companies in the Group. These Directors do not believe that it is practicable to accurately apportion their emoluments between their services as Directors of this Company and their services as Directors of other Companies in the Group.

**(c) Staff costs**

	<b>£000</b>	£000
Wages and salaries	<b>738</b>	722
Social security costs	<b>80</b>	69
Other pension costs	<b>24</b>	28
	<b>842</b>	819

The average monthly number of employees (including Directors) during the year was 27 (2021: 26) as follows:

	<b>2022</b>	2021
	<b>No.</b>	No.
Administration	<b>16</b>	16
Technical/operations	<b>11</b>	10
	<b>27</b>	26



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**For the year ended 30 September 2022**

**6. TAX ON LOSS**

**(a) Tax on loss**

There is no charge for taxation in the year (2021: £nil). The deferred taxation credit in the year in relation to decelerated capital allowances is £0 (2021: £37,000).

**(b) Factors affecting the credit for the period**

The tax assessed for the year differs (2021: differs) from that resulting from applying the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Profit/(Loss) before taxation	<u>212</u>	<u>(982)</u>
Profit/(Loss) at the standard rate of 19% (2021: 19%)	40	(187)
Effects of:		
Fixed asset timing differences	-	-
Expenses not deductible	-	-
Group relief surrendered for no consideration	68	287
Tax rate change	-	-
Deferred tax rate change	23	(110)
Transfer pricing adjustment	(34)	(27)
Prior period deferred tax adjustment	<u>(97)</u>	<u>-</u>
<b>Total tax credit in the year (note 6 (a))</b>	<u>-</u>	<u>(37)</u>

**(c) Factors affecting current and future tax**

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% was substantively enacted on 24 May 2021, its effects have been included in these financial statements.



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**7. TANGIBLE ASSETS**

	Leasehold improvements £000	Scanning units and other plant and equipment £000	Total £000
Cost:			
At 1 October 2021 and 30 September 2022	1,433	180	1,613
Depreciation:			
At 1 October 2021 and 30 September 2022	(1,433)	(180)	(1,613)
Net book value:			
At 30 September 2021 and 30 September 2022	-	-	-

**8. DEBTORS**

	2022 £000	2021 £000
Trade debtors	1,194	635
Amounts owed by Group undertakings (fellow UK subsidiaries)	3,161	3,448
Other debtors	182	199
Deferred tax asset (amounts due over one year £'000: 459) (Note 10)	459	459
	<b>4,996</b>	<b>4,741</b>

Trade debtors includes £nil (2021: £nil) falling due after more than one year. Trade debtors are stated after provisions for bad debt of £432,000 (2021: £327,000). Amounts owed by group undertakings are unsecured, interest free and repayable on demand.


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**NOTES TO THE FINANCIAL STATEMENTS**
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**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>441</b>	96
Amounts owed to Group undertakings (fellow UK subsidiaries)	<b>6,993</b>	6,566
Taxation and social security	<b>56</b>	22
Accruals and deferred income	<b>910</b>	734
	<b>8,400</b>	<b>7,418</b>

Amounts owed to Group undertakings are unsecured, interest free, and are repayable on demand.

**10. DEFERRED TAXATION**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

Balances:

	<b>Assets</b>	<b>Assets</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Decelerated capital allowances	<b>459</b>	459
	<b>459</b>	<b>459</b>

Movements in the year:

	<b>£000</b>
Asset at 1 October 2021	459
Credit to profit and loss	-
Asset at 30 September 2022	<b>459</b>

The deferred tax asset related to decelerated capital allowances is expected to reverse within 3 years.




**Alliance Diagnostic Services Limited**
**NOTES TO THE FINANCIAL STATEMENTS**
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**11. CAPITAL AND OTHER COMMITMENTS**

At 30 September the Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	2022 £000	2021 £000
Within one year	258	258
Between two and five years	982	997
In more than five years	912	1,155
	<u>2,152</u>	<u>2,410</u>

**12. CALLED UP SHARE CAPITAL**

	2022 No.	2022 £000	2021 No.	2021 £000
Ordinary shares of £1 each				
Authorised	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>
Allotted, called up and fully paid	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

There are no restrictions on the payment of dividends and the repayment of capital.

**13. PARENT UNDERTAKINGS**
**a) Immediate parent undertaking**

The immediate parent undertaking is Alliance Medical Limited, registered in England and Wales.

**b) Ultimate parent undertaking**

The ultimate parent undertaking and controlling party is Life Healthcare Group Holdings Limited. The largest and smallest group, for which group financial statements are drawn up and which include this company is Life Healthcare Group Holdings Limited, registered in South Africa. The financial statements are publicly available from the Life Healthcare website and can also be obtained by writing to the Group Secretary at Oxford Parks, Building 2, 203 Oxford Road (Corner Eastwood & Oxford Roads), Dunkeld, 2196, its registered address.

**14. POST EMPLOYMENT BENEFITS**

The Company participates in defined contribution pension schemes, the assets of which are held separately from those of the Company and are invested with an insurance company and external fund managers. The total charged to the profit and loss account during the year was £24,000 (2021: £28,000).



**Alliance Diagnostic Services Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 September 2022**

**15. EVENTS AFTER THE BALANCE SHEET DATE**

There are no subsequent events to disclose.

**16. RELATED PARTY TRANSACTIONS**

In accordance with FRS 102, the company has taken advantage of the exemption available not to disclose transactions with other group undertakings.

There are no other related party transactions outside of those with group undertakings.