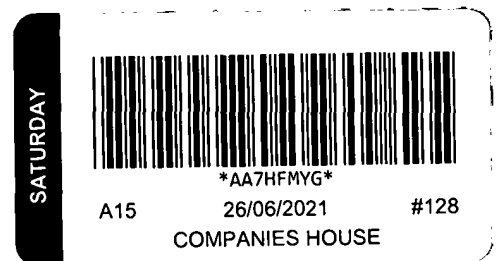


Alliance Diagnostic Services Limited

Annual Report & Financial Statements

For the year ended 30 September 2020

Company number 04026369





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

Iceni Centre
Warwick Technology Park
Warwick
Warwickshire
CV34 6DA
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

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:

	2020	2019
	£000	£000
Turnover	2,636	2,899
EBITDA ¹	(1,032)	(752)
EBITA ²	(1,032)	(752)

During the year the site at Bulstrode Place in London has been redeveloped and is now branded as European Scanning Centre Marylebone. The re-branding will help compliment European Scanning Centres existing London imaging suite, strengthening their offering in urology, neurology and cardiac scanning.

The covid-19 pandemic had a significant impact on the business during the second half of the financial year. The business responded quickly with risk assessments and then appropriate measures to ensure the covid-safety of its services for patients and staff. The volume of services delivered decreased significantly in the quarter April to June and recovered from July onwards but was still below pre-covid levels.

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

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £731,000 (2019: £669,000) and net liabilities were £1,306,000 (2019: £575,000). The increase in losses during the year is largely due to a reduction in turnover in the year. The Covid 19 pandemic impacted the business significantly from March to September 2020 but the business has recovered well through 2021. During the year no dividends have been paid (2019: 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.

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

² 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)

Risk Category	Potential Impact	Mitigation
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.

Approved by the board on 10 May 2021 and signed on its behalf by:

P M Hart
 Director
 Icen Centre,
 Warwick Technology Park
 Warwick
 Warwickshire
 CV34 6DA
 United Kingdom



Alliance Diagnostic Services Limited

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year to 30 September 2020.

FUTURE DEVELOPMENTS

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

EVENTS AFTER THE BALANCE SHEET DATE

The Covid pandemic is considered to remain a significant event after the balance sheet date, even though it has also impacted the period in these financial statements. The impact of Covid is still being felt across the globe within the healthcare industry, including the countries that Alliance Medical Group operate in. Following the balance sheet date, a number of European Countries, including the UK, has entered second national lock down. The effects of Covid are still felt around the business, however systems and protocols put in place during wave 1 of the pandemic now mean that the business can continue to operate at a more effective level during the ongoing Covid impacts. This is as well as opportunities taken as a result of the pandemic, have meant that the directors do not believe that the effects of Covid post the balance sheet date lead to a material impact in the numbers presented and therefore no adjustments are required.

As well as the above, there are ongoing discussions between the UK and the EU in relation to a trade deal following the UK's exit from the EU effective from 1 January 2021. Currently there are no details regarding the likelihood or the contents of such a deal. As a result it cannot be estimated what impacts Brexit will have on the Company and therefore no changes have been made to these financial statements.

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	(appointed 6 January 2020)
M D Chapman	(resigned 6 January 2020)
M P Ferreira	(resigned 17 December 2019)
P J Winchester	(resigned 17 December 2019)

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 20

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.



Alliance Diagnostic Services Limited

DIRECTORS' REPORT (continued)

DIVIDENDS

During the year no dividends have been paid (2019: nil). The directors do not propose to pay a dividend after the balance sheet date.

POLITICAL DONATIONS

The Company made *Nil* (2019: *Nil*) 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.

GOING CONCERN PRINCIPLES

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

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

As part of the assessments the board of directors has reviewed the Company budgets, forecasts, available cash resources and unutilised facilities as well as the debt maturity profile. The forecasts for the Company have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. The expected future cash flows were adjusted to reflect the best estimate of the short and longer-term impact of the COVID-19 pandemic (the pandemic).

To ensure the Company has sufficient cash reserves, in addition to securing bank facilities at Life UK Holdco level, management has implemented a number of mitigating actions which include cost and cash preservation levers across the Group's operations.

The external debt used to provide funding for the Alliance Medical Group companies (of which this company is a subsidiary) sit outside of these financial statements (the external debt is recorded in Life UK Holdco Limited) and include covenants that must be met at various measurement points as defined in the contract for these facilities. These covenants are measured based on the results of the wider group- this being the group headed by Life Healthcare Group Holdings Limited. Life Healthcare Group Holdings Limited is the ultimate parent undertaking and controlling party of Alliance Medical Group limited. The wider group successfully refinanced this external debt during March 2020 and extended the Debt's maturities. This wider Group is in a strong financial position with net debt to normalised EBITDA as at 30 September 2020 at 2.96 times (2019: 1.96 times). Given the significant uncertainty caused by the pandemic, the wider Group pre-emptively negotiated amended bank covenants for the period up to 31 March 2021 and continue to monitor prospective compliance with such covenants. In addition, banking facilities have been increased and the wider Group's committed undrawn bank facilities as at 30 September 2020 are R6.3 billion.

The Director's assessments and sensitivity analysis show that the Company 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 these financial statements on a going concern basis.



Alliance Diagnostic Services Limited

DIRECTORS' REPORT (continued)

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.

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 10 May 2021 and signed on its behalf by:

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

P M Hart
Director
Iceni Centre
Warwick Technology Park
Warwick
Warwickshire
CV34 6DA
United Kingdom

INDEPENDENT AUDITORS' 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 2020 and of its loss 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; and
- 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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.

Auditors' 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. This description forms part of our auditor's report.

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
May 2021

10 May 2021 | 12:56:28 BST



Alliance Diagnostic Services Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2020

	Notes	2020 £000	2019 £000
TURNOVER	4	2,636	2,899
Cost of sales		<u>(2,093)</u>	<u>(2,232)</u>
GROSS PROFIT		543	667
Administrative expenses		<u>(1,575)</u>	<u>(1,419)</u>
OPERATING LOSS	5	(1,032)	(752)
Interest payable and similar expenses		<u>(5)</u>	<u>(6)</u>
LOSS BEFORE TAXATION		(1,037)	(758)
Tax on loss	6	<u>306</u>	<u>89</u>
LOSS FOR THE FINANCIAL YEAR		(731)	(669)

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.

There is no material difference between the loss before taxation and the loss for the financial periods stated above and their historical cost equivalents.


Alliance Diagnostic Services Limited
BALANCE SHEET
Company registered number: 04026369
As at 30 September 2020

	Notes	2020 £000	2019 £000
FIXED ASSETS			
Tangible assets	7	-	-
CURRENT ASSETS			
Debtors	8	4,452	4,353
Cash at bank and in hand		362	344
		<u>4,814</u>	<u>4,697</u>
CREDITORS: amounts falling due within one year	9	<u>(6,120)</u>	<u>(5,272)</u>
NET CURRENT LIABILITIES		<u>(1,306)</u>	<u>(575)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,306)</u>	<u>(575)</u>
NET LIABILITIES		<u>(1,306)</u>	<u>(575)</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account		<u>(1,306)</u>	<u>(575)</u>
TOTAL SHAREHOLDERS' (DEFICIT)		<u>(1,306)</u>	<u>(575)</u>

The notes on pages 14 to 24 are an integral part of these financial statements.

These financial statements on pages 11 to 24 were approved by the Board of Directors on 10 May 2021 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 2020

	Called up share capital	Profit and loss account	Total Shareholders' deficit
	£000	£000	£000
At 1 October 2018	-	94	94
Loss for the financial year and total comprehensive expenses	-	(669)	(669)
At 30 September 2019	-	(575)	(575)
Loss for the financial year and total comprehensive expense	-	(731)	(731)
At 30 September 2020	-	(1,306)	(1,306)



Alliance Diagnostic Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

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 principle place of business is shown on page 1.

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 Alliance Medical Group 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 year.

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 Alliance Medical Group 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 2020

3. ACCOUNTING POLICIES (continued)

GOING CONCERN PRINCIPLES

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

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

As part of the assessments the board of directors has reviewed the Company budgets, forecasts, available cash resources and unutilised facilities as well as the debt maturity profile. The forecasts for the Company have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. The expected future cash flows were adjusted to reflect the best estimate of the short and longer-term impact of the COVID-19 pandemic (the pandemic).

To ensure the Company has sufficient cash reserves, in addition to securing bank facilities at Life UK Holdco level, management has implemented a number of mitigating actions which include cost and cash preservation levers across the Group's operations.

The external debt used to provide funding for the Alliance Medical Group companies (of which this company is a subsidiary) sit outside of these financial statements (the external debt is recorded in Life UK Holdco Limited) and include covenants that must be met at various measurement points as defined in the contract for these facilities. These covenants are measured based on the results of the wider group- this being the group headed by Life Healthcare Group Holdings Limited. Life Healthcare Group Holdings Limited is the ultimate parent undertaking and controlling party of Alliance Medical Group limited. The wider group successfully refinanced this external debt during March 2020 and extended the Debt's maturities. This wider Group is in a strong financial position with net debt to normalised EBITDA as at 30 September 2020 at 2.96 times (2019: 1.96 times). Given the significant uncertainty caused by the pandemic, the wider Group pre-emptively negotiated amended bank covenants for the period up to 31 March 2021 and continue to monitor prospective compliance with such covenants. In addition, banking facilities have been increased and the wider Group's committed undrawn bank facilities as at 30 September 2020 are R6.3 billion.

The Director's assessments and sensitivity analysis show that the Company 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 these financial statements on a going concern basis.



Alliance Diagnostic Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

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 2020

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).

**Alliance Diagnostic Services Limited****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 September 2020****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.

Exceptional items

The Company classifies certain one-off charges and credits that have a material impact on the Company's financial results as exceptional items. These are disclosed separately to provide further understanding of the financial performance of the company.

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 during the year. 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. See note 9 for the net carrying amount of the debtors and associated impairment provisions.

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
For the year ended 30 September 2020
5. OPERATING LOSS
(a) This is stated after charging:

		2020	2019
		£000	£000
Operating lease rentals	- land and buildings	518	544
	- other	43	98

Auditors' remuneration for the audit of these financial statements of £15,000 (2019: £15,000) is borne by the immediate parent undertaking, Alliance Medical Limited, for the period.

(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 (2019: £nil). Two (2019: four) 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

	2020	2019
	£000	£000
Wages and salaries	713	470
Social security costs	75	51
Other pension costs	29	14
	817	535

The average monthly number of employees (including Directors) during the year was 25 (2019: 17) as follows:

	2020	2019
	No.	No.
Administration	16	11
Technical/operations	9	6
	25	17


Alliance Diagnostic Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
6. TAX ON LOSS
(a) Tax on loss

There is no charge for taxation in the year (2019: £nil). The deferred taxation credit in the year in relation to decelerated capital allowances is £306,000 (2019: £89,000).

(b) Factors affecting the credit for the period

The tax assessed for the year differs (2019: differs) from that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Loss before taxation	<u>(1,037)</u>	<u>(758)</u>
Loss at the standard rate of 19% (2019: 19%)	(197)	(144)
Effects of:		
Fixed asset timing differences	-	(54)
Expenses not deductible	-	1
Group relief surrendered for no consideration	-	202
Deferred tax asset recognised	-	(94)
Deferred tax rate change	(44)	-
Transfer pricing adjustment	(7)	-
Prior period deferred tax adjustment	(58)	-
Total tax credit in the year (note 6 (a))	<u>(306)</u>	<u>(89)</u>

(c) Factors affecting current and future tax

On 3 March 2021 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. If enacted this will impact the value of our UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently. We have yet to determine the impact of these proposed changes.

(d) Factors affecting the tax for the year

The Company has an unrecognised deferred tax asset in relation to decelerated capital allowances of £nil (2019: £nil) and losses of £nil (2019: £nil). Deferred tax has been recognised in relation to decelerated capital allowances. The directors believe this asset to be recoverable and have recognised an asset.


Alliance Diagnostic Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
7. TANGIBLE ASSETS

	Leasehold improvements £000	Scanning units and other plant and equipment £000	Total £000
Cost:			
At 30 September 2019 and 30 September 2020	1,433	180	1,613
Depreciation:			
At 30 September 2019 and 30 September 2020	(1,433)	(180)	(1,613)
Net book value:			
At 30 September 2019 and 30 September 2020	-	-	-

8. DEBTORS

	2020 £000	2019 £000
Trade debtors	510	748
Amounts owed by Group undertakings	3,493	3,282
Other debtors	27	3
Deferred tax asset (amounts due over one year £'000: 422) (Note 10)	422	320
	4,452	4,353

Trade debtors includes £nil (2019: £nil) falling due after more than one year. Trade debtors are stated after provisions for bad debt of £461,000 (2019: £703,000). Amounts owed by group undertakings are unsecured, interest free and repayable on demand.


Alliance Diagnostic Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£000	£000
Trade creditors	78	46
Amounts owed to Group undertakings	5,498	4,556
Taxation and social security	1	24
Accruals and deferred income	543	646
	<u>6,120</u>	<u>5,272</u>

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:

	Assets 2020 £000	Assets 2019 £000
Decelerated capital allowances	<u>422</u>	<u>320</u>
	<u>422</u>	<u>320</u>

Movements in the year:

	£000
Asset at 1 October 2019	320
Credit to profit and loss	<u>102</u>
Asset at 30 September 2020	<u>422</u>

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
For the year ended 30 September 2020

11. CAPITAL AND OTHER COMMITMENTS

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

	2020 £000	2019 £000
Within one year	576	570
Between two and five years	85	576
	<u>661</u>	<u>1,146</u>

12. CALLED UP SHARE CAPITAL

	2020 No.	2020 £000	2019 No.	2019 £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 is Life Healthcare Group Holdings Limited. The smallest group, for which group financial statements are drawn up, is Alliance Medical Group Limited, registered in England and Wales. The financial statements can be obtained from its registered address at Icen Centre, Warwick Technology Park, Warwick, CV34 6DA. The largest group, for which group financial statements are drawn up, is Life Healthcare Group Holdings Limited, registered in South Africa. The financial statements can be obtained from its registered address at Private Bag X13, Northlands, 2116, South Africa.

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 £29,000 (2019: £14,000).



Alliance Diagnostic Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

15. POST BALANCE SHEET EVENTS

The Covid pandemic is considered to remain a significant event after the balance sheet date, even though it has also impacted the period in these financial statements. The impact of Covid is still being felt across the globe within the healthcare industry, including the countries that Alliance Medical Group operate in. Following the balance sheet date, a number of European Countries, including the UK, has entered second national lock down. The effects of Covid are still felt around the business, however volumes are almost back to 100% of pre-Covid levels and systems and protocols put in place during wave 1 of the pandemic now mean that the business can continue to operate at a more effective level during the ongoing Covid impacts. This is as well as opportunities taken as a result of the pandemic, have meant that the directors do not believe that the effects of Covid post the balance sheet date lead to a material impact in the numbers presented and therefore no adjustments are required.

As well as the above there are ongoing discussions between the UK and the EU in relation to a trade deal following the UK's exit from the EU effective from 1 January 2021. Currently there are no details regarding the likelihood or the contents of such a deal. As a result it cannot be estimated what impacts Brexit will have on the Company and therefore no changes have been made to these financial statements.

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.