

Company Registration No. 05008328 (England and Wales)

**DIAGNOSTIC HEALTHCARE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2021**

# DIAGNOSTIC HEALTHCARE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M Ringart L Karni
<b>Company number</b>	05008328
<b>Registered office</b>	The Royals 353 Altrincham Road Manchester M22 4BJ
<b>Auditor</b>	Lopian Gross Barnett & Co 1st Floor, Cloister House Riverside New Bailey Street Manchester M3 5FS
<b>Business address</b>	The Royals 353 Altrincham Road Manchester M22 4BJ

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# DIAGNOSTIC HEALTHCARE LIMITED

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# DIAGNOSTIC HEALTHCARE LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 JANUARY 2021**

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The directors present the strategic report for the year ended 31 January 2021.

Diagnostic Healthcare provides scanning and other high-end medical diagnostic services to the NHS and to the private sector, our mission being to become one of the leading service providers in advanced diagnostics across the UK. Over the past several years we have, through organic growth, acquisitions, joint ventures and partnerships, established a strong and significant presence in our chosen markets. We operate within a highly regulated market and over time we have put in place the appropriate infrastructure and developed the internal competencies to ensure that we can deliver our services in full compliance with the exacting demands of the legislative and regulatory environment in which we work and offer our NHS and private clients a broad range of top quality services.

### **Fair review of the business**

In this latest financial year, we maintained our strong growth trajectory, delivered through expansion of our geographical coverage and by establishing significant new contracts across the NHS and with private providers. In order to support this and future growth we have substantially increased our fleet of scanners and have continued to invest in the development of our team of well qualified and capable radiographers, sonographers and support staff. Our reputation for first class service delivery has been a key factor in our high customer retention rate as well as in the acquisition of new business.

Our robust clinical governance and leading IT capabilities are essential underpinnings of our reputation for quality and accuracy of results and reporting and of our ability to meet the ever-increasing regulatory requirements around patient records and the transmission of clinical data.

### **Principal risks and uncertainties**

The market for our services is underpinned by demographics and higher public healthcare expectations and is confidently expected to grow strongly over the coming years. Diagnostic Healthcare has established itself as a strong capable player in this market and we have flourished against competition from the large well-established players populating our space. Our organisational and technical capabilities give us confidence that we can deliver continued growth and profitability in this environment.

Greater uncertainty derives from possible changes in NHS policy with regard to the provision of third-party services. At the current levels of funding and staffing the outsourcing of third-party diagnostic services is essential for the effective functioning of the NHS. However, if there were to be a sea-change in policy it is possible that a programme could be instigated to bring outsourced services back in house and this could have a major impact on our business. In the context of current NHS pressures and funding challenges this is seen as an unlikely development in the medium term.

With respect to internal clinical, strategic and operational risks the business runs a risk management programme designed to ensure that effective processes are in place to track and report upon existing and emerging risks that could cause damage to the business or its stakeholders.

The Directors have closely monitored the Government guidance in response to the COVID-19 pandemic and have implemented measures in line with Government guidelines. The Directors have assessed the impact of COVID-19 on the company and conclude that there are no items resulting from the COVID-19 pandemic which require disclosure at the balance sheet date.

# DIAGNOSTIC HEALTHCARE LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 JANUARY 2021**

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### **Outlook**

We see significant opportunities for further growth in the current market environment. We are continuing to expand our geographic reach and we have identified a number of regions which offer promising scope for organic growth. In addition, we maintain a database of bolt-on acquisition opportunities similar to those we have executed in past years and we constantly evaluate new avenues for business development through the provision of new services, leveraging our network of clinics and our business infrastructure.

The market for our services is expected to expand strongly in the current year. Following major interruptions to routine healthcare provision due to COVID-19, both public and private networks are engaged upon programmes aimed at reducing the backlog of diagnostic procedures. Diagnostic Healthcare has put capacity in place to help address these challenges.

### **Summary**

We have achieved yet another year of good growth and profitability. I am confident that we have a sound strategy in place and the capability to implement it and I look forward to the continuation of our long and positive track record of results and business development.

On behalf of the board

L Karni  
**Director**

20 October 2021

# DIAGNOSTIC HEALTHCARE LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 JANUARY 2021**

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The directors present their annual report and financial statements for the year ended 31 January 2021.

### Principal activities

The principal activity of the company during the year was the provision of health clinic services.

### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Ringart	
L Karni	
P Virdee	(Resigned 22 December 2020)
G Donnelly	(Resigned 22 December 2020)
J Hinnigan	(Resigned 22 December 2020)
J Burnage	(Resigned 22 December 2020)
D Fathers	(Appointed 3 February 2020 and resigned 22 December 2020)

### Auditor

Lopian Gross Barnett & Co were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

L Karni

**Director**

20 October 2021

## **DIAGNOSTIC HEALTHCARE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JANUARY 2021***

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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). 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

# DIAGNOSTIC HEALTHCARE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DIAGNOSTIC HEALTHCARE LIMITED

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#### Opinion

We have audited the financial statements of Diagnostic Healthcare Limited (the 'company') for the year ended 31 January 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### 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.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.



# DIAGNOSTIC HEALTHCARE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF DIAGNOSTIC HEALTHCARE LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

**Jonathan Brodie (Senior Statutory Auditor)**  
for and on behalf of Lopian Gross Barnett & Co

25 October 2021

**Chartered Accountants**  
**Statutory Auditor**

1st Floor, Cloister House  
Riverside  
New Bailey Street  
Manchester  
M3 5FS

## DIAGNOSTIC HEALTHCARE LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £	2020 £
Turnover	3	13,265,782	11,230,269
Cost of sales		(3,593,713)	(3,018,470)
<b>Gross profit</b>		<b>9,672,069</b>	<b>8,211,799</b>
Administrative expenses		(7,211,942)	(6,868,605)
Other operating income		389,461	-
<b>Operating profit</b>	<b>4</b>	<b>2,849,588</b>	<b>1,343,194</b>
Interest receivable and similar income	6	7,249	1,228
Interest payable and similar expenses	7	(150,382)	(124,610)
<b>Profit before taxation</b>		<b>2,706,455</b>	<b>1,219,812</b>
Tax on profit	8	(532,294)	(242,862)
<b>Profit for the financial year</b>		<b>2,174,161</b>	<b>976,950</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## DIAGNOSTIC HEALTHCARE LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 JANUARY 2021*

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	2021	2020
	£	£
Profit for the year	2,174,161	976,950
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,174,161</u>	<u>976,950</u>

# DIAGNOSTIC HEALTHCARE LIMITED

## BALANCE SHEET

AS AT 31 JANUARY 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Goodwill	10	481,343		522,903	
Tangible assets	11	5,070,483		3,724,117	
Investments	12	107		107	
			5,551,933		4,247,127
<b>Current assets</b>					
Debtors	15	4,556,216		2,793,527	
Cash at bank and in hand		2,154,329		926,712	
			6,710,545		3,720,239
<b>Creditors: amounts falling due within one year</b>	16	(3,121,335)		(2,055,070)	
<b>Net current assets</b>			3,589,210		1,665,169
<b>Total assets less current liabilities</b>			9,141,143		5,912,296
<b>Creditors: amounts falling due after more than one year</b>	17		(3,199,576)		(2,288,297)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	440,861		297,454	
			(440,861)		(297,454)
<b>Net assets</b>			5,500,706		3,326,545
<b>Capital and reserves</b>					
Called up share capital	21	211,253		211,253	
Profit and loss reserves		5,289,453		3,115,292	
<b>Total equity</b>			5,500,706		3,326,545

The financial statements were approved by the board of directors and authorised for issue on 20 October 2021 and are signed on its behalf by:

L Karni  
Director

Company Registration No. 05008328

# DIAGNOSTIC HEALTHCARE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 February 2019</b>		211,253	2,288,342	2,499,595
<b>Year ended 31 January 2020:</b>				
Profit and total comprehensive income for the year		-	976,950	976,950
Dividends	9	-	(150,000)	(150,000)
<b>Balance at 31 January 2020</b>		211,253	3,115,292	3,326,545
<b>Year ended 31 January 2021:</b>				
Profit and total comprehensive income for the year		-	2,174,161	2,174,161
<b>Balance at 31 January 2021</b>		211,253	5,289,453	5,500,706

# DIAGNOSTIC HEALTHCARE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	2,508,369		1,534,267	
Interest paid		(150,382)		(124,610)	
Income taxes paid		(111,518)		(141,705)	
<b>Net cash inflow from operating activities</b>		2,246,469		1,267,952	
<b>Investing activities</b>					
Purchase of intangible assets		(45,584)		-	
Purchase of tangible fixed assets		(588,798)		(216,293)	
Proceeds on disposal of tangible fixed assets		7,590		51,347	
Interest received		7,249		1,228	
<b>Net cash used in investing activities</b>		(619,543)		(163,718)	
<b>Financing activities</b>					
Payment of finance leases obligations		(399,309)		(698,921)	
Dividends paid		-		(150,000)	
<b>Net cash used in financing activities</b>		(399,309)		(848,921)	
<b>Net increase in cash and cash equivalents</b>		1,227,617		255,313	
Cash and cash equivalents at beginning of year		926,712		671,399	
<b>Cash and cash equivalents at end of year</b>		2,154,329		926,712	

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

#### Company information

Diagnostic Healthcare Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Royals, 353 Altrincham Road, Manchester, M22 4BJ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As referred to in the Strategic Report the Directors have closely monitored the Government guidance in response to the Covid-19 Pandemic and have implemented measures in line with Governmental guidelines. The Directors have assessed the impact of Covid-19 on the company and conclude that there are no items resulting from the Covid-19 Pandemic which require disclosure at the balance sheet date.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which in general is ten years unless the directors consider a shorter term to be more appropriate.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease.
Plant and machinery	Rates between 10% and 20% straight line.
Fixtures, fittings & equipment	Rates between 10% and 20% straight line.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.12 Taxation**

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

##### ***Current tax***

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

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

#### 1.14 Retirement benefits

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

#### 1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

## DIAGNOSTIC HEALTHCARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
	13,265,782	11,230,269
	<u>          </u>	<u>          </u>
	2021 £	2020 £
<b>Other significant revenue</b>		
Interest income	7,249	1,228
Grants received	389,461	-
	<u>          </u>	<u>          </u>

#### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(847)	2,659
Government grants	(389,461)	-
Fees payable to the company's auditor for the audit of the company's financial statements	25,535	23,958
Depreciation of owned tangible fixed assets	914,519	822,715
Profit on disposal of tangible fixed assets	(7,590)	(43,780)
Amortisation of intangible assets	87,144	90,829
Operating lease charges	460,435	524,480
	<u>          </u>	<u>          </u>

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2021 Number	2020 Number
136	137
<u>          </u>	<u>          </u>

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

<b>5</b>	<b>Employees</b>	<b>(Continued)</b>	
	Their aggregate remuneration comprised:		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	3,276,887	3,102,767
	Social security costs	300,138	271,392
	Pension costs	61,057	57,058
		<u>3,638,082</u>	<u>3,431,217</u>
<b>6</b>	<b>Interest receivable and similar income</b>		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	7,249	1,228
		<u>7,249</u>	<u>1,228</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	7,249	1,228
		<u>7,249</u>	<u>1,228</u>
<b>7</b>	<b>Interest payable and similar expenses</b>		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	<b>Other finance costs:</b>		
	Interest on finance leases and hire purchase contracts	149,210	124,610
	Other interest	1,172	-
		<u>150,382</u>	<u>124,610</u>
<b>8</b>	<b>Taxation</b>		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	394,707	111,518
	Adjustments in respect of prior periods	(5,820)	-
	Total current tax	<u>388,887</u>	<u>111,518</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	143,407	131,344
		<u>143,407</u>	<u>131,344</u>
	Total tax charge	<u>532,294</u>	<u>242,862</u>

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 8 Taxation

(Continued)

	2021 £	2020 £
Profit before taxation	2,706,455	1,219,812
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	514,226	231,764
Tax effect of expenses that are not deductible in determining taxable profit	383	321
Tax effect of utilisation of tax losses not previously recognised	(1,377)	-
Adjustments in respect of prior years	(5,820)	-
Permanent capital allowances in excess of depreciation	(118,525)	(120,567)
Deferred tax increase	143,407	131,344
Taxation charge for the year	532,294	242,862

### 9 Dividends

	2021 £	2020 £
Interim paid	-	150,000

### 10 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 February 2020	858,431
Additions	45,584
At 31 January 2021	904,015
<b>Amortisation and impairment</b>	
At 1 February 2020	335,528
Amortisation charged for the year	87,144
At 31 January 2021	422,672
<b>Carrying amount</b>	
At 31 January 2021	481,343
At 31 January 2020	522,903

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 February 2020	207,007	5,912,466	336,772	6,456,245
Additions	2,790	2,238,276	19,819	2,260,885
Disposals	-	(49,173)	-	(49,173)
At 31 January 2021	209,797	8,101,569	356,591	8,667,957
<b>Depreciation and impairment</b>				
At 1 February 2020	97,789	2,422,815	211,524	2,732,128
Depreciation charged in the year	35,786	815,300	63,433	914,519
Transfers	-	(49,173)	-	(49,173)
At 31 January 2021	133,575	3,188,942	274,957	3,597,474
<b>Carrying amount</b>				
At 31 January 2021	76,222	4,912,627	81,634	5,070,483
At 31 January 2020	109,218	3,489,651	125,248	3,724,117

### 12 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	13	107	107

Fixed asset investments not carried at market value

### 13 Subsidiaries

Details of the company's subsidiaries at 31 January 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Excell Ultrasound Limited	England and Wales	Ordinary & Ordinary A shares	100
Ultrasound Now Limited	England and Wales	Ordinary shares	100

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:



# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

13 Subsidiaries		(Continued)	
Name of undertaking	Capital and Reserves	Profit/(Loss)	
	£	£	
Excell Ultrasound Limited	105	-	
Ultrasound Now Limited	2	-	
14 Financial instruments		2021	2020
		£	£
<b>Carrying amount of financial assets</b>			
Debt instruments measured at amortised cost	4,260,282	2,478,504	
<b>Carrying amount of financial liabilities</b>			
Measured at amortised cost	5,318,508	3,984,240	
15 Debtors		2021	2020
		£	£
<b>Amounts falling due within one year:</b>			
Trade debtors	4,211,474	2,431,187	
Other debtors	48,808	47,317	
Prepayments and accrued income	295,934	315,023	
	4,556,216	2,793,527	
16 Creditors: amounts falling due within one year		2021	2020
	Notes	£	£
Obligations under finance leases	18	1,010,347	648,848
Trade creditors		360,468	346,954
Amounts owed to group undertakings		2,334	107
Corporation tax		388,887	111,518
Other taxation and social security		613,516	247,609
Other creditors		9,711	92,695
Accruals and deferred income		736,072	607,339
		3,121,335	2,055,070
17 Creditors: amounts falling due after more than one year		2021	2020
	Notes	£	£
Obligations under finance leases	18	3,199,576	2,288,297

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 18 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	1,095,885	758,791
In two to five years	3,080,026	2,284,837
In over five years	434,673	183,749
	<u>4,610,584</u>	<u>3,227,377</u>
Less: future finance charges	(400,661)	(290,232)
	<u>4,209,923</u>	<u>2,937,145</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020
	£	£
<b>Balances:</b>		
Accelerated capital allowances	<u>440,861</u>	<u>297,454</u>
		<b>2021</b>
		£
<b>Movements in the year:</b>		
Liability at 1 February 2020		297,454
Charge to profit or loss		143,407
		<u>440,861</u>
Liability at 31 January 2021		

The deferred tax liability set out above and relates to accelerated capital allowances.

### 20 Retirement benefit schemes

	2021	2020
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>61,057</u>	<u>57,058</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	159,661	159,661	159,661	159,661
Ordinary A Shares of £1 each	8,338	8,338	8,338	8,338
Ordinary B Shares of £1 each	43,254	43,254	43,254	43,254
	<u>211,253</u>	<u>211,253</u>	<u>211,253</u>	<u>211,253</u>

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	151,465	186,528
Between two and five years	525,146	602,694
In over five years	310,060	383,975
	<u>986,671</u>	<u>1,173,197</u>

### 23 Ultimate controlling party

The immediate parent company is Images Bidco Limited.

The ultimate controlling entity is G Square Healthcare Private Equity LLP.

These financial statements will be included in the consolidated financial statements of Images Topco Limited from the date the company became a member of the group. The first set of accounts for Images Topco Limited will be made up to 31 January 2022.

# DIAGNOSTIC HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 24 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	2,174,161	976,950
<b>Adjustments for:</b>		
Taxation charged	532,294	242,862
Finance costs	150,382	124,610
Investment income	(7,249)	(1,228)
Gain on disposal of tangible fixed assets	(7,590)	(43,780)
Amortisation and impairment of intangible assets	87,144	90,829
Depreciation and impairment of tangible fixed assets	914,519	822,715
<b>Movements in working capital:</b>		
Increase in debtors	(1,762,689)	(652,850)
Increase/(decrease) in creditors	427,397	(25,841)
<b>Cash generated from operations</b>	<b>2,508,369</b>	<b>1,534,267</b>

### 25 Analysis of changes in net debt

	1 February 2020 £	Cash flows £	Acquisitions and disposals £	New finance leases £	31 January 2021 £
Cash at bank and in hand	926,712	1,227,617	-	-	2,154,329
Obligations under finance leases	(2,937,145)	(1,272,778)	1,672,087	(1,672,087)	(4,209,923)
	<u>(2,010,433)</u>	<u>(45,161)</u>	<u>1,672,087</u>	<u>(1,672,087)</u>	<u>(2,055,594)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.