

Registered No: 06487777

Fox Healthcare Acquisitions Limited
Annual Report and Audited Financial Statements
For the Year Ended 31 December 2018

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Fox Healthcare Acquisitions Limited
Registered No: 06487777

Company Information

Directors

J J Ash
P J Corfield
J H Sodha
D F Toner

Company secretary

D F Toner

Registered office

3 Dorset Rise
London
EC4Y 8EN

Auditors

Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
RG1 1YE

Fox Healthcare Acquisitions Limited
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**Strategic Report
for the Year Ended 31 December 2018**

The Directors present their Strategic Report for the year ended 31 December 2018.

1. Principal activities and review of the business

The principal activities of the Company are to hold investments and the leasing of medical and other equipment to a fellow subsidiary undertaking of Spire Healthcare Group plc.

Results

The results of Fox Healthcare Acquisitions Limited ("the Company") for the year show a loss before taxation of £10,046,000 (2017: loss £8,907,000). As at 31 December 2018, the Company had net assets of £25,681,000 (2017: 33,142,000).

Key performance indicators

As a result of the nature of the business, the Directors do not consider the use of key performance indicators necessary to provide an understanding of the development, performance or position of the business.

2. Principal risks and uncertainties

The company's activities expose it to a number of risks which are discussed below:

Credit risk

Credit risk arises principally from the Company's receivables of rent from Spire Healthcare Limited, the principal operating company and fellow group undertaking of Spire Healthcare Group plc, under leases with terms of up to five years.

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in market rates. This affects the future cost of borrowings.

Overall risk management

Overall risk is managed with reference to Spire Healthcare Group plc and its subsidiaries (the "Group") and the principal risks and uncertainties facing the Company are therefore integrated with those facing the Group as a whole. Further information is provided in the Annual Report of Spire Healthcare Group plc, which is available at www.spirehealthcare.com.

Approved by the Board on 16 July 2019 and signed on its behalf by:


.....
J H Sodha
Director

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Directors' Report
for the Year Ended 31 December 2018

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

Directors of the company

The directors, who held office during the year, were as follows and up to the date of this report:

J J Ash

P J Corfield - appointed 22 March 2018

D F Toner

S Gordon - resigned 1 March 2018

The following director was appointed after the year end, before the financial statements were authorised by the board:

J H Sodha - appointed 14 January 2019

Dividends

No ordinary dividend has been proposed for the year ended 31 December 2018 (2017: £nil).

Future developments

No changes are expected in the Company's activities in the foreseeable future.

Going concern

Due to the Company being in a net current liability position, the Directors have received notice from a fellow group undertaking Spire Healthcare Group plc that it will support the needs of the Company for at least twelve months following the date of signing these financial statements in order to allow it to meet its liabilities as and when they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue for a period of at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' indemnity

As at the date of this report and during the year, the Company had in force an indemnity provision in favour of one or more directors of the Company, against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

Disclosure of information to the auditors

Each director has taken 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 auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

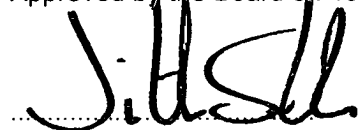
Reappointment of auditors

The auditor, Ernst & Young LLP, was the Company's auditor during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Directors' Report
for the Year Ended 31 December 2018 (continued)

Approved by the Board on 16 July 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J H Sodha', written over a dotted line.

J H Sodha
Director

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Independent Auditor's Report to the Members of Fox Healthcare Acquisitions Limited

Opinion

We have audited the financial statements of Fox Healthcare Acquisitions Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Fox Healthcare Acquisitions Limited (continued)

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

We have nothing to report in this regard.

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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5 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.

Independent Auditor's Report to the Members of Fox Healthcare Acquisitions Limited (continued)

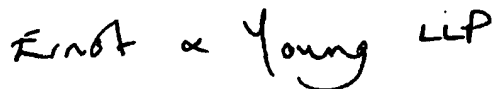
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Handwritten signature in black ink that reads "Ernst & Young LLP".

Jane Turnor (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Reading

16 July 2019

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Income Statement
for the Year Ended 31 December 2018

		2018	2017
	Note	£ 000	£ 000
Interest receivable and similar income	5	4,316	2,358
Interest payable to Group undertakings		<u>(14,362)</u>	<u>(11,265)</u>
Net finance cost		<u>(10,046)</u>	<u>(8,907)</u>
Loss before taxation		(10,046)	(8,907)
Taxation	7	<u>2,585</u>	<u>2,126</u>
Loss for the year		<u>(7,461)</u>	<u>(6,781)</u>

The above results were derived from continuing operations.

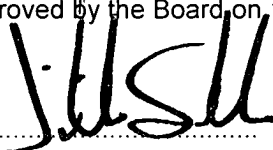
The Company has no other comprehensive income for the period other than those included in the Income Statement. Therefore, no separate Statement of Comprehensive Income has been prepared.

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Statement of Financial Position
as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments in subsidiary undertakings	8	103,732	103,732
Debtors: Amounts falling due after more than one year	9	117,903	97,967
		<u>221,635</u>	<u>201,699</u>
Current assets			
Debtors: Amounts falling due within one year	9	15,752	15,137
Cash at bank		22	22
		<u>15,774</u>	<u>15,159</u>
Creditors: Amounts falling due within one year	10	<u>(93,519)</u>	<u>(79,736)</u>
Net current liabilities		<u>(77,745)</u>	<u>(64,577)</u>
Total assets less current liabilities		143,890	137,122
Creditors: Amounts falling due after more than one year	11	(111,778)	(99,802)
Deferred tax liabilities		<u>(6,431)</u>	<u>(4,178)</u>
Net assets		<u>25,681</u>	<u>33,142</u>
Capital and reserves			
Share capital	13	4,576	4,528
Capital reserve	14	135,000	135,000
Retained earnings		<u>(113,895)</u>	<u>(106,386)</u>
Equity shareholders' funds		<u>25,681</u>	<u>33,142</u>

These financial statements, including the notes on pages 12 to 21 which form an integral part, were approved by the Board on 16 July 2019 and signed on its behalf by:



J H Sodha
Director

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Share capital £ 000	Capital reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2017 as reported	4,528	135,000	(99,605)	39,923
Loss for the year	-	-	(6,781)	(6,781)
Total comprehensive income	-	-	(6,781)	(6,781)
At 31 December 2017	4,528	135,000	(106,386)	33,142
	Share capital £ 000	Capital reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2018	4,528	135,000	(106,386)	33,142
Reclassification of issue costs	48		(48)	-
Loss for the year	-	-	(7,461)	(7,461)
Total comprehensive income	-	-	(7,461)	(7,461)
At 31 December 2018	4,576	135,000	(113,895)	25,681

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Notes to the Financial Statements
for the Year Ended 31 December 2018

1 General information

Statement of compliance

Fox Healthcare Acquisitions Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. The address of its registered office and principal place of business is disclosed in the Company Information.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' and with applicable accounting standards and the Companies Act 2006.

The financial statements are prepared under the historical cost convention. The financial statements are presented in sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The accounting policies applied in the preparation of these financial statements are set out below. These policies have, unless otherwise stated, been consistently applied to all periods presented.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (c) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (d) the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (f) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.

Departures from Companies Act requirements

The Company itself is a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Fox Healthcare Acquisitions Limited

Registered No: 06487777

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Going concern

The Company's business activities and the factors affecting its performance, position and future development are set out within the Strategic Report.

Due to the Company being in a net current liability position, the Directors have received notice from a fellow group undertaking Spire Healthcare Group plc that it will support the needs of the Company for at least twelve months following the date of signing these financial statements in order to allow it to meet its liabilities as and when they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue for a period of at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Changes in accounting policy

Standards and interpretations which have become effective during the financial year:

Standard or interpretation		Effective
IFRS 9	Financial Instruments	01.01.18
IFRS 15	Revenue from Contracts with Customers	01.01.18
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01.01.18

*Amendment to existing standard

There has been no material impact on the Company's financial statements on the adoption of these standards.

Investments

Investments in subsidiaries are held at historical cost less provisions for impairment. In testing for impairment, the carrying values of the investments are compared to its recoverable amount, being its fair value less costs of disposal.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be received from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements where the initial recognition exemption does not apply.

Fox Healthcare Acquisitions Limited

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Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured in an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Interest bearing borrowing and loans

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Leases

Leasing arrangements which transfer to the Company substantially all the risks and rewards of ownership of an asset are treated as if the asset had been purchased outright.

Interest on finance leases is charged at a rate of 3% above LIBOR. An element of the interest charge is therefore variable with movements in LIBOR and this element is accounted for as contingent rent and recognised in the income statement in the period in which it is charged. The fixed component is recognised in the income statement over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

The capital element of the leasing balance receivable is included in debtors at an amount equal to the company's net investment in the lease. Lease rentals comprise capital and interest elements. The capital element of the lease is typically settled at the end of each lease term, applied in the reduction of the outstanding lease obligation and the interest element is credited to the income statement.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements
for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Classification

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, amortised cost or fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Company determines the classification of financial liabilities at initial recognition.

Recognition, measurement and impairment

Trade receivables are accounted for at amortised cost. The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Where there is a specific indicator of impairment, the Company makes an estimate of the asset's recoverable amount. Losses arising from impairment are recognised in the Income Statement in Other operating costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest rate ('EIR') method, less any allowance for impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable in the Income Statement.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, or at amortised cost. The Company determines the classification of financial liabilities at initial recognition.

Fox Healthcare Acquisitions Limited

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Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Financial assets and liabilities (continued)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and interest payable in the profit or loss. Amortised cost is calculated by taking in to account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Significant judgements and estimates

In the application of the Company's accounting policies, the directors are required to make estimates about the carrying amounts 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 following accounting policies have been identified as involving particularly complex judgements or subjective estimates:

Judgement

Leases

In the determination of the classification of the lease as an operating lease, assumptions have been made about the discount rate applied to minimum lease payments over the remainder of the lease term and of the useful economic life of the hospitals.

Estimate

Investments in subsidiary undertakings

The company's investments in subsidiary undertakings have been tested for impairment by comparison against the fair value of investment properties owned by the subsidiary undertakings. These fair values are based on valuations prepared and reviewed internally by senior management and property managers within the Spire Group, after taking advice from external advisors about key market conditions, including yields. However, valuations are inherently subjective and may not prove to be accurate.

3 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Fox Healthcare Holdco 2 Limited, a company registered in England and Wales. The Company's ultimate parent undertaking is Spire Healthcare Group plc, a company registered in England and Wales. The largest and smallest group in which the results of the Company are consolidated is that held by Spire Healthcare Group plc. Copies of the consolidated financial statements of Spire Healthcare Group plc may be obtained from the Spire Healthcare website or Company Secretary (www.spirehealthcare.com or 3 Dorset Rise, London EC4Y 8EN).

4 Staff costs and directors' remuneration

The company had no employees during the year (2017: nil) and consequently incurred no staff costs (2017: £nil).

Emoluments for the directors of the Company are paid for by Spire Healthcare Limited, a fellow subsidiary of Spire Healthcare Group plc. Spire Healthcare Limited has not recharged any amount to the company (2017: £nil) on the basis that the amount attributable to the Company is negligible.

Fox Healthcare Acquisitions Limited
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Notes to the Financial Statements
for the Year Ended 31 December 2018 (continued)

5 Interest receivable and similar income

	2018	2017
	£ 000	£ 000
Receivable from other Group undertakings	190	157
Finance lease interest from other Group undertakings	4,126	2,201
	<u>4,316</u>	<u>2,358</u>

6 Auditors' remuneration

Fees for the audit of the Company of £3,000 (2017: £3,000) are borne by another Company within the Group.

7 Income tax

(i) Analysis of tax charge in year

Tax charged/(credited) in the income statement

	2018	2017
	£ 000	£ 000
Current taxation		
UK corporation tax on profits of the year	(4,763)	(4,942)
UK corporation tax adjustment to prior periods	(75)	(1)
Tax credit on profit on ordinary activities	<u>(4,838)</u>	<u>(4,943)</u>
Deferred taxation		
Origination and reversal of temporary differences	2,554	2,851
Adjustments in respect of prior periods	(301)	(34)
Total deferred taxation	<u>2,253</u>	<u>2,817</u>
Tax charge on profit on ordinary activities	<u>(2,585)</u>	<u>(2,126)</u>

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Notes to the Financial Statements
for the Year Ended 31 December 2018 (continued)

7 Income tax (continued)

(ii) Factors affecting the tax charge

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19.00% (2017: higher 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Loss before tax	(10,046)	(8,907)
Corporation tax at standard rate	(1,909)	(1,715)
Increase (decrease) in total tax from adjustments for prior periods	(376)	(35)
Deferred tax expense (credit) relating to changes in tax rates or laws	(300)	(376)
Total tax credit	(2,585)	(2,126)

The current tax credit represents the amounts receivable from other Group undertakings in respect of group relief surrendered for taxation purposes.

The Company has losses carried forward of £11,743,418 (2017: 8,221,000) to offset against future profits. A deferred tax asset has not been recognised in respect of these losses as the recoverability of these losses is currently uncertain.

8 Investment in subsidiary undertakings

The subsidiary undertakings of the company as at balance sheet date are shown below, which, unless otherwise indicated, are wholly owned and are registered in England and Wales.

Subsidiaries **£ 000**

Cost or valuation

At 1 January and 31 December 2018 103,732

The subsidiary undertakings of the Company at 31 December 2018 are described below, which are wholly owned and registered in England and Wales unless otherwise stated.

Name of subsidiary	Principal activity	Registered office	Class of Share
Classic Hospitals Group Limited*	Holding company		Ordinary
Classic Hospitals Property Limited	Property company		Ordinary
Classic Hospitals Limited	Non-trading		Ordinary

* directly owned

The registered office for the investments listed above is 3 Dorset Rise, London, EC4Y 8EN.

Fox Healthcare Acquisitions Limited
Registered No: 06487777

Notes to the Financial Statements
for the Year Ended 31 December 2018 (continued)

9 Debtors

	2018	2017
	£ 000	£ 000
Amounts falling due within one year:		
Amounts owed by other Group undertakings	7,407	7,217
Finance lease receivables	3,582	2,978
Income tax asset	4,763	4,942
	<u>15,752</u>	<u>15,137</u>

Amounts owed by Group and subsidiary undertakings are unsecured and repayable on demand.

	2018	2017
	£ 000	£ 000
Amounts falling due after more than one year:		
Finance lease receivables	117,903	97,967
	<u>117,903</u>	<u>97,967</u>

Amounts owed by Group undertakings are unsecured and due in more than one year.

Plant and equipment assets are leased to fellow subsidiary undertakings of Spire Healthcare Group plc under terms as set out in the master lease agreements. Interest is chargeable at 3% above the 3 month LIBOR rate and is settled quarterly in arrears. Other rental payments are due at the end of the lease term. Assets are leased on a rolling basis under the master lease agreements. The lease term applicable to each leased asset group is the lower of 5 years and the useful life of the assets, where the asset lives are less than 5 years.

The Company adopted IFRS 9 Financial Instruments from 1 January 2018 and now applies the IFRS 9 simplified approach to measuring Expected Credit Losses (ECLs). The Company considers the ECL provisions to be immaterial to its results and that the debtors are fully recoverable.

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Notes to the Financial Statements
for the Year Ended 31 December 2018 (continued)

10 Obligations under leases and hire purchase contracts

Finance leases

	Minimum lease payments £ 000	Present value £ 000
2018		
Within one year	3,645	3,582
After one year but not more than five years	131,243	117,903
Total minimum lease payments	134,888	121,485
Less: finance charges allocated to future periods	(13,403)	-
Present value of minimum lease payments	121,485	121,485
	Minimum lease payments £ 000	Present value £ 000
2017		
Within one year	3,028	2,978
After one year but not more than five years	111,267	97,967
Total minimum lease payments	114,295	100,945
Less: finance charges allocated to future periods	(13,350)	-
Total value of minimum lease payments	100,945	100,945

The present values of future finance lease payments are analysed as follows:

	2018 £ 000	2017 £ 000
Current assets	3,582	2,978
Non-current assets	117,903	97,967
	121,485	100,945

11 Creditors - amounts falling due within one year

	2018 £ 000	2017 £ 000
Amounts owed to Group undertakings	93,519	79,735

The amount owed to Group undertakings is unsecured and is repayable on demand.

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Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

12 Creditors - amounts falling due after more than one year

	2018	2017
	£ 000	£ 000
Amounts owed to parent undertaking	111,778	99,802

The amount owed to parent undertakings is unsecured and interest bearing at the rate of 12% per annum (2017: 12%) and is repayable in September 2038.

13 Share capital

	2018	2017
	£ 000	£ 000
Allotted, called up and fully paid shares		
4,576,000 ordinary shares of £1 each	4,576	4,528
	<u>4,576</u>	<u>4,528</u>

In the period, costs of raising equity were re-classed from share capital to retained earnings. This reclassification is not considered material and therefore not a prior period restatement under IAS 8.

14 Reserves

Capital reserve

On 18 December 2013, Fox Healthcare Holdco 2 Limited, the parent company provided funding of £120 million to the company by way of capital contribution. In November 2015, the company received a capital contribution from Spire Healthcare Holdings 3 Limited an indirect parent undertaking, in the form of a capital contribution.

15 Contingent liabilities

On 23 July 2014, Spire Healthcare Group plc was refinanced, and it entered into a bank loan facility with a syndicate of banks, comprising of a five-year £425.0 million term loan and a five-year £100.0 million revolving facility, which has been guaranteed by the Company and other material subsidiaries of the Group. The loan is non-amortising and carries interest at a margin of 2.25% over LIBOR (2017: 2.00% over LIBOR). In July 2018, the Group extended the maturity of its bank loan facility for a further three years.

At the balance sheet date, the loan amount outstanding was £425,000,000 (2017: £425,000,000), and the revolving facility remains undrawn (2017: Undrawn).

16 Events after the reporting period

There are no events arising after the reporting date that require recognition or disclosure in the financial statements for the year ended 31 December 2018.