

Company Registration No. 06487777 (England and Wales)

FOX HEALTHCARE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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FOX HEALTHCARE ACQUISITIONS LIMITED

COMPANY INFORMATION

Directors

J J Ash

P J Corfield

J H Sodha

H S Samra (Appointed 30 March 2022)

Secretary

P W Davies

Company number

06487777

Registered office

3 Dorset Rise
London
EC4Y 8EN

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

FOX HEALTHCARE ACQUISITIONS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 9
Income statement	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13 - 23

FOX HEALTHCARE ACQUISITIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present the strategic report for the year ended 31 December 2022.

Directors' duties and Section 172 statement

Fox Healthcare Acquisitions Limited (the "Company"), as an investment and lease holding company, has no employees or external customers and as such the Directors primarily consider the interests of the Spire Healthcare Group ("the Group") and its ultimate parent company, Spire Healthcare Group plc ("SPLC") and its subsidiary, Spire Healthcare Limited, when having regard to performing their duties on matters set out under Section 172 as outlined below:

- a) The likely consequences of any decisions in the long term
- b) The interest of the Company's employees
- c) The need to foster the Company's business relationships with suppliers, customers and others
- d) The impact of the Company's operations on the community and the environment
- e) The desirability of the Company maintaining a reputation for high standards of business conduct and
- f) The need to act fairly as between members of the Company.

The key decisions approved during the year were made in line with the strategic goals and objectives of both its ultimate parent company, Spire Healthcare Group plc and its main trading subsidiary, Spire Healthcare Limited.

Review of the business

Fair review of the business

The principal activity of Fox Healthcare Acquisitions Limited (the "Company") was to hold investments and the leasing of medical and other equipment to a fellow subsidiary undertaking of Spire Healthcare Group plc. In the prior year as part of the Group simplification process the Company transferred its investments in Classic Hospitals Group Limited to a fellow subsidiary Spire Healthcare Holdco 4 Limited and all leases were terminated and the assets were sold to fellow subsidiary undertakings of Spire Healthcare Limited at market value. It's remaining investments are in the process of liquidation. In addition as at 31 December 2022 the Company holds receivables, payable and loans payable from other group undertakings. Once these balances have been settled the Company is expected to become dormant.

The principal risks and uncertainties of the Company are managed at a Group level as part of the enterprise-wide risk management approach adopted by Spire Healthcare Group Plc. The Company is indirectly exposed to a number of risks as a subsidiary of the Group which are discussed below:

Principal risks and uncertainties

Climate Change

Our climate-related risks include severe storm weather events which has the potential to cause major damage and disruption to our sites and buildings, prolonged spells of extreme ambient temperatures, energy price fluctuation as providing healthcare is a relatively energy intensive business and changes in laws and regulations including failure to meet net zero targets and obligations.

COVID-19 new variants

Repeated waves of infection occur from current or future variants of COVID-19 resulting in high levels of patient and colleague sickness in all areas of healthcare in the UK. Further waves of infection could adversely impact the Group's operations and our profitability by reducing the amount of elective procedures hospitals can carry out because of cancellations from patient illness and colleague absence, Spire Healthcare hospitals could be required to support local NHS trusts that declare surge, preventing them from treating private patients and consultants and anaesthetists could be required to support their NHS trusts to treat COVID-19 patients or the backlog in waiting lists, reducing their availability to undertake work in Spire Healthcare facilities.

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 2022 Annual Report and Accounts of Spire Healthcare Group plc, which is available at www.spirehealthcare.com.

FOX HEALTHCARE ACQUISITIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

In view of the straight forward 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.

Approved by the Board on 25 September 2023 and signed on its behalf by:



H S Samra

Director

25 September 2023

FOX HEALTHCARE ACQUISITIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of Fox Healthcare Acquisitions Limited (the "Company") was to hold investments and the leasing of medical and other equipment to a fellow subsidiary undertaking of Spire Healthcare Group plc. In the prior year as part of the Group simplification process the Company transferred its investments in Classic Hospitals Group Limited to a fellow subsidiary Spire Healthcare Holdco 4 Limited and its remaining investments are in the process of liquidation. In addition all leases were terminated and the assets were sold to fellow subsidiary undertakings of Spire Healthcare Limited at market value. As at 31 December 2022 the Company holds receivables, payable and loans payable from other group undertakings. Once these balances have been settled the Company is expected to become dormant.

Results and dividends

The loss for the year, after taxation, amounted to £10,426k (2021: profit £7,093k). As at 31 December 2022, the Company had net assets of £8,227k (2021: £18,653k).

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend (2021: £nil).

Directors

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

J J Ash
P J Corfield
J H Sodha
H S Samra

(Appointed 30 March 2022)

Qualifying third party indemnity provisions

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.

Post reporting date events

Details of post balance sheet events impacting the Company are included in note 17.

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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.

FOX HEALTHCARE ACQUISITIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern

The Company operates as part of the Spire Healthcare Group. The day to day liquidity requirements of the Company are sourced either from within the Company or, where necessary, from the continued support of certain other entities within the Spire Healthcare Group, such support having been confirmed in writing by Spire Healthcare Group plc as available until 31 December 2024.

The Group assessed going concern risk for the period through to 31 December 2024. As at 30 June 2023 the Group had cash of £75.7m, a Senior Loan Facility of £325m and an undrawn Revolving Credit Facility of £100m. On 3rd March 2023, the Group exercised the option to extend the senior loan facility by a further year, the arrangement matures in February 2027. The financial covenants relating to this new agreement are materially unchanged and there have been no modifications to the agreement terms.

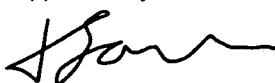
The Group has undertaken extensive activity to identify plausible risks which may arise and mitigating actions, which in the first instance would include management of working capital and constrained levels of capital investment.

The Group has also assessed, as part of its reverse stress testing, what degree of downturn in trading it could sustain before it no longer forecasts a positive cash balance. This stress testing was based on flexing revenue downwards with a consistent percentage decline in variable costs, whilst maintaining the forecast of fixed costs. The testing did not allow for the benefit of any action that could be taken by management to preserve cash. This testing suggested that there would have to be at least a 44% fall in annual revenue before the Group no longer forecast a positive cash balance. We do not believe that such a reduction of income revenue is a plausible consequence of the Group's identified principal risks.

It should be noted that we are in a period of material geo-political and macro-economic uncertainty. Whilst the Directors continue to closely monitor these risks and their plausible impact, their severity is hard to predict and is dependent upon many external factors. Accordingly the actual financial impact of these risks may materially vary against the current view of their plausible impact.

Based on the current assessment of the likelihood of these risks arising by 31 December 2024, together with their assessment of the planned mitigating actions being successful, the Directors have concluded it is appropriate to prepare the accounts on a going concern basis. In arriving at their conclusion, the Directors have also noted that, were these risks to arise in combination, it could result in a liquidity constraint or breach of covenant, however, the risk of this is considered remote.

Approved by the Board and signed on its behalf by:



H S Samra
Director

25 September 2023

FOX HEALTHCARE ACQUISITIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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 2022 which comprise the Income Statement, Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 17, 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 2022 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. 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 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 6, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We understood how the company is complying with those frameworks by making enquires of management and directors, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquires through our review of Board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override by posting fraudulent manual entries. We incorporated data analytics into our testing of manual journal entries, including segregation of duties. We tested specific transactions to underlying source documentation and evidence of appropriate authorisation of transactions. We considered the internal processes that the company has established to address the risks identified, or that otherwise prevent, deter, and detect fraud; and how senior management monitors these internal processes. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved; review of board minutes to identify non-compliance with such laws and regulations; enquires with management; testing of manual journals identified by specific risk criteria.

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.

DocuSigned by:
Ernst & Young LLP
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Spela Stefanov (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 September 2023

FOX HEALTHCARE ACQUISITIONS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Other income		-	48
Operating profit	3	-	48
Investment income	7	7,811	24,665
Finance costs	8	(20,636)	(18,881)
Net finance cost		(12,825)	5,784
(Loss)/profit before taxation		(12,825)	5,832
Tax on (loss)/profit	9	2,399	1,261
(Loss)/profit for the financial year		(10,426)	7,093

The income statement has been prepared on the basis that all operations are continuing operations.

No other gains and losses other than those above have occurred, therefore no separate statement of comprehensive income has been prepared.

FOX HEALTHCARE ACQUISITIONS LIMITED

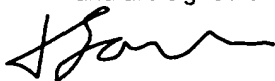
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000	2021 £'000
Current assets				
Trade and other receivables	10	238,308	199,583	
Cash and cash equivalents		22	22	
		<u>238,330</u>	<u>199,605</u>	
Current liabilities				
Trade and other payables	11	54,218	23,911	
		<u></u>	<u></u>	
Net current assets			184,112	175,694
Non-current liabilities				
Borrowings	12	175,885	157,041	
		<u></u>	<u>(175,885)</u>	<u>(157,041)</u>
Net assets			<u>8,227</u>	<u>18,653</u>
Equity				
Called up share capital	13		46	46
Retained earnings			8,181	18,607
			<u>8,227</u>	<u>18,653</u>
Total equity			<u>8,227</u>	<u>18,653</u>

The notes set out on pages 13 - 23 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 25 September 2023 and are signed on its behalf by:



H S Samra
Director

Company Registration No. 06487777

FOX HEALTHCARE ACQUISITIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Share premium account	Other reserves	Retained earnings	Total
	Notes	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021		4,576	-	135,000	(128,016)	11,560
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	7,093	7,093
Bonus issue	15	-	135,000	-	-	135,000
Reduction in shares	15	(4,530)	(135,000)	-	139,530	-
Other movements		-	-	(135,000)	-	(135,000)
Balance at 31 December 2021		46	-	-	18,607	18,653
Loss and total comprehensive income for the year		-	-	-	(10,426)	(10,426)
Balance at 31 December 2022		46	-	-	8,181	8,227

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Fox Healthcare Acquisitions Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Dorset Rise, London, EC4Y 8EN. The Company's principal activities and nature of its operations are disclosed in the Directors' report.

The principal 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.

1.1 Accounting convention

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

The Company's functional and presentational currency is the British Pound, denominated by the symbol "£", and unless otherwise stated, the financial statements have been presented in thousands ('000).

Summary of disclosure exemptions

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

- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- 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;
- 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; and
- the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The financial statements of the Company are consolidated in the financial statements of Spire Healthcare Group plc. The consolidated financial statements are available from www.spirehealthcare.com. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.2 Going concern

The Company operates as part of the Spire Healthcare Group. The day to day liquidity requirements of the Company are sourced either from within the Company or, where necessary, from the continued support of certain other entities within the Spire Healthcare Group, such support having been confirmed in writing by Spire Healthcare Group plc as available until 31 December 2024.

The Group assessed going concern risk for the period through to 31 December 2024. As at 30 June 2023 the Group had cash of £75.7m, a Senior Loan Facility of £325m and an undrawn Revolving Credit Facility of £100m. On 3rd March 2023, the Group exercised the option to extend the senior loan facility by a further year, the arrangement matures in February 2027. The financial covenants relating to this new agreement are materially unchanged and there have been no modifications to the agreement terms.

The Group has undertaken extensive activity to identify plausible risks which may arise and mitigating actions, which in the first instance would include management of working capital and constrained levels of capital investment.

The Group has also assessed, as part of its reverse stress testing, what degree of downturn in trading it could sustain before it no longer forecasts a positive cash balance. This stress testing was based on flexing revenue downwards with a consistent percentage decline in variable costs, whilst maintaining the forecast of fixed costs. The testing did not allow for the benefit of any action that could be taken by management to preserve cash. This testing suggested that there would have to be at least a 44% fall in annual revenue before the Group no longer forecast a positive cash balance. We do not believe that such a reduction of income revenue is a plausible consequence of the Group's identified principal risks.

It should be noted that we are in a period of material geo-political and macro-economic uncertainty. Whilst the Directors continue to closely monitor these risks and their plausible impact, their severity is hard to predict and is dependent upon many external factors. Accordingly the actual financial impact of these risks may materially vary against the current view of their plausible impact.

Based on the current assessment of the likelihood of these risks arising by 31 December 2024, together with their assessment of the planned mitigating actions being successful, the Directors have concluded it is appropriate to prepare the accounts on a going concern basis. In arriving at their conclusion, the Directors have also noted that, were these risks to arise in combination, it could result in a liquidity constraint or breach of covenant, however, the risk of this is considered remote.

1.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits.

1.4 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

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.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or 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 of the investment have been affected.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs), 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.

The Company recognises an allowance for 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.

1.5 Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

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

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

Other financial liabilities

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.

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.

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.

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.

1.6 Equity instruments

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.

1.7 Taxation

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

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Current 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.

Where there is an uncertain tax position, a provision shall be booked based on either the most likely amount, where the range of results is binary, or as a weighted average of possible outcomes where a range of outcomes is possible.

Deferred tax

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.

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.

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Adoption of new and revised standards and changes in accounting policies

The following amendments to existing standards were effective for the Company from 1 January 2022, these amendments have not had a material impact.

Amendments to IFRS 3 Business Combinations – reference to the conceptual framework
Amendments to IAS 16 – Property, Plant and Equipment: proceeds before intended use
Amendments to IAS 37 – Onerous Contracts – costs of fulfilling a contract
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The effective date stated above are those given in the original IASB/IFRIC standards and interpretations that are consistent with the endorsement process for use in the UK.

The following new and amended standards, interpretations and amendments in issue are applicable to the Company but not yet effective and thus, have not been applied by the Company

Amendments to IAS 1 – Classification of liabilities as current or non-current effective 1 January 2023
Amendments to IAS 8 – Definition of accounting estimates effective 1 January 2023
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction effective 1 January 2023
IFRS 17 – Insurance contracts effective 1 January 2023
Amendments to IFRS 16 – Lease Liability in a sale and leaseback effective 1 January 2024

The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group prepares its financial statements in accordance with IFRS as issued by the IASB as endorsed by the UK, the application of new standards and interpretations will result in an effective date subject to that agreed by the UK Endorsement process.

IFRS 17 is under review by management and the impact if any is still to be quantified. All other amendments are not expected to have a material impact on the group.

3 Operating profit

	2022 £'000	2021 £'000
Operating profit for the year is stated after (crediting):		
Profit on disposal of property, plant and equipment	-	(48)

4 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Company	6	6

The audit fee for the Company was borne by another Group company, and no recharge was made to the Company in respect of these costs in the current or comparative year.

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £nil (2021: £Nil).

5 Employees

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Employees

(Continued)

The Company had no employees during the year (2021: Nil) and consequently incurred no staff costs.

6 Directors' remuneration

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 (2021: £nil) on the basis that the amount attributable to the Company is negligible.

7 Investment income

	2022 £'000	2021 £'000
Interest income		
Interest receivable from group companies	7,811	720
Other interest income	-	3,802
Total interest income	7,811	4,522
Income from fixed asset investments		
Income from shares in group undertakings	-	20,143
Total income	7,811	24,665

Other interest income is finance lease interest from Group undertakings.

8 Finance costs

	2022 £'000	2021 £'000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	20,636	18,881

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	(2,436)	9,284
Adjustments in respect of prior periods	37	(598)
Total UK current tax	<u>(2,399)</u>	<u>8,686</u>
Deferred tax		
Origination and reversal of temporary differences	-	(12,087)
Adjustment in respect of prior periods	-	2,140
Total deferred tax	<u>-</u>	<u>(9,947)</u>
Total tax (credit)	<u>(2,399)</u>	<u>(1,261)</u>

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2022 £'000	2021 £'000
(Loss)/profit before taxation	<u>(12,825)</u>	<u>5,832</u>
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2021: 19.00%)	(2,437)	1,108
Adjustment in respect of prior years	38	1,542
Permanent items for tax purposes	-	(7,728)
Effects of rate change to deferred tax	-	3,817
Taxation credit for the year	<u>(2,399)</u>	<u>(1,261)</u>

The current tax charge (prior year: credit) represents the amounts payable to (prior year: receivable from) other Group undertakings in respect of group relief for taxation purposes.

The Finance Act 2020, which received Royal Assent in July 2020, cancelled the planned reduction in corporation tax rate to 17% from 1 April 2020, and therefore the tax rate for future years has been enacted at 19%.

The Finance Act 2021, which received Royal Assent in June 2021, enacted a corporation tax rate of 25% to apply from April 2023. These changes were substantively enacted at the balance sheet date and have been reflected in the measurement of deferred tax balances at the period end.

The Company has losses carried forward of £11,743k (2021: £11,743k) 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.

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Trade and other receivables

	2022 £'000	2021 £'000
Corporation tax recoverable	1,906	(494)
Amounts owed by fellow group undertakings	236,402	200,077
	<u>238,308</u>	<u>199,583</u>

Corporation tax recoverable of £1,906k (2021: credit £494k) reflects group relief payments.

The amounts owed by fellow group undertakings are unsecured and interest bearing at the rate of SONIA plus 2.05% (2021: LIBOR plus 2.25%) per annum and are repayable on demand.

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.

11 Trade and other payables

	2022 £'000	2021 £'000
Amounts owed to fellow group undertakings	<u>54,218</u>	<u>23,911</u>

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

12 Borrowings

	2022 £'000	2021 £'000
Unsecured borrowings at amortised cost		
Loans from fellow group undertakings	<u>175,885</u>	<u>157,041</u>

Analysis of borrowings

	2022 £'000	2021 £'000
Non-current liabilities	<u>175,885</u>	<u>157,041</u>

The amount owed to parent undertakings is unsecured and interest bearing at the rate of 12% per annum (2021: 12%) and is repayable in September 2038.

13 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 1p each	4,576,001	4,576,001	46	46

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Share capital

(Continued)

14 Contingent liabilities

On 24 February 2022, Spire Healthcare Group plc successfully refinanced its debt facilities with a syndicate of existing and new lenders. As part of the exercise and in recognition of the fact that the group had substantial cash reserves at 31 December 2021, the group repaid £100.0 million of the Senior Loan Facility. The new arrangement has a maturity of four years with an option to extend for one year which has been exercised and approved. The financial covenants relating to this new agreement are materially unchanged. The loan is non-amortising and carries interest at a margin of 2.05% over SONIA (2021: 2.25% over LIBOR). The bank loans are secured on fixed and floating charges over both the present and future assets of material subsidiaries of the group.

At 31 December 2022 the net debt / EBITDA ratio was 2.3x (2021: 3.9x), the loan amount outstanding was £325,000,000 (2021: £425,000,000), and the revolving facility remained undrawn (2021: Undrawn).

15 Other Reserves

	Capital reserves £'000
Balance at 1 January 2021	135,000
Other movements	(135,000)
Balance at 31 December 2021	-
Balance at 31 December 2022	-

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.

In September 2021 as part of the legal entity simplification process the company completed a Bonus issue of one share at a premium from the capital reserve to Spire Healthcare (Holdings) Limited.

16 Controlling party

The Company's immediate parent undertaking is Spire Healthcare Holdings Limited, a company is registered in England and Wales.

FOX HEALTHCARE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Controlling party

(Continued)

The Company's ultimate parent undertaking is Spire Healthcare Group plc, a company registered in England and Wales. Spire Healthcare Group plc heads the smallest and largest group which prepares consolidated financial statements in which the results of the Company are included. The financial statements of Spire Healthcare Group plc are available at www.spirehealthcare.com or from The Company Secretary, 3 Dorset Rise, London EC4Y 8EN, which is also the registered office of the ultimate parent.

17 Events after the reporting date

There are no post-balance sheet events requiring disclosure.