

# **Vanguard Healthcare Group Limited**

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 06764946

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# Vanguard Healthcare Group Limited

## Company Information

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<b>Directors</b>	A J Allen D J Cole A Dillon S Peak T Z Gowers
<b>Registered number</b>	06764946
<b>Registered office</b>	Unit 1411 Charlton Court Gloucester Business Park Brockworth Gloucester GL3 4AE
<b>Auditor</b>	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX
<b>Bankers</b>	Allied Irish Bank (GB) 26 Finsbury Square London EC2A 1DS
<b>Solicitors</b>	Osborne Clarke 2 Temple Back E Bristol BS1 6EG

# Vanguard Healthcare Group Limited

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# Vanguard Healthcare Group Limited

## Strategic Report For the Year Ended 31 December 2019

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### Introduction

The Directors present their Strategic Report for the year ended 31 December 2019.

### Principal activity

The principal activity of the Company is that of a holding company.

### Business review

2019 was a very strong year for the Vanguard Group, with records being set on all key financial measures, including utilisation, revenue, and EBITDA. The business saw a strong recovery in its core UK business, continuing high performance in its endoscopy business, and in its international business developed strong foundations for the incorporation and expansion of its Australian subsidiary. All of these areas of focus are consistent with the new strategy developed in 2018.

The core UK market performed strongly with a solid market share in the refurbishment market, as the NHS estate continued to suffer from years of underinvestment, resulting in increased repair and refurbishment projects needing to be undertaken. The business also provided more support to the NHS across the UK for hospitals who needed additional capacity to deal with ever increasing waiting lists for elective surgery.

The endoscopy business again performed strongly with high utilisation rates and longer periods of unit rental per contract. This reflects the continuing priority that all parts of the UK place on early detection and treatment of cancers, as well as the age of some endoscopy equipment in the NHS in need of replacement. In the year, the business invested in a number of new endoscope sets to further support NHS clinicians in this endeavour. The business also jointly published a paper on the state of endoscopy services in England with Public Policy Projects.

The renewed approach to international business has continued in 2019. The business successfully delivered its first contract in Australia as part of its market entry strategy. A Country Manager was appointed in August and the Australian business now has an impressive pipeline of qualified opportunities, the next of which is due to start in 2020. The support to the island of Guadeloupe continued for the full year. International revenues were further improved by the launch of a new mobile CSSD department, which supported a large hospital in the Netherlands for 14 weeks, along with other contracts delivered in the Benelux region.

Throughout all segments, a key feature for the business has been the increasing complexity of projects that the business has been asked to deliver. Many of these involved mobile solutions, with elements of fixed build and/or modular capability to complete the project. At the end of the year Vanguard Healthcare Solutions Limited entered into exclusivity to acquire the share capital of a Netherlands-based modular operator, Young Medical BV. That transaction completed shortly after the year-end.

There was a loss for the period after taxation amounting to £843,000 (2018: £840,000), comprising principally net interest payable on intragroup balances. The Directors cannot recommend payment of a dividend. The Company has total assets less current liabilities of £24,100,000 as at 31 December 2019 (2018: £22,881,000).

# Vanguard Healthcare Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

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### Impact of COVID-19

The impressive 2019 performance ensured the Group entered 2020 in a strong position, with a solid forward order contract book and forecast high unit utilisation levels for the majority of 2020 and running into 2021. However, despite the resilient nature of the Vanguard business, it is not entirely immune to the impact of COVID-19 and the period of extreme economic uncertainty that it brings. We report below the actions that the Board and senior management team are taking to mitigate the risks of COVID-19, to ensure the business can continue to trade through this period of uncertainty and emerge even stronger once the pandemic has passed.

As the pandemic escalated, the senior management team instigated daily control calls to monitor developments and ensure key decisions and actions could be made on a timely basis, covering staff welfare, policy update and customer management. The decision was made to close the support offices on 17 March, a week ahead of the mandated UK Government guidance, ensuring that wherever possible people were facilitated to work from home. At the same time, detailed guidance was issued to the clinical workforce in respect of safe working practices and we continue to monitor well publicised issues around PPE, testing and supply chain. The support teams have adapted well to the new way of working, with video conferencing becoming the new norm, and we have seen no adverse impact to efficiency levels. This will no doubt change the future way of working, which we hope will assist with flexible working, improve our carbon footprint and reduce overheads. Whilst we continue to monitor the UK Government guidance around the re-opening of offices, there are no current plans to do so.

At the date of the signing of the financial statements, the NHS planned elective care hiatus is still in place as they focus their efforts almost exclusively on COVID-19. We have worked closely with our customers to repurpose our units where possible in order to provide improved resilience within those hospitals. This policy change has not materially impacted the short term revenues of the business given the nature of our rental contracts, although there is a level of uncertainty as to the timing of new contract wins. However, there is an expectation that, due to the growing waiting lists, NHS Trusts/Boards will return to planned procedures imminently. A daily risk assessment of the status of all contracts continues to be undertaken, which informs the financial forecast scenarios.

It is difficult to predict how long the COVID-19 outbreak will continue to affect the economy and to what extent. What is clear is that 'business as usual' activity within our core markets has slowed immeasurably, meaning that waiting lists for diagnostic and elective procedures will have grown substantially during the period. Planned capital projects will also have been cancelled or suspended. The combination of these two consequences of the pandemic mean that the fundamental demand drivers for the business will return stronger than ever.

Conservation of cash is critical. Our customers continue to pay promptly in line with the Cabinet Office Procurement Policy Notice 02/20, and the NHS Supply Chain contract which the majority of our rental contracts operate under provides comfort in terms of revenue protection. The business has taken advantage of deferring payments to the Crown and has drawn its revolving credit facility. Our lenders continue to be very supportive of the business and, in line with the provisions of the Facilities Agreement, in April 2020 we amended our interest payment periods from one month to six months to assist with cash management in the short term. There has been no requirement, nor do we expect there to be, to make use of the Government furlough Coronavirus Job Retention Scheme or the Coronavirus Business Interruption Loan Scheme.

A range of possible downside outcomes have been forecast for the remainder of 2020 as well as sensitised forecasts for 2021 and, on each of the various scenarios, the Board is confident that the business is well positioned to be able to weather the COVID-19 storm and will be able to operate within its bank covenants, for the foreseeable future.

The Board would like to thank all our staff for their contribution to achieving such a strong performance in 2019 and for their unwavering support to our NHS colleagues during the COVID-19 crisis.

# Vanguard Healthcare Group Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

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### Future developments

The business continues to implement its strategy as previously articulated, subject to COVID-19 constraints.

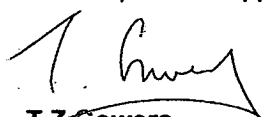
The business has placed orders for six new mobile units to deliver continued growth in the UK & Australia and continues to invest in maintaining the existing fleet. COVID-19 related supply chain issues has unfortunately impacted the delivery timeline for all of these units and may impact the timing of further orders that we had planned to make in the latter part of 2020.

The business is also working with a highly specialised US business to design another new product for the market that, if successful, would have global application.

### Principal risks and uncertainties

The Company adopts a wide ranging approach to the management of risk. The clinical and health and safety risks are closely monitored by the Directors. Executive management are responsible for financial controls. Other risks, political uncertainties and the impact on those in respect of COVID-19 are discussed further in the Directors' Report.

This report was approved by the Board and signed on its behalf on 29 June 2020.



**T Z Gowers**  
Director

# Vanguard Healthcare Group Limited

## Directors' Report For the Year Ended 31 December 2019

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The Directors present their annual report on the affairs of the Company, together with the financial statements and Auditor's Report for the year ended 31 December 2019.

### Principal activity

The principal activity of the Company is that of a holding company.

### Directors

The Directors who served during the year were:

A J Allen  
D J Cole  
A Dillon  
S Peak  
T Z Gowers (appointed 30 January 2019)

### Directors' third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Directors of the Company.

### Going concern and COVID-19

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, details of its financial instruments are set out in the notes to the financial statements.

At the year end the Company has a net liabilities position of £7,918,000 (2018: £7,075,000). This includes amounts due to Group entities due after one year of £32,018,000 (2018: £29,956,000) as detailed in Note 13. At the year end the Company has total assets less current liabilities of £24,100,000 (2018: £22,881,000). The Company's immediate ability to continue as a going concern is therefore dependent upon other Group entities not requiring repayment of the amounts due to them.

The impact of the COVID-19 pandemic on Group performance has been considered by the Directors and forecasts have been revised to reflect the impact on trading over the twelve months from the date of signing the financial statements. The forecasts have been assessed against a range of possible outcomes at varying levels of income, associated cost reductions and cash mitigation measures.

After consideration of these forecasts and making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and to meet its bank covenants for the foreseeable future. Group companies have formally agreed to provide financial support to enable the Company to meet its liabilities as they fall due for at least 12 months from the date of signing the financial statements, including not requiring repayment of amounts due to them, where applicable; and that the Directors have considered the Group's ability to provide that financial support, through the Group's going concern assessment, and are satisfied that there is no material uncertainty over the Group's ability to provide financial support.

The Directors therefore conclude that no material uncertainty over the Group and Company going concern basis of accounting exists as at the date of signing the financial statements.

Aside from COVID-19, there are no other matters of which the Directors are aware that may impact on the Company's ability to continue as a going concern for the foreseeable future.

# Vanguard Healthcare Group Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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### Financial risk management objectives and policies

The Company's financial instruments comprise a loan from its parent and other Group companies. The main purpose of these financial instruments is to raise finance to fund the Company's operations and to invest in growth. As noted above, forecasts and covenant compliance are continually updated and monitored and, under all the various scenarios, covenant compliance is forecast.

### Cash flow risk

The Group currently generates sufficient operating cash flows to satisfy the cash interest commitments and banking covenants for Group entities. Directors receive monthly reports that include rolling forecasts for the P & L and cashflow, covenant compliance, detailed variance analysis and regular updates to the 5-year forecast, allowing the Board to monitor risks and react accordingly.

### Environmental, regulatory, health and safety risk

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. In the year, the UK business achieved ISO 9001 accreditation, which will help embed processes for improvement and efficiencies going forwards. The Company has complied with all applicable legislation and regulations.

### Political uncertainties

The issue of a negotiated Brexit trade settlement looms large. The Group business is not dependent on the EU for the provision of staff or for material parts of the fleet, although a number of the new mobile facilities are being constructed in Europe. The business has historically operated across Europe, and its continued ability to do so unhindered will be dependent on the outcome of political negotiations that are yet to conclude. It is anticipated that the acquisition of Young Medical BV, a Netherlands based modular healthcare business, after the year end will provide a base in Europe from which to mitigate some of the risks that Brexit may bring.

The impact of COVID-19 on Government policy and priorities is, as yet, unknown. The Directors will continue to review any associated risks.

### Credit risk

The Company's financial assets are bank balances and cash and amounts owed by Group undertakings.

The Company's credit risk is primarily attributable to its amounts owed by Group undertakings. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The main Group trading subsidiary has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers and COVID-19 does not increase the risk as the main customer base are public bodies.

### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

The Group has considerable financial resources, including cash of £6,175,000 (2018: £6,135,000), at the balance sheet date. As a consequence, the Directors believe that the Company is well placed to manage its liquidity risks successfully for the foreseeable future.



# Vanguard Healthcare Group Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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### Future developments

Details for future developments can be found in the Strategic report.

### Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditor

BDO LLP were appointed as auditor during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the Board and signed on its behalf on 29 June 2020.



**T Z Gowers**  
Director

# **Vanguard Healthcare Group Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2019**

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements and Auditor's Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements and Auditor's Report for each financial year. Under that law the Directors have elected to prepare the financial statements and Auditor's Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements and Auditor's Report 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 and Auditor's Report, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Vanguard Healthcare Group Limited**

## **Independent Auditors' Report to the Members of Vanguard Healthcare Group Limited**

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### **Opinion**

We have audited the financial statements of Vanguard Healthcare Group Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, 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 Financial Reporting Standard 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 December 2019 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 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.

# Vanguard Healthcare Group Limited

## Independent Auditors' Report to the Members of Vanguard Healthcare Group Limited (continued)

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### Other information

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

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

We have nothing to report in 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 Directors' Report for the financial period 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 and 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.

# Vanguard Healthcare Group Limited

## Independent Auditors' Report to the Members of Vanguard Healthcare Group Limited (continued)

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### Responsibilities of Directors

As explained more fully in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the 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.

BDO LLP

Ian Oliver (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading  
United Kingdom

Date: 29 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Vanguard Healthcare Group Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Administrative expenses		(7)	(4)
<b>Operating loss</b>		<b>(7)</b>	<b>(4)</b>
Interest payable and expenses	4	(2,061)	(2,061)
Interest receivable and similar income	8	943	943
<b>Loss before tax</b>		<b>(1,125)</b>	<b>(1,122)</b>
Tax on loss	9	282	282
<b>Loss for the financial year</b>		<b>(843)</b>	<b>(840)</b>

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 14 to 23 form part of these financial statements.

# Vanguard Healthcare Group Limited

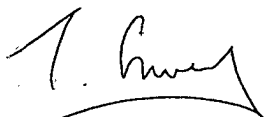
Registered number:06764946

## Balance Sheet As at 31 December 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	10	12,324	12,324
		<u>12,324</u>	<u>12,324</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	14,938	13,713
Cash at bank and in hand		-	-
		<u>14,938</u>	<u>13,713</u>
Creditors: amounts falling due within one year	12	(3,162)	(3,156)
<b>Net current assets</b>		<u>11,776</u>	<u>10,557</u>
<b>Total assets less current liabilities</b>		<u>24,100</u>	<u>22,881</u>
Creditors: amounts falling due after more than one year	13	(32,018)	(29,956)
<b>Net liabilities</b>		<u>(7,918)</u>	<u>(7,075)</u>
<b>Capital and reserves</b>			
Called up share capital	14	13	13
Share premium account		1,252	1,252
Profit and loss account		(9,183)	(8,340)
<b>Shareholders' deficit</b>		<u>(7,918)</u>	<u>(7,075)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 June 2020.



**T Z Gowers**  
Director

The notes on pages 14 to 23 form part of these financial statements.

# Vanguard Healthcare Group Limited

## Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2018</b>	13	1,252	(7,500)	(6,235)
<b>Comprehensive loss for the year</b>				
Loss for the financial year	-	-	(840)	(840)
<b>Total comprehensive loss for the year</b>	-	-	(840)	(840)
<b>At 1 January 2019</b>	13	1,252	(8,340)	(7,075)
<b>Comprehensive loss for the year</b>				
Loss for the financial year	-	-	(843)	(843)
<b>Total comprehensive loss for the year</b>	-	-	(843)	(843)
<b>At 31 December 2019</b>	13	1,252	(9,183)	(7,918)

The notes on pages 14 to 23 form part of these financial statements.



# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. General information

Vanguard Healthcare Group Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are given in the Directors' Report and Strategic Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest thousand.

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Project Darwin Topco Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

#### 2.3 Exemption from preparing consolidated financial statements

The Company is exempt from preparing consolidated financial statements in compliance with the Companies Act 2006 Section 400 on the basis that it is a wholly owned subsidiary of Project Darwin Bidco Limited and its results have been included in the consolidated financial statements of Project Darwin Topco Limited. These financial statements therefore present information about the Company as an individual undertaking and not about its Group. The consolidated financial statements of Project Darwin Topco Limited as at 31 December 2019 may be obtained from Companies House.

# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.4 Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, details of its financial instruments are set out in the notes to the financial statements.

At the year end the Company has a net liabilities position of £7,918,000 (2018: £7,075,000). This includes amounts due to Group entities due after one year of £32,018,000 (2018: £29,956,000) as detailed in Note 13. At the year end the Company has total assets less current liabilities of £24,100,000 (2018: £22,881,000). The Company's immediate ability to continue as a going concern is therefore dependent upon other Group entities not requiring repayment of the amounts due to them.

The impact of the COVID-19 pandemic on Group performance has been considered by the Directors and forecasts have been revised to reflect the impact on trading over the twelve months from the date of signing the financial statements. The forecasts have been assessed against a range of possible outcomes at varying levels of income, associated cost reductions and cash mitigation measures.

After consideration of these forecasts and making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and to meet its bank covenants for the foreseeable future. Group companies have formally agreed to provide financial support to enable the Company to meet its liabilities as they fall due for at least 12 months from the date of signing the financial statements, including not requiring repayment of amounts due to them, where applicable; and the Directors have considered the Group's ability to provide that financial support, through the Group's going concern assessment, and are satisfied that there is no material uncertainty over the Group's ability to provide financial support.

The Directors therefore conclude that no material uncertainty over the Group and Company going concern basis of accounting exists as at the date of signing the financial statements.

Aside from COVID-19, there are no other matters of which the Directors are aware that may impact on the Company's ability to continue as a going concern for the foreseeable future.

#### 2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.7 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

#### 2.8 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a Director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgement:

- Determine whether there are indicators of impairment of the Company's investments and amounts due from subsidiary undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 4. Interest payable and similar expenses

	2019 £000	2018 £000
Intercompany loan interest payable	2,061	2,061
	<u>2,061</u>	<u>2,061</u>

### 5. Auditors' remuneration

Fees payable to BDO LLP for the audit of the Company's annual accounts were £2,070 (2018: £2,000).

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the Group accounts of the parent Company.

### 6. Employees

No staff were employed by the Company in either year.

### 7. Directors' remuneration

The Directors did not receive remuneration for their services to the Company during 2019 and 2018.

### 8. Interest receivable

	2019 £000	2018 £000
Intercompany loan interest receivable	943	943
	<u>943</u>	<u>943</u>

# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 9. Taxation

	2019 £000	2018 £000
<b>Corporation tax</b>		
Group relief receivable	(282)	(282)
<b>Tax on loss</b>	<u>(282)</u>	<u>(282)</u>

#### Factors affecting tax credit for the year

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	<u>(1,124)</u>	<u>(1,122)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(214)	(213)
<b>Effects of:</b>		
Transfer pricing adjustments	(68)	(69)
<b>Total tax credit for the year</b>	<u>(282)</u>	<u>(282)</u>

#### Changes to future tax rates

There were no factors that may affect future tax charges.

# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2019	12,324
At 31 December 2019	<u>12,324</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the Company as at 31 December 2019:

Name	Registered office	Class of shares	Holding
Vanguard Healthcare Solutions Limited	Unit 1411 Charlton Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AE	Ordinary	100%
Vanguard Healthcare Services Limited*	Unit 1411 Charlton Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AE	Ordinary	100%
Q-bital Healthcare Solutions Pty Ltd*	Collins Square Tower 4, Level 18, 727 Collins Street, Docklands, Victoria, 3008, Australia	Ordinary	100%

\*Indirectly held

During the year, Vanguard Healthcare Solutions Limited acquired the entire share capital of Q-bital Healthcare Solutions Pty Ltd. The principal activity of Q-bital Healthcare Solutions Pty Ltd is the provision of surgical facilities, in the form of mobile units, equipment and services to both the public and private healthcare sectors in Australia.

Vanguard Healthcare Services Limited was dormant throughout the year and the prior year and as such the Company has taken advantage of the exemption to prepare individual accounts under section 394A of the Companies Act 2006.

# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 11. Debtors

	2019 £000	2018 £000
<b>Due after more than one year</b>		
Amounts owed by Group undertakings	14,938	13,713
	<u>14,938</u>	<u>13,713</u>

Interest is charged at 9% (2018: 9%) on the loan to subsidiary undertaking, which is due for repayment on 31 July 2023.

### 12. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to Group companies	3,162	3,156
	<u>3,162</u>	<u>3,156</u>

### 13. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Amounts owed to Group companies	32,018	29,956
	<u>32,018</u>	<u>29,956</u>

Amounts owed to other companies in the Group are not secured on assets of the business. 9% (2018: 9%) interest is charged on the loans from the Group undertakings. There is no set repayment date.



# Vanguard Healthcare Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 14. Share capital

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
300,000 ordinary shares of £0.01 each	3	3
700,000 ordinary A shares of £0.01 each	7	7
254,000 ordinary B shares of £0.01 each	3	3
	<u>13</u>	<u>13</u>

254,000 £0.01 'B' ordinary shares were issued for £0.0394 including share premium. All shares rank pari passu in all respects.

### 15. Reserves

#### Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

#### Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

### 16. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 s.33.1A not to disclose transactions with other wholly owned members of the Group.

### 17. Post balance sheet events

#### COVID-19

Despite the resilient nature of the Vanguard business, it is not entirely immune to the impact of COVID-19 and the period of extreme economic uncertainty that it brings. A range of possible downside outcomes have been forecast for the remainder of 2020 as well as sensitised forecasts for 2021 and, on each of the various scenarios, the Board is confident that the business is well positioned to be able to weather the COVID-19 storm and will be able to operate within its bank covenants, for the foreseeable future.

Careful consideration has been given to short-term cash flow and, as detailed in the Accounting Policies note, the Directors are satisfied that based on a range of scenarios the business will continue to operate within bank covenants. Based on longer-term expectations for the business the Directors are satisfied that revisions to cash flow forecasts caused by this non-adjusting post-balance sheet event would not lead to a material change to the carrying value of non-current assets or liabilities. This assessment is based on the headroom in the impairment reviews of intangible assets, which are sufficient to absorb significant downwards sensitivities in short-term trading.

# **Vanguard Healthcare Group Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **18. Controlling party**

The Company's intermediate parent company is Project Darwin Bidco Limited.

Project Darwin Topco Limited is the parent company of the smallest group in which the results of the Company are consolidated. Project Darwin Topco Limited has produced consolidated financial statements for the year ended 31 December 2019, which are publicly available and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Group's ultimate parent party is Livingbridge FS LLP, a limited liability partnership incorporated in England. There is no ultimate controlling party as control of Livingbridge FS LLP is shared by its Members.