Company Registration No. 07268373

Independent Clinical Services Group Limited

Annual report and financial statements

For year ended 31 December 2019

Independent Clinical Services Group Limited

Contents

Independent Clinical Services Group Limited

Strategic report

The directors, in preparing this strategic report, have complied with Section 414C of the Companies Act 2006.

Principal activity

The principal activity of the company is that of an investment holding company.

Business review & performance analysis

The company made a profit of £4.5m (2018: £4.2m) in the year ended 31 December 2019 as set out in the profit and loss account on page 9. The increase in profit was primarily due to an increase in net finance income in the current year. Net assets as at 31 December 2019 were £81.9m (2018: £77.5m).

As the company is a holding company, KPIs are not analysed at a company level. The company is managed as part of a larger group and further detail, including information on group KPIs, is available in the consolidated financial statements of Indigo Parent Limited.

Future developments

The directors expect the company to continue in its current activity for the foreseeable future.

Principal risks and uncertainties

The company actively considers and manages its risks. The company's activities expose it primarily to liquidity risk. This is managed by the review of business and group cash flows and where deficits are forecast, the company is able to draw on group funding.

In 2020, the company and wider Indigo Parent Limited Group have been monitoring the impact of the coronavirus pandemic. During March the business successfully invoked its business continuity plans to ensure continuity of services for clients, candidates and service users across all markets; this process has meant that all areas of the group are operating effectively at the date of these accounts.

The directors recognise that there is still significant uncertainty as to how long the pandemic will last and what the continued consequences will be. However, given the group's trading experienced to date, the Board expects stable performance across the group, and therefore the group will continue to support the company. In order to achieve the forecasted improvement, the group continues to actively interact with our clients, monitor and observe the impact of the different demand, supply, government and business continuity factors experienced by the business and the learnings and insights derived from trading during the pandemic. The group's £25m RCF remains undrawn at the date of these accounts and the potential impact has been modelled over a range of scenarios which include crisis conditions remaining in place until 30th September 2021, and the directors do not believe that the pandemic will have an adverse impact on the company's liquidity going forward.

Approved by the Board of Directors and signed on its behalf:

T C Richards
Company Secretary/Director
4 September 2020

Independent Clinical Services Group Limited

Directors' report

The directors present their annual report on the affairs of the company together with the audited financial statements and independent auditor's report for the year ended 31 December 2019.

Dividends

No dividends were paid or declared in the year (2018: £nil).

Directors and directors' indemnities

The directors, who served throughout the year and to the date of signing, were as follows:

Richard MacMillan	
Thomas Richards	
Michael Barnard	Appointed 20 June 2019

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements as detailed in note 1 on page 12 of the financial statements.

In making the going concern assessment the directors have taken into account the potential impact of coronavirus on the company as well as the wider Indigo Parent Ltd Group. In considering the forecast trading performance of all areas of the group the directors have prepared a series of outcomes which assume that the pandemic continues for a range of time periods up until the end of 2021. These outcomes impact the company, however forecast and sensitivity analysis have been assessed for the group. The trading assessments recognise the inherent uncertainty associated with any forecasting at the present time and whilst the directors believe that trading performance will remain robust, the scenarios prepared have included the following considerations:

- the impact of coronavirus on client demand in each area of the group, specifically the considerations include areas where demand has increased as they can directly support the efforts to tackle coronavirus and those areas where demand has reduced for example as a result of elective procedures being postponed;
- the impact of coronavirus on candidate supply in each area of the group. Similar to demand this assessment reflects the competing dynamics of increased supply as a result of people returning to the workforce being offset by people who are unavailable to work because of self-isolation, shielding or care responsibilities;
- the role that the group can play in supporting its clients through the biggest public health crisis in a century, in particular by supporting new service delivery models and in supporting candidates to work in roles that they would not usually fulfil;
- the regulatory and legislative response to the pandemic and the way that this could impact the group; and
- the way the group has successfully invoked its business continuity plan to successfully move to remote working with effect from mid-March 2020 without a material adverse impact on productivity or costs to run the business.

In addition to assessing trading performance the directors have assessed the liquidity points below:

- at the date of these accounts, the group has not seen any reduction in levels of cash collection compared to pre-pandemic levels;
- the group retains access to a £25m RCF facility, the terms of which were agreed in March 2019, and which remains undrawn at the date of these accounts; and
- following the agreement of a new senior loan facility in March 2019, there are no repayments falling due within 12 months of these financial statements.

In assessing the appropriateness of the going concern assumption for the company, the directors have considered the ability of the group to meet the covenants attached to the senior loan facility. A number of stress test scenarios have been modelled to understand the impact of the various risks outlined above and the point when a covenant breach would be triggered.

Directors' report (continued)

Going concern (continued)

To illustrate, the directors have modelled a scenario whereby there is a 30% (£19m) decline on EBITDA recorded in 2019 and would leave 20% (or £9m) headroom vs the group's covenant requirement without the need for any capital injections and prior to drawing the RCF. Based on current evidence available to directors, at the date of this report, the assumptions in this scenario are considered to be unlikely.

Although coronavirus developments are fluid and subject to significant change, the expected trading impact reflects the impact the company and wider group have experienced and the expectation of the role that the company and group can play going forward continuing to act as a workforce partner with our clients through this period of disruption. Whist the company and group continue to adopt and respond to the challenging environment, the forecasted trading impact reflects the benefits of the company and wider group's increasingly diversified offering in ensuring that liquidity is maintained with significant covenant headroom.

Based on the work performed, the Board recognising that the ability to forecast accurately at the present time is challenging, believe that it remains appropriate to prepare the accounts on a going concern basis. The directors have received written confirmation of financial support from Indigo Parent Limited and are satisfied, based on the factors set out above, that the parent company has the requisite financial resources to provide that support.

Future developments

Details of the future developments of the company are explained on page 3 in the strategic report and form part of this report by cross-reference.

Non-adjusting events after the balance sheet date

The impact of the Covid-19 pandemic on the company's operations is discussed within the principal risks and uncertainties above which summaries the companies Covid-19 response.

Subsequent to the balance sheet date, the company has monitored the performance, internal actions as well as other relevant external factors (such as changes in any of the government restrictions). No adjustments to the key estimates and judgements that impact the balance sheet as at 31 December 2019 have been identified.

Subsequent to the year end, Onex Corporation has agreed to acquire equity in Indigo Parent Limited, the company's UK ultimate parent entity and will become the majority shareholder. The deal will be completed in partnership with the existing management team, with a reinvestment in the equity by TowerBrook Capital Partners LP.

Risk management

Risk management including financial risk management of the company is detailed on page 3 in the strategic report and form part of this report by cross-reference.

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Directors' report (continued)

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.

Approved by the Board of Directors and signed on its behalf:

T C Richards
Director
4 September 2020

Independent Clinical Services Group Limited

Independent auditor's report to the members of Independent Clinical Services Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Independent Clinical Services Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Independent Clinical Services Group Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

H Wildman

Helen Wildman BA ACA *(Senior statutory auditor)*
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 September 2020

Independent Clinical Services Group Limited

Profit and loss account

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Gross Profit		-	-
Other operating expenses		-	-
Operating Profit	3	-	-
Interest income	4	5,070	4,821
Interest expense	4	(618)	(587)
Profit before taxation		4,452	4,234
Tax on profit	6	-	-
Profit for the financial year		4,452	4,234

All results relate to continuing operations.

There are no items of other comprehensive income in either year other than those reflected in the profit and loss account. Accordingly, no separate statement of other comprehensive income is presented.

Independent Clinical Services Group Limited

Balance sheet

As at 31 December 2019

	Note	2019 £'000	2018 £'000
Current assets			
Debtors: amounts falling due within one year	7	93,948	88,878
		93,948	**88,878**
Creditors: amounts falling due within one year	8	(12,040)	(11,422)
Net current assets		**81,908**	**77,456**
Total assets less current liabilities		**81,908**	**77,456**
Net assets		**81,908**	**77,456**
Capital and reserves			
Called up share capital	9	-	-
Share premium	10	5,448	5,448
Profit and loss account		76,460	72,008
Shareholder funds		**81,908**	**77,456**

The financial statements of Independent Clinical Services Group Limited (registered number 07268373) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

T C Richards
Director
4 September 2020

Statement of changes in equity

For the year ended 31 December 2019

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total Equity £'000
At 1 January 2018	-	5,448	67,774	73,222
Profit and total comprehensive income for the year	-	-	4,234	4,234
Balance at 31 December 2018	**-**	**5,448**	**72,008**	**77,456**
Profit and total comprehensive income for the year	-	-	4,452	4,452
Balance at 31 December 2019	**-**	**5,448**	**76,460**	**81,908**

The notes on pages 12 to 17 are an integral part of these financial statements.

Pulse Healthcare Limited

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year in dealing with material items in the financial statements.

Basis of accounting

Independent Clinical Services Group Limited is a private company, limited by shares, registered in England and Wales, and incorporated in the United Kingdom under the Companies Act 2006. The registered office address of the company is Caledonia House, 223 Pentonville Road, London, N1 9NG. The nature of the company's operations and its principal activities are set out in the strategic report on page 3.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The company financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to such things as (to the extent applicable to the company) business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Indigo Parent Limited; which are available to the public and can be obtained as set out in note 14.

Going concern

The directors have prepared the financial statements on a going concern basis which they consider appropriate for the following reasons. The company is a subsidiary company within the Indigo Parent Limited group and is therefore reliant on the group to operate within the facilities in place with the group's banks. The directors have reviewed the cash flows and operating profits for the group for a period of twelve months from the date these financial statements are signed. Taking account of inherent market uncertainties and of reasonably possible changes in trading performance, the directors are satisfied that the group will generate sufficient cash flows to allow the group to operate within the covenants on its senior loan facility for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements on the basis of a written commitment of financial support from its ultimate parent company Indigo Parent Limited. The directors have considered the ability of Indigo Parent Limited to provide this support and are satisfied with their ability to do so.

Further disclosure on Going Concern is provided in the Directors' Report on pages 4 and 5 and in consolidated financial statements of Indigo Parent Limited.

Changes in accounting policy and disclosures

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 – Definition of Business
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019) – Interest Rate Benchmark reform

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the company in future years.

1. Accounting policies (continued)

Impairment of intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Investments

Fixed asset investments, including investments in subsidiaries, are shown at cost less provision for impairment.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year.

Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

1. Accounting policies (continued)

Taxation (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Finance costs

Where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial assets and liabilities

(a) Classification of financial assets and financial liabilities

Trade and other receivables, loans to receivables and cash and bank balances are classified and measured at 'amortised cost'.

(b) Impairment of financial assets

Financial assets are impaired using the 'expected credit loss' (ECL) model. The model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Impairment provisions for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(c) Impairment of financial assets (including receivables):

A financial asset not at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. For trade receivables, the company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

2. Key sources of estimation uncertainty and critical accounting judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. There are no critical accounting judgements or key sources of estimation uncertainty in the year

3. Notes to the profit and loss account

The audit fee of £2,000 (2018: £2,000) for Independent Clinical Services Group Limited for the audit of the financial statements and is paid on its behalf by another group company.

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

4. Interest income and expense

	2019 £'000	2018 £'000
Interest receivable:		
- Receivable from other group companies	5,070	4,821
Interest income	**5,070**	**4,821**
Interest payable:		
- Interest payable to other group companies	(618)	(587)
Interest expense	**(618)**	**(587)**
Net finance income	**4,452**	**4,234**

5. Directors' emoluments

The directors were paid through fellow group companies for their services to the entire group with no amounts recharged to this company throughout both years. Other than the directors, the company has had no employees in either year.

6. Tax on profit

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of 19.00% (2018: 19.00%) applicable to profits of the company.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2019 £'000	2018 £'000
Profit before taxation	**4,452**	**4,234**
At standard UK corporation tax rate of 19.00% (2018: 19.00%)	846	804
Group relief	(846)	(804)
Tax charge	-	-

7. Debtors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Amounts owed by other group entities	93,938	88,868
Other debtors	10	10
	93,948	**88,878**

The amounts owed by other group entities are repayable on demand and £89.3m (2018: £84.0m) is subject to interest charged at 5.0% above LIBOR (2018: 5.0% above LIBOR).

The transactions entered between Independent Clinical Services Group Ltd and other group entities are between subsidiaries which are wholly owned by the same entity.

8. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to immediate parent entity	9,758	9,212
Amounts owed to other group entities	2,282	2,210
	12,040	**11,422**

The amounts owed to fellow group entities are repayable on demand and £10.8m (2018: £10.2m) is subject to interest charged at 5.0% above LIBOR (2018: 5.0% above LIBOR).

The transactions entered between Independent Clinical Services Group Ltd and fellow group entities are between subsidiaries which are wholly owned by the same entity.

9. Called up share capital

	As at 31 December 2019			As at 31 December 2018		
	Nominal value (pence)	Shares authorised, issued and fully paid	Share capital £	Nominal value (pence)	Shares authorised, issued and fully paid	Share capital £
Ordinary Shares	0.00001	20,000,001	2	0.00001	20,000,001	2
B Ordinary Shares	0.00001	1,520,000	0	0.00001	1,520,000	0
Preference shares	0.00001	50,000	0	0.00001	50,000	0
Total		**21,570,001**	**2**		**21,570,001**	**2**

There were no changes in share capital in either year. Both categories of ordinary shares carry voting rights with no voting rights attached to the preference shares.

10. Share premium

	£'000
At 31 December 2018 & 31 December 2019	5,448

11. Guarantees

The company and group have provided to Lucid Trustee Services Limited as Agent an "all assets debenture", which includes cross guarantees and provides a fixed charge over the assets of the company and group. The total loan covered by this guarantee is £268,000,000 (2018: £182,444,000).

12. Related party transactions

During the year, the company has not entered into any transactions with related parties who are not members of the group.

The company has taken advantage of the exemption in IAS 24 "related parties" for UK companies applying FRS 101 'Reduced Disclosure Framework' not to disclose transactions with other group companies.

Independent Clinical Services Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

13. Subsequent Events

The impact of the Covid-19 pandemic on the company's operations is discussed within the principal risks and uncertainties above which summaries the company's Covid-19 response.

Subsequent to the balance sheet date, the company has monitored performance and based on actions taken and monitoring of the external environment no adjustments to the key estimates and judgements that impact the balance sheet as at 31 December 2019 have been identified.

Subsequent to the year end, Onex Corporation has agreed to acquire equity in Indigo Parent Limited, the company's UK ultimate parent entity and will become the majority shareholder. The deal will be completed in partnership with the existing management team, with a reinvestment in the equity by TowerBrook Capital Partners LP.

14. Ultimate parent company and controlling party

The immediate parent company and controlling party is Indigo Bidco Limited, a company registered in England and Wales. The ultimate parent undertaking is Indigo Cayman Limited Partnership, registered in the Cayman Islands. The ultimate controlling parties of the company are funds advised by affiliates of TowerBrook Capital Partners, a transatlantic advisory and investment firm.

The smallest group in which the company's results are consolidated is Indigo Parent Limited, with the registered address of Caledonia House, 223 Pentonville Road, London, England, N1 9NG. Its consolidated IFRS financial statements are available to the public from Companies House. The largest group in which the company's results are consolidated is Indigo Holdings Coöperatief U.A, registered in the Netherlands.