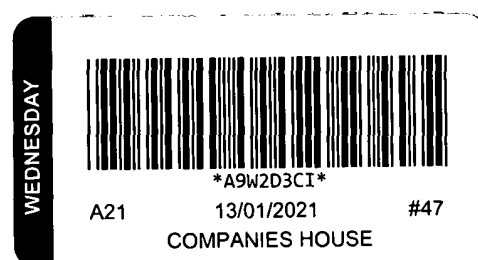


Alliance Medical Leasing Limited

Annual Report & Financial Statements

For the year ended 30 September 2020

Company number 09063178





Alliance Medical Leasing Limited

DIRECTORS

P M Hart

R H Evans

INDEPENDENT AUDITOR

Deloitte LLP

Four Brindleyplace

Birmingham

B1 2HZ

BANKERS

NatWest Bank plc

1 Town Hall Building

Banbury

Oxon

OX16 8JS

REGISTERED OFFICE

Iceni Centre

Warwick Technology Park

Warwick

Warwickshire

CV34 6DA

United Kingdom



Alliance Medical Leasing Limited

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was to act as a leasing company for the Group for the lease of equipment for use in diagnostic imaging, molecular imaging and the manufacture and distribution of radiopharmaceuticals.

REVIEW OF THE BUSINESS

The Directors regard the operating performance of the Company as satisfactory and in accordance with their strategic plan. The key performance indicators of the Company, which are reported monthly to the Board of Directors, are:

	2020	2019
	£000	£000
Turnover	17,473	15,812
EBITDA ¹	17,493	15,801
EBITA ²	6,276	4,957

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £14,839,000 (2019: loss of £2,236,000) and net assets were £11,623,000 (2019: net liabilities of £3,216,000). The increase in profits during the year is as a result of the deferred tax credit in the current year caused by a change to the tax treatment of those assets on a hire purchase arrangement, the basis for which has been agreed with HMRC. The Directors do not recommend the payment of a dividend (2019: £nil).

¹ EBITDA is earnings before interest, tax, depreciation, amortisation, profit/(loss) on disposal of property, plant and equipment and exceptional items.

² EBITA represents earnings before interest, tax, amortisation, profit/(loss) on disposal of property, plant and equipment, and exceptional items.



Alliance Medical Leasing Limited

STRATEGIC REPORT (continued)

MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company Directors recognise the importance of sound risk management to the success of operations and accordingly set policies to mitigate the risks. The principal risks and uncertainties facing the Company, the potential impact and mitigation are summarised below.

Risk Category	Potential Impact	Mitigation
Financial risk	Withdrawal of funding	Liquidity risk is managed at the Group level and includes regular monitoring of, and reporting compliance with, bank covenants both prospectively and retrospectively; and Applying cash collection targets throughout the Group; Utilising debt factoring facilities; and Regular cash flow forecasting, with action taken if needed to re-time flows.
Operational risk	Failure to meet growth targets	Annual budget reviewed by the Directors, with actual performance against the budget reported monthly; Clear delegated authority for major capex and material contracts with Director review and approval; and Centralisation of purchasing scanners and ensuring appropriate insurance cover.
Economic risk following referendum decision to leave the European Union	Reduced profitability as a result of instability in the Sterling	Natural hedging via a portion of the Group's borrowings being denominated in Euros.

Approved by the board on 24 December 2020 and signed on its behalf by:

P M Hart
Director
Iceni Centre
Warwick Technology Park
Warwick
Warwickshire
CV34 6DA
United Kingdom



Alliance Medical Leasing Limited

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year to 30 September 2020.

FUTURE DEVELOPMENTS

The Directors continue to seek opportunities to enhance shareholder value throughout the Group by leasing equipment for use in diagnostic imaging, molecular imaging and the manufacture and distribution of radiopharmaceuticals to other companies within the Alliance Medical Group.

EVENTS AFTER THE BALANCE SHEET DATE

The Covid pandemic is considered to remain a significant event after the balance sheet date, even though it has also impacted the period in these financial statements. The impact of Covid is still being felt across the globe within the healthcare industry, including the countries that Alliance Medical Group operate in. Following the balance sheet date, a number of European Countries, including the UK, has entered second national lock down. The effects of Covid are still felt around the business, however volumes are almost back to 100% of pre-Covid levels and systems and protocols put in place during wave 1 of the pandemic now mean that the business can continue to operate at a more effective level during the ongoing Covid impacts. This is as well as opportunities taken as a result of the pandemic, have meant that the directors do not believe that the effects of Covid post the balance sheet date lead to a material impact in the numbers presented and therefore no adjustments are required.

As well as the above there are ongoing discussions between the UK and the EU in relation to a trade deal following the UK's exit from the EU effective from 1 January 2021. Currently there are no details regarding the likelihood or the contents of such a deal. As a result it cannot be estimated what impacts Brexit will have on the Company and therefore no changes have been made to these financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

P M Hart
R H Evans (appointed 6 January 2020)
M D Chapman (resigned 6 January 2020)

No Director is beneficially interested in the share capital of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year and at the date of the approval of the financial statements, the Company maintained insurance cover for Directors' and Officers' liability as permitted under section 232 (2) of the Companies Act 2006.

POLITICAL DONATIONS

The Company made Nil political donations during the year (2019: nil).

FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised in the Strategic Report.

DIVIDENDS

During the year no dividends have been paid or proposed (2019: £nil).



Alliance Medical Leasing Limited

DIRECTORS' REPORT (continued)

GOING CONCERN PRINCIPLES

The Directors performs regular assessments on the going concern status of the Company. These assessments take into consideration:

- current solvency of the Company;
- current liquidity position;
- available committed and uncommitted bank facilities;
- cash commitments for the next 12 months;
- Debt facilities;
- bank covenants; and
- debt maturities.

As part of the assessments the board of directors has reviewed the Company budgets, forecasts, available cash resources and unutilised facilities as well as the debt maturity profile. The forecasts for the Company have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. The expected future cash flows were adjusted to reflect the best estimate of the short and longer-term impact of the COVID-19 pandemic (the pandemic).

To ensure the Company has sufficient cash reserves, in addition to securing bank facilities at Life UK Holdco level, management has implemented a number of mitigating actions which include cost and cash preservation levers across the Group's operations.

The external debt used to provide funding for the Alliance Medical Group companies (of which this company is a subsidiary) sit outside of these financial statements (the external debt is recorded in Life UK Holdco Limited) and include covenants that must be met at various measurement points as defined in the contract for these facilities. These covenants are measured based on the results of the wider group- this being the group headed by Life Healthcare Group Holdings Limited. Life Healthcare Group Holdings Limited is the ultimate parent undertaking and controlling party of Alliance Medical Group limited. The wider group successfully refinanced this external debt during March 2020 and extended the Debt's maturities. This wider Group is in a strong financial position with net debt to normalised EBITDA as at 30 September 2020 at 2.96 times (2019: 1.96 times). Given the significant uncertainty caused by the pandemic, the wider Group pre-emptively negotiated amended bank covenants for the period up to 31 March 2021 and continue to monitor prospective compliance with such covenants. In addition, banking facilities have been increased and the wider Group's committed undrawn bank facilities as at 30 September 2020 are R6.3 billion.

The Director's assessments and sensitivity analysis show that the Company has sufficient accessible capital and liquidity to continue to meet its obligations as they fall due and as a result it is appropriate to prepare these financial statements on a going concern basis.



Alliance Medical Leasing Limited
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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

Deloitte LLP are deemed to be re-appointed under s487(2) of the Companies Act 2006.

Approved by the Board on 24 December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P M Hart'.

P M Hart
Director
Icenl Centre
Warwick Technology Park
Warwick
Warwickshire
CV34 6DA
United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE MEDICAL LEASING LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Alliance Medical Leasing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2020 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 18.

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).

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE MEDICAL LEASING LIMITED (continued)

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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, 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.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE MEDICAL LEASING LIMITED
(continued)

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.

DocuSigned by:



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Peter Gallimore, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
24 December 2020


Alliance Medical Leasing Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2020

	Note	2020 £000	2019 £000
TURNOVER	4	17,473	15,812
Cost of sales		(11,217)	(10,844)
GROSS PROFIT		6,256	4,968
Administrative income/(expenses)		10	(11)
OPERATING PROFIT	5	6,266	4,957
Interest payable and similar expenses	6	(1,250)	(1,399)
PROFIT BEFORE TAXATION		5,016	3,558
Taxation credit/(charge) on profit	7	9,823	(5,794)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		14,839	(2,236)

The Company's activities all derive from continuing operations.

There is no other comprehensive income or expenses other than those included above and therefore a statement of comprehensive income has not been included in these financial statements.

There is no material difference between the profit/loss on ordinary activities before taxation and the profit/loss for the financial periods stated above and their historical cost equivalents.

**Alliance Medical Leasing Limited****BALANCE SHEET**

As at 30 September 2020

Company registered number: 09063178

	Note	2020 £000	2019 £000
FIXED ASSETS			
Tangible assets	8	<u>94,200</u>	<u>92,274</u>
		94,200	92,274
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	2,581	10
Cash at bank and in hand		<u>3,229</u>	<u>178</u>
		5,810	188
CREDITORS: amounts falling due within one year	10	<u>(73,956)</u>	<u>(72,107)</u>
NET CURRENT LIABILITIES		<u>(68,146)</u>	<u>(71,919)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,054	20,355
CREDITORS: amounts falling due after more than one year	10	(14,431)	(16,320)
Provisions for liabilities	11	<u>-</u>	<u>(7,251)</u>
NET ASSETS/(LIABILITIES)		<u>11,623</u>	<u>(3,216)</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	13	<u>11,623</u>	<u>(3,216)</u>
TOTAL SHAREHOLDERS' FUNDS/(DEFICIT)		<u>11,623</u>	<u>(3,216)</u>

The notes on pages 13 to 24 are an integral part of these financial statements.

These financial statements on pages 10 to 24 were approved by the Board of Directors on 24 December 2020 and were signed on its behalf by:

P M Hart
Director



Alliance Medical Leasing Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2020

	Called up share capital	Profit and loss account	Total Shareholders' Funds/(deficit)
	£000	£000	£000
At 1 October 2018	-	(980)	(980)
Loss and total comprehensive expense for the year	-	(2,236)	(2,236)
At 1 October 2019 and 30 September 2019	-	(3,216)	(3,216)
Profit and total comprehensive income for the year	-	14,839	14,839
At 30 September 2020	-	11,623	11,623



Alliance Medical Leasing Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated in the United Kingdom under Companies Act 2006 and registered in England. The address of the registered office and principle place of business is shown on page 1. The principal activity of the Company is shown in the Strategic Report on page 2.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention.

Going concern

The Directors performs regular assessments on the going concern status of the Company. These assessments take into consideration:

- current solvency of the Company;
- current liquidity position;
- available committed and uncommitted bank facilities;
- cash commitments for the next 12 months;
- Debt facilities;
- bank covenants; and
- debt maturities.

As part of the assessments the board of directors has reviewed the Company budgets, forecasts, available cash resources and unutilised facilities as well as the debt maturity profile. The forecasts for the Company have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. The expected future cash flows were adjusted to reflect the best estimate of the short and longer-term impact of the COVID-19 pandemic (the pandemic).

To ensure the Company has sufficient cash reserves, in addition to securing bank facilities at Life UK Holdco level, management has implemented a number of mitigating actions which include cost and cash preservation levers across the Group's operations.

The external debt used to provide funding for the Alliance Medical Group companies (of which this company is a subsidiary) sit outside of these financial statements (the external debt is recorded in Life UK Holdco Limited) and include covenants that must be met at various measurement points as defined in the contract for these facilities. These covenants are measured based on the results of the wider group- this being the group headed by Life Healthcare Group Holdings Limited. Life Healthcare Group Holdings Limited is the ultimate parent undertaking and controlling party of Alliance Medical Group limited. The wider group successfully refinanced this external debt during March 2020 and extended the Debt's maturities. This wider Group is in a strong financial position with net debt to normalised



Alliance Medical Leasing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

3. ACCOUNTING POLICIES (continued)

Going concern (continued)

EBITDA as at 30 September 2020 at 2.96 times (2019: 1.96 times). Given the significant uncertainty caused by the pandemic, the wider Group pre-emptively negotiated amended bank covenants for the period up to 31 March 2021 and continue to monitor prospective compliance with such covenants. In addition, banking facilities have been increased and the wider Group's committed undrawn bank facilities as at 30 September 2020 are R6.3 billion.

The Director's assessments and sensitivity analysis show that the Company has sufficient accessible capital and liquidity to continue to meet its obligations as they fall due and as a result it is appropriate to prepare these financial statements on a going concern basis.

Exemptions

As a qualifying entity the Company has taken advantage of the exemption provided in paragraph 1.12(b) of FRS 102 from preparing a Statement of Cash Flows. The cash flows of the Company are incorporated into the Consolidated Statement of Cash Flows prepared in the Group financial statements of Alliance Medical Group Limited.

The Company has taken advantage of the exemption provided in paragraph 4.12(a) of FRS 102 from preparing a reconciliation of the numbers of shares outstanding at the beginning and end of the year.

The Company has taken advantage of the exemption provided in paragraph 33.7 of FRS 102 from disclosing key management personnel compensation.

The Company has taken advantage of the exemption provided in paragraphs 11.39-11.48A and 12.26-12.29 of FRS 102 from disclosing certain financial instrument disclosures. The financial instrument disclosures are incorporated into the Group financial statements of Alliance Medical Group Limited.

The Company has taken advantage of the exemption in paragraph 33.1(a) of FRS 102 from disclosing transactions with related parties that are other wholly owned members of the Alliance Medical Group Limited group.

Revenue recognition

Turnover, which excludes value added tax, represents the value of services supplied, and is recognised according to the value of services supplied in the year.

Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.



Alliance Medical Leasing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

3. ACCOUNTING POLICIES (continued)

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and impairment. Tangible assets are included at depreciated fair value. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property	Straight-line over 50 years
Leasehold improvements	Straight line over length of contract or 10 years, whichever is the shorter
Scanners and other plant and equipment	Straight-line over 5 to 25 years

Assets under construction are transferred to their respective asset class and commence depreciation on the date that they are commissioned and become available for use.

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the lease term. When there is reasonable certainty that the ownership of the leased asset will be obtained by the lessee at the end of the lease term the assets held under finance leases will be depreciated over their useful economic lives.

Current tax

Current tax is the amount of income tax payable in respect of the taxable results for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred taxation

The deferred taxation charge takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the expectation that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Borrowings

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs, which are the difference between the net proceeds and the total amount of payments made in respect of the instruments, are spread on a straight line basis over the expected life of the debt.



Alliance Medical Leasing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

3. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element of the finance cost is charged to the profit and loss account in the period the lease payment was made. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the relevant lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.



Alliance Medical Leasing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

3. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historic experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Critical judgements in applying the entity's accounting policies

Recoverability of deferred tax asset

The Company has recognised a deferred tax asset in relation to decelerated capital allowances during the year. The directors believe this asset to be recoverable.

Impairment of Property, Plant and Equipment

Judgement is required to consider whether any impairments of property, plant and equipment exists. This judgement is exercised by considering the physical conditions of assets, maintenance programmes, technological changes and continuing profitability of customer contracts. Where adjustments are required, appropriate provision is made via the profit and loss account.

Sources of estimation uncertainty

Useful economic lives of Property, Plant and Equipment

Estimation is required in determining the useful economic lives of items of property plant and equipment. This estimation is made by considering the physical conditions of assets, maintenance programmes and technological changes.



Alliance Medical Leasing Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020

4. TURNOVER

Turnover represents amounts for the provision of services which fall within the Company's continuing activities, stated net of value added tax. All turnover originates in, and has an ultimate destination of, the United Kingdom and all arise from the Company's principle activity.

5. OPERATING PROFIT

This is stated after charging:

		2020	2019
		£000	£000
Auditors' remuneration	- audit services for the audit of these financial statements	14	12
Depreciation	- on owned assets	6,710	5,286
	- on finance leases	4,507	5,558
Loss on disposal of fixed assets		10	-
Foreign exchange loss		34	10

The Directors have neither received nor waived any right to emoluments in respect of their services to the Company during the year. The Directors of the Company are also Directors of one or more of the other companies in the Alliance Medical Group. These Directors do not believe that it is practicable to accurately apportion their emoluments between their services as Directors of this Company and their services as Directors of other Companies in the Group.

There were no staff, other than Directors, during the year (2019: nil).

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£000	£000
Bank interest, other interest and similar charges	235	170
Finance charges in respect of finance leases	925	1,128
Amortisation of issue costs	90	101
	1,250	1,399



Alliance Medical Leasing Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020

7. TAX ON PROFIT

(a) Tax on profit

There is no charge for current taxation in the year (2019: £nil). The deferred taxation credit in the year in relation to decelerated capital allowances is £9,823,000 (2019: charge of £5,794,000).

(b) Factors affecting the tax position for the year

The tax assessed for the year is lower (2019: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%). The difference is explained below:

	2020 £000	2019 £000
Profit before taxation	<u>5,016</u>	<u>3,558</u>
Profit at the standard rate of 19% (2019: 19%)	953	676
Effects of:		
Depreciation for the year in excess of capital allowances	-	1,645
Expenses not deductible	502	-
Group relief claimed	(1,346)	(480)
Profit on disposal of fixed assets	-	-
Deferred tax liability recognised	-	3,953
Deferred tax rate change and reclassification	(862)	-
UK transfer pricing adjustment	(500)	-
Prior period deferred tax adjustment	(8,570)	-
Total tax (credit)/charge in the year (note 7 (a))	<u>(9,823)</u>	<u>5,794</u>

The prior period deferred tax adjustment in 2020 of £8,570,000 relates to a change in tax treatment of those assets on a hire purchase arrangements, the basis for which has been discussed and agreed with HMRC.

(c) Factors affecting current and future tax

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% was substantively enacted prior to the balance sheet date, its effects are included in these financial statements.

(d) Factors affecting the tax for the year

The Company has an unrecognised deferred tax liability in relation to decelerated capital allowances of £nil (2019: nil) and deferred tax assets in relation to other timing differences if £nil (2019: nil).


Alliance Medical Leasing Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
8. TANGIBLE ASSETS

	Freehold land & buildings and leasehold improvements £000	Scanner units & equipment £000	Other plant & equipment £000	Assets in the course of construction £000	Total £000
Cost:					
At 30 September 2019	31,399	80,549	784	11,959	124,691
Additions	-	-	-	13,153	13,153
Disposals	(41)	(266)	(12)	-	(319)
Reclassifications	3,708	8,839	-	(12,547)	-
At 30 September 2020	35,066	89,122	772	12,565	137,525
Depreciation:					
At 30 September 2019	6,929	24,936	552	-	32,417
Charge in the year	2,643	8,442	132	-	11,217
Disposals	(40)	(257)	(12)	-	(309)
Reclassifications	(13)	13	-	-	-
At 30 September 2020	9,519	33,134	672	-	43,325
Net book value:					
At 30 September 2020	25,547	55,988	100	12,565	94,200
At 30 September 2019	24,470	55,613	232	11,959	92,274

The net book value of tangible fixed assets held under finance leases relates to scanner units and equipment of £34,990,000 (2019: £40,403,000) and other plant and equipment of £nil (2019: £116,000).

9. DEBTORS
Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed by Group undertakings	9	10
	9	10

Amounts owed by Group undertakings are unsecured, interest free, and are repayable on demand.

Amounts falling after more than one year

	2020 £000	2019 £000
Deferred tax asset (note 12)	2,572	-
	2,572	-



Alliance Medical Leasing Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020

10. CREDITORS

(a) Amounts falling due within one year

	2020	2019
	£000	£000
Bank loans and overdrafts	-	4,837
Trade creditors	-	67
Amounts owed to Group undertakings	61,229	52,340
Finance leases	8,997	11,220
Taxation and social security	785	401
Accruals and deferred income	2,945	3,242
	73,956	72,107

Amounts owed to Group undertakings, which are all UK-based, are unsecured, are not subject to formal loan agreements, are interest free and repayable on demand.

(b) Amounts falling due after more than one year

	2020	2019
	£000	£000
Finance leases	14,431	16,320
	14,431	16,320

The maturity profile of bank loans and overdrafts and the future minimum finance lease payments are analysed below:

	Other bank borrowings		Finance leases	
	2020	2019	2020	2019
	£000	£000	£000	£000
Due within one year	-	4,927	8,997	11,220
Between two and five years	-	-	14,431	16,320
	-	4,927	23,428	27,540
Unamortised issue costs	-	(90)	-	-
	-	4,837	23,428	27,540

Bank loans and overdrafts comprises a revolving credit facility, consisting of £nil (2019: £1,750,000) and €nil (2019: €3,577,000). Interest on the facility is payable at a rate of LIBOR or Euribor, for loans denominated in Sterling and Euros respectively, plus a margin of 3.75%. These loans are secured by fixed and floating charges over the assets of the Group.

The finance leases relate to the leasing of fixed assets which are then sub-leased to other group companies under operating leases. The finance leases are secured against the assets to which they relate and bear fixed interest rates which range from 4.5% to 4.75%.



Alliance Medical Leasing Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020

11. PROVISIONS FOR LIABILITIES

	2020	2019
	£000	£000
Deferred tax liability (note 12)	<u>-</u>	<u>7,251</u>

The deferred tax provision is all due after more than one year.

12. DEFERRED TAXATION

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

Balances:

	Assets	Liabilities
	2020	2019
	£000	£000
Decelerated capital allowances	<u>(2,572)</u>	<u>7,251</u>
	<u>(2,572)</u>	<u>7,251</u>

Movements in the year:

	£000
Liability at 1 October 2019	7,251
Credited to profit and loss	<u>(9,823)</u>
(Asset) at 30 September 2020	<u>(2,572)</u>

The deferred tax (Asset)/liability related to decelerated capital allocated is expected to reverse within 3 years.



Alliance Medical Leasing Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020

13. CALLED UP SHARE CAPITAL AND RESERVES

	30 September 2020 No.	30 September 2020 £000	30 September 2019 No.	30 September 2019 £000
Ordinary shares of £1 each				
Authorised	100	-	100	-
Allotted, called up and fully paid	100	-	100	-

The following restrictions apply:

- Dividends can only be paid to Group undertakings.
- Share capital cannot be redeemed, repurchased or repaid unless there is a solvent liquidation or reorganisation of any of the Group undertakings.

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the re-measurement of investment properties, net of dividends paid and other adjustments.

14. CAPITAL AND OTHER COMMITMENTS

Capital commitments of £nil have been authorised and contracted for by the Company as at 30 September 2020 (2019: £5,109,000).

15. ASSETS SUBJECT TO OPERATING LEASE AS A LESSOR

Operating leases, in which the Company is the lessor, relate to property and equipment held under a finance lease by the Company which are leased to fellow subsidiaries of Alliance Medical Group Limited of £108,447,000. The Company has elected, in accordance with paragraph 16.4A of FRS 102, to transfer these assets to tangible fixed assets and to apply the cost model in accordance with FRS 102 Section 17.

Rental income earned during the year was £17,473,000 (2019: £15,812,000). No contingent rents have been recognised as income in the current or prior year.

At the balance sheet date, the Company had contracted with the lessees for the following future minimum lease payments:

	2020 £000	2019 £000
Due within one year	17,077	13,963
Due between 1 and 5 years	62,254	40,146
Due after more than 5 years	29,116	27,554
	108,447	81,663



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For the year ended 30 September 2020

16. PARENT UNDERTAKINGS

a) Immediate parent undertaking

The immediate parent undertaking is Alliance Medical Acquisitionco Limited, registered in England and Wales.

b) Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Life Healthcare Group Holdings Limited. The smallest group, for which group financial statements are drawn up and includes this company, is Alliance Medical Group Limited, registered in England and Wales. The financial statements can be obtained by writing to the Secretary at the registered address, Icen Centre, Warwick Technology Park, Warwick, CV34 6DA. The largest group, for which group financial statements are drawn up, is Life Healthcare Group Holdings Limited, registered in South Africa. The financial statements can be obtained by writing to the Secretary at the registered address Private Bag X13, Northlands, 2116, South Africa.

17. POST BALANCE SHEET EVENTS

The Covid pandemic is considered to remain a significant event after the balance sheet date, even though it has also impacted the period in these financial statements. The impact of Covid is still being felt across the globe within the healthcare industry, including the countries that Alliance Medical Group operate in. Following the balance sheet date, a number of European Countries, including the UK, has entered second national lock down. The effects of Covid are still felt around the business, however volumes are almost back to 100% of pre-Covid levels and systems and protocols put in place during wave 1 of the pandemic now mean that the business can continue to operate at a more effective level during the ongoing Covid impacts. This is as well as opportunities taken as a result of the pandemic, have meant that the directors do not believe that the effects of Covid post the balance sheet date lead to a material impact in the numbers presented and therefore no adjustments are required.

As well as the above there are ongoing discussions between the UK and the EU in relation to a trade deal following the UKs exit from the EU effective from 1 January 2021. Currently there are no details regarding the likelihood or the contents of such a deal. As a result it cannot be estimated what impacts Brexit will have on the Company and therefore no changes have been made to these financial statements.

18. RELATED PARTY TRANSACTIONS

In accordance with FRS 102, the company has taken advantage of the exemption available not to disclose transactions with other group undertakings.

There are no other related party transactions outside of those with group undertakings.