

California Topco Limited

Registered number 11552117
Annual report and financial statements
31 March 2023

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California Topco Limited**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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Directors: Ajay Chadha
Susan Veness
Jan Hornstrom (appointed 4 April 2023)
Steven Kent (resigned 4 April 2023)
George Moss (resigned 4 April 2023)

Registered Office: Nexus House
Boundary Way
Hemel Hempstead
Hertfordshire
HP2 7SJ

Registered Number: 11552117

Auditor: KPMG LLP
58 Clarendon Road
Watford
WD17 1DE

California Topco Limited

STRATEGIC REPORT

The directors present their strategic report of the activities of California Topco Limited (the “Group” or the “Company”) for the year ended 31 March 2023.

Business Review and Strategy

The Group continues with a strategy of strong growth, scaling, and revenue diversification through the addition of new customers and the development of service offerings and specialisms. The key priority for the business is that its services are provided to the highest standards of quality and clinical governance. Being one of the first ISAS-accredited radiology service providers in the UK, the business has maintained its accreditation across certifications from ISAS and CQC, ISO 9001, ISO 27001 and IGSOC version 13. In addition, the business was proud to become the first organisation to transition and achieve the new QSI 2021 standard.

Below are the key points and changes in the Group’s performance for the year:

- There has been a significant increase in volumes as the NHS continued its recovery from the impact of Coronavirus, leading to a 22% year on year increase in turnover. The effect was not seen uniformly across all parts of the business, with out of hours and daytime urgent services continuing the strong pattern of growth seen throughout the pandemic.
- Operating profit in 4 Ways Healthcare Limited, the trading company within the Group, increased 44% year on year, driven by higher volumes.
- Employee numbers increased further to cope with sustained growth in the business.
- Continued investment in core infrastructure and technology to support future growth.
- All of the above are underpinned by continued strong long-term growth in the teleradiology market, as a result of high growth in demand for the reporting of scans and limited numbers of radiologists.

Key Performance Indicators

The board monitors the performance of the Group by reference to the following key performance indicators. Performance during the year is set out as follows:

	2023	2022
	£'000	£'000
Turnover	42,150	34,488
Gross profit	14,937	12,354
Gross profit margin %	35.4%	35.8%
Operating profit/(loss)	1,979	(1,474)
Net liabilities	(38,720)	(32,738)

Going Concern

The Group’s business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1 and the Directors’ Report on page 4.

The Group has net liabilities of £38.720 million as at 31 March 2023 (2022: £32.738 million), and a loss for the year then ended of £5.982 million (2022: £8.141 million). These losses arise principally from amortisation of goodwill, as well as preference share dividends on shareholder borrowings, all of which are non-cash items. The Group generated net cash inflows from operating activities of £8.908 million (2022: £4.928 million). Notwithstanding these net liabilities and losses, the financial statements of the Group and Company have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors undertook an assessment of the ability of the Group and Company to continue in operation and meet their liabilities as they fall due. The latest assessment covers a period to 31 December 2024.

The directors have prepared cash flow forecasts in order to assess going concern which indicates that, taking account of possible downsides, including no monthly revenue growth from September 2023, the Group and Company will have sufficient funds to meet their liabilities as they fall due during the going concern assessment period. Under all scenarios considered, the Group was able to remain cash generative, and pay interest on the new loans from the new UK parent company as it fell due throughout the forecast period.

California Topco Limited

STRATEGIC REPORT (continued)

Further, the directors also considered the availability of financing facilities. As set out in note 28, in April 2023 the Group was acquired by Evidia, through its subsidiary company Malibu Bidco Limited. The bank loans, shareholder loan notes, and director's loan, along with all outstanding interest, were repaid in full, and the preference shares were transferred to Malibu Bidco Limited. At the time of signing the financial statements all bank loans and shareholder loan notes had been repaid and the Group is financed by loans from the new UK parent, which itself is financed by loans from Evidia Holding GmbH, that are repayable in April 2030.

Evidia UK Limited have provided the Company with an indication that for at least 12 months from the date of approval of these financial statements, it will continue to provide financial and other support to the Group and Company and will not seek repayment of the amounts currently made available to the Group of £40,654,495. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident, based on the circumstances outlined above, that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Risks and Opportunities

The impact of Coronavirus on the NHS has been widely reported. As the NHS has continued its journey of recovery the Group has experienced an increase in the number of scans outsourced by the NHS. The flexibility of the Group's cost base and operating model has allowed it to rapidly increase volumes in line with demand to support the NHS as it moves forward.

During the year volumes have continued to increase above and beyond levels seen before the impact of Coronavirus.

The ongoing business as usual risk to the Company is budgetary pressure and constraint within NHS Trusts, albeit teleradiology services are now viewed as essential outsourced services for NHS Trusts. This risk is mitigated by increased demand for the Company's services within the healthcare sector and increased number of NHS customers, through diversification, through additional service offerings and through growth from private sector healthcare providers.

The Group offers a flexible model to radiologists on its reporting panel. There are no restrictions on the minimum or maximum number of scans that can be reported, and radiologists have the freedom to determine the days and times when they feel that they are able to safely report for the Group. As a result of this flexible workflow, assured volumes at all times, a very strong clinical quality focus, complete operational support, attractive breadth of services and pricing, the number of radiologists on the Group's reporting panel has continued to grow significantly. The scale of the Group's operations means that the Group is not adversely impacted by day to day fluctuations in either the number or type of scans provided by individual customers or the availability for reporting of individual radiologists, thereby adding further attraction for the radiologists.

The use and potential use of Artificial Intelligence (AI) in healthcare has been widely reported in the media. The Group welcomes the use of technology to increase the efficiency and productivity of its staff and its panel of reporting radiologists and enhance patient safety. As AI develops in the area of radiology reporting, it is widely accepted that in the foreseeable future the main impact of AI in radiology reporting will be to support the radiologists with additional tools to potentially improve the already very good quality of reporting even further and to increase the throughput thereby enhancing some capacity, and not to replace radiologists.

California Topco Limited

STRATEGIC REPORT (continued)

Employment Matters

The Company and Group are an equal opportunities employer and take account of ongoing changes to pensions, flexible working and modern slavery policy. The Company and Group have a highly skilled and stable team of employees and the Company and Group endeavours to keep informed and engaged about matters relevant to them. The Company and Group greatly appreciates the efforts and the continued dedication of its employees as the business develops.

This report was approved by the board and signed on its behalf on 08 DECEMBER 2023.



Susan Veness, Director

California Topco Limited
Nexus House
Boundary Way
Hemel Hempstead
HP2 7SJ

California Topco Limited

DIRECTORS' REPORT

The directors present their report and the financial statements for California Topco Limited (the "Group" or the "Company") for the year end 31 March 2023.

Principal activities

The Group's principal activity during the year was providing innovative teleradiology solutions to the UK Healthcare market through its wholly owned subsidiary company 4 Ways Healthcare Limited.

Events after the balance sheet date

Subsequent to the balance sheet date, on 4 April 2023, the share capital of California Topco Limited was sold to Evidia, through its subsidiary company Malibu Bidco Limited, a company incorporated in England and Wales. The ultimate controlling party of the group changed from ECI Partners LLP to EQT AB (see note 28).

Results and dividends

The statement of comprehensive income is set out on page 9 and shows the loss for the year.

The directors do not recommend the payment of a dividend for the year ended 31 March 2023.

Directors

The directors who held office during the year and up to the date of the signing of these financial statements were as follows:

Ajay Chadha	
Steven Kent	(resigned 4 April 2023)
George Moss	(resigned 4 April 2023)
Susan Veness	
Jan Hornstrom	(appointed 4 April 2023)

Political contributions

The Group made no political donations and did not incur any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board and signed on its behalf on 08 DECEMBER 2023.



Susan Veness, Director

California Topco Limited
Nexus House
Boundary Way
Hemel Hempstead
HP2 7SJ

California Topco Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT, AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent company 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 they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 Group and parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALIFORNIA TOPCO LIMITED

Opinion

We have audited the financial statements of California Topco Limited ("the Company") for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes for Directors and management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that revenue is understated through recording revenues in the wrong period

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALIFORNIA TOPCO LIMITED (continued)

- the risk that management may be in a position to make inappropriate accounting entries

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals posted to unusual accounts.
- Agreeing a sample of revenue transactions to supporting documentation and understanding significant fluctuations in radiologist volumes around the year end to assess whether revenue had been recorded in the correct accounting period.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, employment law and data protection laws recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALIFORNIA TOPCO LIMITED

(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

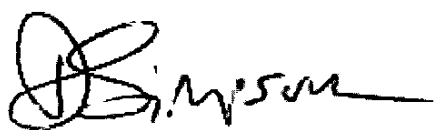
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



David Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
58 Clarendon Road
Watford
WD17 1DE
Date : 11 December 2023

California Topco Limited**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

		2023	2022
	Note	£'000	£'000
Turnover	5	42,150	34,488
Cost of sales		(27,213)	(22,134)
Gross profit		14,937	12,354
Administrative expenses	7	(12,964)	(13,833)
Other Income	6	6	5
Operating profit/(loss)		1,979	(1,474)
Interest receivable and similar income	10	5	5
Interest payable and similar expenses	11	(6,718)	(6,312)
Loss before taxation		(4,734)	(7,781)
Tax charge on loss	12	(1,248)	(360)
Loss for the year		(5,982)	(8,141)
Other comprehensive income		-	-
Total comprehensive loss for the year		(5,982)	(8,141)

The comprehensive loss for the year derives entirely from continuing activities.

The notes on pages 15-28 form an integral part of these financial statements.

California Topco Limited**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023**

	Note	2023 £'000	2022 £'000
Fixed Assets			
Goodwill	14	30,757	36,476
Intangible assets	14	989	1,281
Tangible assets	15	1,474	1,721
		<u>33,220</u>	<u>39,478</u>
Current assets			
Debtors	16	6,076	5,714
Cash at bank		6,481	5,141
		<u>12,557</u>	<u>10,855</u>
Creditors			
Amounts falling due within one year	17	(7,581)	(5,762)
Net current assets		<u>4,976</u>	<u>5,093</u>
Total assets less current liabilities		<u>38,196</u>	<u>44,571</u>
Creditors			
Amounts falling due after more than one year	18	(76,637)	(77,083)
Provisions			
Deferred taxation	22	(279)	(226)
Net liabilities		<u>(38,720)</u>	<u>(32,738)</u>
Capital and reserves			
Called up share capital	23	27	27
Share premium account	23	488	488
Profit and loss account		(39,235)	(33,253)
Total capital and reserves		<u>(38,720)</u>	<u>(32,738)</u>

The financial statements were approved by the Board of Directors on 08 DECEMBER 2023 and were signed on its behalf by:



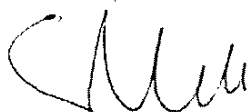
Susan Veness, Director
Company registered number: 11552117

The notes on pages 15-28 form an integral part of these financial statements.

California Topco Limited**COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023**

	Note	2023 £'000	2022 £'000
Fixed Assets			
Investments in subsidiaries	13	-	-
		-	-
Current assets			
Debtors	16	39,768	36,096
		39,768	36,096
Creditors			
Amounts falling due within one year	17	(1,200)	(783)
Net current assets		38,568	35,313
Total assets less current liabilities		38,568	35,313
Creditors			
Amounts falling due after more than one year	18	(38,566)	(35,045)
Net assets		2	268
Capital and reserves			
Called up share capital	23	27	27
Share premium account	23	488	488
Profit and loss account		(513)	(247)
Total capital and reserves		2	268

The financial statements were approved by the Board of Directors on 08 DECEMBER 2023 and were signed on its behalf by:



Susan Veness, **Director**

Company registered number: 11552117

California Topco Limited**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Note	23	23		
At 31 March 2021	12	483	(25,112)	(24,617)
Share issue	15	5	-	20
Comprehensive loss for the year	-	-	(8,141)	(8,141)
At 31 March 2022	27	488	(33,253)	(32,738)
Comprehensive loss for the year	-	-	(5,982)	(5,982)
At 31 March 2023	27	488	(39,235)	(38,720)

The notes on pages 15-28 form an integral part of these financial statements.

California Topco Limited**COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Note	23	23		
At 31 March 2021	12	483	(210)	285
Share issue	15	5	-	20
Comprehensive loss for the year	-	-	(37)	(37)
At 31 March 2022	27	488	(247)	268
Comprehensive loss for the year	-	-	(266)	(266)
At 31 March 2023	27	488	(513)	2

The notes on pages 15-28 form an integral part of these financial statements.

California Topco Limited
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£'000	£'000
Operating profit/(loss)	1,979	(1,474)
<i>Adjustments for</i>		
Depreciation of tangible fixed assets	721	626
Amortisation of goodwill and intangible fixed assets	6,268	7,581
Loss on disposal of tangible fixed assets	-	39
(Increase) in debtors	(362)	(2,599)
Increase in creditors	306	955
Tax (paid)	(4)	(200)
Net cash flows from operating activities	8,908	4,928
Investing activities		
Tangible fixed assets acquired	(474)	(551)
Intangible fixed assets acquired	(257)	(283)
Net cash flows used in investing activities	(731)	(834)
Financing activities		
Interest paid	(6,111)	(4,774)
Interest received	5	5
Issue of ordinary share capital	-	20
Repayment of loans - Loan Notes	(2,737)	(12,637)
Increase in borrowings - Lloyds Senior	2,006	14,200
Net cash flows from financing activities	(6,837)	(3,186)
Net cash increase during the year	1,340	908
Cash at the beginning of the year	5,141	4,233
Cash at the end of the year	6,481	5,141

The notes on pages 15-28 form an integral part of these financial statements.

1 Corporate Information

The consolidated financial statements of California Topco Limited (the “Group” or the “Company”) for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the board of directors on 08 DECEMBER 2023.

The Company is a private company, limited by shares, and registered in England and Wales with number 11552117. The registered office of the company is Nexus House, Boundary Way, Hemel Hempstead, HP2 7SJ.

The principal activity of the Group continues to be providing innovative teleradiology solutions to the UK Healthcare market. The principal activity of the Company is that of a holding company to its wholly owned subsidiary California Midco Limited.

2 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is United Kingdom Pounds Sterling (“GBP”). All amounts in the financial statements have been rounded to the nearest thousand pounds (£’000) unless indicated otherwise. The financial statements have been prepared on a going concern basis under the historical cost convention.

The financial statements of California Topco Limited incorporate the results of the Company and its subsidiaries as detailed in note 13. Comparative figures are for the twelve months ended 31 March 2022.

The Company has taken advantage of the exemption provided by section 408 of The Companies Act 2006 not to publish a parent company statement of comprehensive income. The amount of loss recognised for the year in the parent company was £265,902.

3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These judgements and estimates are based on the directors’ best knowledge of the relevant facts and circumstances, with regard to prior experience. Actual results may differ from the amounts included in these financial statements. Information about relevant judgements and estimates is set out below or in the other notes to the financial statements.

Judgements

In preparing these financial statements, the directors have not had to make any significant judgements that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next year.

Estimates and assumptions

In preparing these financial statements, the directors have not had to make any significant estimates or assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next year.

4 Principal Accounting Policies

Going concern

The Group’s business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1 and the Directors’ Report on page 4.

The Group has net liabilities of £38.720 million as at 31 March 2023 (2022: £32.738 million), and a loss for the year then ended of £5.982 million (2022: £8.141 million). These losses arise principally from amortisation of goodwill, as well as preference share dividends on shareholder borrowings, all of which are non-cash items. The Group generated net cash inflows from operating activities of £8.908 million (2022: £4.928 million). Notwithstanding these net liabilities and losses, the financial statements of the Group and Company have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors undertook an assessment of the ability of the Group and Company to continue in operation and meet their liabilities as they fall due. The latest assessment covers a period to 31 December 2024.

4 Principal Accounting Policies (continued)**Going concern (continued)**

The directors have prepared cash flow forecasts in order to assess going concern which indicates that, taking account of possible downsides, including no monthly revenue growth from September 2023, the Group and Company will have sufficient funds to meet their liabilities as they fall due during the going concern assessment period. Under all scenarios considered, the Group was able to remain cash generative, and pay interest on the new loans from the new UK parent company as it fell due throughout the forecast period.

Further, the directors also considered the availability of financing facilities. As set out in note 28, in April 2023 the Group was acquired by Evidia, through its subsidiary company Malibu Bidco Limited. The bank loans, shareholder loan notes, and director's loan, along with all outstanding interest, were repaid in full, and the preference shares were transferred to Malibu Bidco Limited. At the time of signing the financial statements all bank loans and shareholder loan notes had been repaid and the Group is financed by loans from the new UK parent, which itself is financed by loans from Evidia Holding GmbH, that are repayable in April 2030.

Evidia UK Limited have provided the Company with an indication that for at least 12 months from the date of approval of these financial statements, it will continue to provide financial and other support to the Group and Company and will not seek repayment of the amounts currently made available to the Group of £40,654,495. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident, based on the circumstances outlined above, that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover comprises revenue earned from the rendering of services.

Turnover from the rendering of services is recognised in the period in which the services were provided and once performance obligations have been completed.

Impairment of intangible and tangible fixed assets

The directors determine whether there are indicators of impairment to both intangible and tangible fixed assets at each reporting date. If such indicators exist, the directors determine the recoverable amount of such fixed assets.

Intangible fixed assets

Intangible fixed assets include connectivity costs representing the capitalised expense of establishing a data connection with the customers where revenue is expected to be generated in future periods, software development costs relating to the costs of developing bespoke software to collate and report images to clients, contract related intangible assets relating to existing contracts obtained on acquisition of the business, and goodwill where the cost of purchasing an investment or an asset is greater than the fair value of the assets acquired. Intangible fixed assets are measured at cost less cumulative amortisation and any cumulative impairment losses.

Amortisation is charged to the profit and loss on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives are as follows:

- | | |
|--------------------------------|--|
| • Software costs | over 5 years straight-line basis |
| • Development costs | over 5 years straight-line basis |
| • Goodwill | over 10 years straight line basis, or over the life of the contract if different |
| • Contract related intangibles | over 5 years straight line basis, or over the life of the contract if different |

4 Principal Accounting Policies (continued)**Tangible fixed assets**

Tangible fixed assets are measured at cost in accordance with Section 17 Property, Plant and Equipment of FRS 102 less cumulated depreciation and any cumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

- Fixtures & fittings: over 5 years straight-line basis
- Equipment: over 5 years straight-line basis

Fixtures & fittings were previously depreciated on a 15% reducing balance basis. From 1 April 2022 the accounting estimate for depreciation of fixtures & fittings was changed to a 5 year straight-line basis, as this was felt by management to be a more appropriate reflection of the useful life of the types of asset in this category. This change in accounting estimate increased the depreciation charge in the year by £52,000 and reduced the net book value of tangible fixed assets on the balance sheet by the same amount. It is anticipated that the depreciation charge in future years will be approximately £11,000 per annum higher as a result of this change in accounting estimate.

Basic financial instruments

Basic financial instruments including cash at bank, debtors and creditors are initially measured at transaction price in accordance with Section 11 Basic Financial Instruments of FRS 102.

Cash at bank

Cash and cash equivalents comprise cash balances and call deposits.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past years. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous year.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (i.e., liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Pensions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**

4 Principal Accounting Policies (continued)**Investments**

Investments in unquoted equity instruments are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

Government grants

Government grants are credited to the statement of comprehensive income on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. These have been presented in the statement of comprehensive income as other income.

5 Turnover

Turnover relates to a single class of business – the provision of teleradiology services – all of which is generated in the United Kingdom.

6 Other income

Other income includes governments grants totalling £nil (2022: £4,659), received under the Coronavirus Job Retention Scheme (CJRS), none of which remained outstanding at year end within Other Debtors for either the current or prior year. The amounts received have been recognised in the financial statements under the accruals model.

Other income also includes sales of low value food and drink items totalling £5,633 (2022: £nil) to staff through a vending machine at the company's head office.

7 Administrative expenses

Included in administrative expenses are the following:

	2023	2022
	£'000	£'000
Depreciation of owned fixed assets	721	626
Amortisation of intangible fixed assets	6,268	7,581
Operating lease expense	270	210
Loss on disposal of fixed assets	-	39
Auditor's remuneration for audit services	71	59
Auditor's remuneration for corporate finance transaction services	65	-
Auditor's remuneration for other tax services	69	31

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)****8 Staff numbers and costs**

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2023	2022
	Employees	Employees
Management	6	6
Administration	37	37
Operations	114	88
	<u>157</u>	<u>131</u>

Included within administrative expenses are aggregate payroll costs including directors' emoluments as follows:

	2023	2022
	£'000	£'000
Wages and salaries	2,008	2,442
Social security costs	244	236
Other pension costs	82	77
	<u>2,334</u>	<u>2,755</u>

9 Directors' remuneration

	2023	2022
	£'000	£'000
Wages and salaries	505	509
Group contributions to defined contribution pension plans	27	44
	<u>532</u>	<u>553</u>

The aggregate of emoluments paid to the highest-paid director was £288,000 (2022 - £276,330) including contributions to a defined contribution pension scheme of £20,000 (2022 - £34,484). Contributions were made to the defined contribution pension schemes of two directors in the year (2022 – two directors).

10 Interest receivable and similar income

	2023	2022
	£'000	£'000
Interest receivable on loans to director (see note 27)	5	5
	<u>5</u>	<u>5</u>

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)****11 Interest payable and similar expenses**

	2023	2022
	£'000	£'000
Interest payable on shareholder loan notes	394	1,873
Dividend payable on preference shares	3,521	3,241
Interest payable on bank loans (see note 19)	2,489	993
Amortisation of bank loan issue costs	302	205
Other interest payable	12	-
	<u>6,718</u>	<u>6,312</u>

12 Taxation**Analysis of tax charge**

	2023	2022
	£'000	£'000
<i>Current tax:</i>		
UK corporation tax on losses for the year at 19% (2022: 19%)	985	768
Adjustments in respect of prior periods	210	(193)
Total current tax charge	<u>1,195</u>	<u>575</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(40)	(322)
Adjustments in respect of prior periods	93	40
Effect of tax rate change on opening balance	-	67
Total deferred tax charge/(credit)	<u>53</u>	<u>(215)</u>
Tax charge on losses on ordinary activities	<u>1,248</u>	<u>360</u>

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)****12 Taxation (continued)****Reconciliation of effective tax rate**

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2023	2022
	£'000	£'000
Loss for the year before tax	(4,734)	(7,781)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	(899)	(1,478)
Effects of:		
Fixed Asset Differences	(30)	2
Expenses not deductible for tax purposes	1,884	1,944
Adjustments to current tax charge in respect of prior periods	210	(193)
Adjustments to deferred tax charge in respect of prior periods	93	40
Effect of tax rate change on opening balance	(10)	45
Total tax charge included in profit or loss	<u>1,248</u>	<u>360</u>

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

The deferred tax liability at 31 March 2023 has been calculated at 25% (2022: 25%), reflecting the expected timing of reversal of the related timing differences.

13 Investments

	2023	2022
	£'000	£'000
Investments in subsidiary companies	-	-

The Company has the following investments in subsidiary companies at 31 March 2023. All of these subsidiary companies have a registered office of Nexus House, Boundary Way, Hemel Hempstead HP2 7SJ

Directly held

Company and registered number	Country of incorporation	% holding	Nature of business
California Midco Limited (11552594)	England and Wales	100	Intermediate holding company

Indirectly held via intermediate holding companies

Company and registered number	Country of incorporation	% holding	Nature of business
California Bidco Limited (11552809)	England and Wales	100	Intermediate holding company
Cloud Topco Limited (09610699)	England and Wales	100	Intermediate holding company
Cloud Midco Limited (09610812)	England and Wales	100	Intermediate holding company
Cloud Bidco Limited (09610904)	England and Wales	100	Intermediate holding company
4 Ways Healthcare Limited (04785250)	England and Wales	100	Provision of teleradiology
4 Ways Telediagnosics Limited (10190493)	England and Wales	100	Dormant
4 Ways Diagnostics Limited (10191497)	England and Wales	100	Dormant

All of the above subsidiaries are included in the consolidated financial statements and are entitled to take exemption from the requirement for their individual financial statement to be audited under S479A of the Companies Act 2006 relating to subsidiary companies. The above intermediate holding companies have opted to take this exemption.

California Topco Limited
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
14 Intangible fixed assets

	Goodwill on investments	Contract- related intangible	Technology and Software	Development costs	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 March 2022	56,969	2,500	1,685	1,406	62,560
Additions	-	-	109	148	257
Disposals	-	(2,500)	-	-	(2,500)
At 31 March 2023	56,969	-	1,794	1,554	60,317
Amortisation					
At 31 March 2022	(20,493)	(2,500)	(1,039)	(771)	(24,803)
Charge for the year	(5,719)	-	(309)	(240)	(6,268)
Disposals	-	2,500	-	-	2,500
At 31 March 2023	(26,212)	-	(1,348)	(1,011)	(28,571)
Net book value					
At 31 March 2022	36,476	-	646	635	37,757
At 31 March 2023	30,757	-	446	543	31,746

The contract related intangible was fully disposed during the year because the customer contract that it related to ended and the Group decided not to renew the contract. The asset had already been fully amortised and there was no gain or loss on disposal.

15 Tangible Fixed Assets

	Fixtures, Fittings & Equipment £'000
Cost	
Balance at 31 March 2022	1,734
Additions	474
Balance at 31 March 2023	2,208
Depreciation	
Balance at 31 March 2022	(13)
Depreciation charge for the year	(721)
Balance at 31 March 2023	(734)
Net book value	
Balance at 31 March 2022	1,721
Balance at 31 March 2023	1,474

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)****16 Debtors**

	2023	2022
	£'000	£'000
<i>Group</i>		
Trade debtors	5,315	4,941
Other debtors	386	292
Prepayments and accrued income	375	481
	<u>6,076</u>	<u>5,714</u>
<i>Company</i>		
Other debtors	345	256
Amounts owed by subsidiary companies	39,423	35,840
	<u>39,768</u>	<u>36,096</u>

Other debtors for the Group and Company includes £260,527 (2022: £255,527) which is due after more than one year (see note 27).

Amounts owed by subsidiary companies accrue interest at a rate of 10% per year and are repayable on demand.

17 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
<i>Group</i>		
Bank loans (see note 19)	(1,828)	(1,506)
Trade creditors	(3,376)	(2,853)
Corporation tax liability	(1,670)	(481)
Other taxes and social security	(149)	(165)
Accruals and deferred income	(549)	(757)
Other creditors	(9)	-
	<u>(7,581)</u>	<u>(5,762)</u>
<i>Company</i>		
Accruals and deferred income	(20)	(84)
Other taxes and social security	(2)	-
Amounts owed to subsidiary companies	(1,178)	(699)
	<u>(1,200)</u>	<u>(783)</u>

Amounts owed to subsidiary companies do not incur interest and are repayable on demand.

California Topco Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

18 Creditors: amounts falling due after one year

	2023	2022
	£'000	£'000
<i>Group</i>		
Bank loans (see note 19)	(35,577)	(33,591)
Shareholder loan notes (see note 20)	(2,494)	(8,447)
Preference shares (see note 21)	(38,566)	(35,045)
	<u>(76,637)</u>	<u>(77,083)</u>
<i>Company</i>		
Preference shares (see note 21)	(38,566)	(35,045)
	<u>(38,566)</u>	<u>(35,045)</u>

19 Bank loans

On 2 August 2019 the Group undertook a refinancing of its debt, which resulted in a redemption of the balances owed by the Group to Lloyds Bank, the repayment of the shareholder bridging loan, the repayment of £7.5m of shareholder loan notes (see note 20), and the advancement of a new loan facility by Lloyds Bank to California Bidco Limited of £22m. As part of this Group refinancing the Group companies have granted fixed and floating charges over their assets in favour of Lloyds Bank.

A second refinancing of the Group's debt took place on 24 December 2021, which resulted in the repayment of £16.417m of shareholder loan notes and accrued interest (see note 20), and the addition of a new loan facility by Lloyds Bank to California Bidco Limited of £14.88m. As part of this Group refinancing the Group companies granted additional fixed and floating charges over their assets in favour of Lloyds Bank.

A further refinancing of the Group's debt took place on 16 May 2022, which resulted in the repayment of £6.347m of shareholder loan notes and accrued interest (see note 20), and the addition of a new loan facility by Lloyds Bank to California Bidco Limited of £4.00m. As part of this Group refinancing the Group companies granted additional fixed and floating charges over their assets in favour of Lloyds Bank.

The loan is in four tranches: Facility A for £5.5m is repayable in quarterly instalments between December 2019 and June 2024; Facility B for £16.5m is repayable in full on 2 August 2025. Facility C for £14.88m is repayable in full on 2 August 2025. Facility D for £4.00m is repayable in full on 2 August 2025. Interest is charged on Facility A at SONIA plus 3.58% p.a., on Facility B at SONIA plus 4.33% p.a., on Facility C at SONIA plus 4.33% p.a., and on Facility D at SONIA plus 4.49% p.a.

	2023	2022
	£'000	£'000
Facility A	2,859	4,510
Facility B	16,500	16,500
Facility C	14,880	15,054
Facility D	4,000	-
Unamortised loan fees	(834)	(967)
	<u>37,405</u>	<u>35,097</u>
<i>Analysis of maturity of bank loans:</i>		
Within one year or on demand	1,828	1,506
Between one and five years	35,577	33,591
	<u>37,405</u>	<u>35,097</u>

After the end of the reporting period, on 4 April 2023, all shares in California Topco Limited were acquired by Malibu Bidco Limited. As part of this transaction all four loan facilities with Lloyds Bank were repaid, along with all outstanding interest (see note 28).

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)****20 Shareholder loan notes**

The shareholder loan notes accrue interest at a daily rate equivalent to an annual rate of 10% per annum and are due for redemption on 17th September 2026, or any date earlier as requested by written resolution of the Noteholders. The Loan Note Agreement includes a clause under which Note holders can request for a proportion of the Notes to be repaid earlier if certain conditions are met. These conditions include certain financial conditions as set out in the Senior Facility Agreement which specify a target range for certain financial conditions be met before repayment can be requested.

On 2 August 2019 the Group undertook a refinancing of its debt, which resulted in the repayment of shareholder loan notes amounting to £7,474,254. A second refinancing of the Group's debt took place on 24 December 2021, which resulted in the repayment on 30 December 2021 of £12,636,573 of shareholder loan notes and £3,780,353 of accrued interest. A further refinancing of the Group's debt took place on 16 May 2022, which resulted in the repayment on 18 May 2022 of £2,737,164 of shareholder loan notes and £3,609,836 of accrued interest.

	2023	2022
	£'000	£'000
Original balance	2,140	4,877
Interest accrued at 31 March	354	3,570
	<u>2,494</u>	<u>8,447</u>

On 15 March 2021, £15,905,395 of the A1 to A10 investor loan notes held by ECI Partners LLP were admitted to the official list of the International Stock Exchange. On 11 January 2022 £12,006,710 of the A1 to A10 investor loan notes were partially delisted. On 17 February 2022 £3,089,817 of Payment In Kind (PIK) notes on the A1 to A10 investor loan notes were admitted to the official list of the International Stock Exchange. On 24 May 2022, £2,342,886 of the A1 to A10 investor loan notes were partially delisted and the PIK notes on the A1 to A10 investor loan notes were fully delisted.

After the end of the reporting period, on 4 April 2023, all shares in California Topco Limited were acquired by Malibu Bidco Limited. As part of this transaction the remaining A1 to A10 investor loan notes were delisted and all loan notes and accrued interest were fully repaid, on 6 April 2023 (see note 28).

21 Preference shares

On 17 September 2018 the Company issued cumulative redeemable preference shares with a par value of £0.01 per share for a total consideration of £24,988,303. The shares attract a dividend of 10% per annum which compounds on the anniversary of the original issue date if it is not paid. The Company has no discretion as to whether to declare this dividend, and accordingly the preference shares have been classified as a financial liability. The preference shares together with any unpaid compounded dividends are redeemable by the Company on or after 17 September 2026, or upon a sale of the Company if earlier than this date.

	2023	2022
	£'000	£'000
Original balance	24,988	24,988
Dividend accrued at 31 March	13,578	10,057
	<u>38,566</u>	<u>35,045</u>

22 Deferred tax liabilities

	2023	2022
	£'000	£'000
Accelerated capital allowances	346	391
Short-term timing differences	(67)	(165)
Total deferred tax liability	<u>279</u>	<u>226</u>

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)****22 Deferred tax liabilities (continued)***Movement in deferred tax provision:*

	2023 £'000	2022 £'000
Deferred tax liability at start of year	226	441
Deferred tax charge/(credit) in statement of comprehensive income for the year	53	(215)
Deferred tax liability at end of year	<u>279</u>	<u>226</u>

23 Share capital and share premium

The Company has the following share capital at 31 March 2023.

	Allotted, called up and fully paid				
	Authorised £	Authorised Number	Share premium £	Share capital £	Number
'A' Ordinary shares of £0.01 each	3,657	365,774	362,117	3,657	365,774
'B' Ordinary shares of £0.001 each	34	34,226	34,192	34	34,226
'C1' Ordinary shares of £0.01 each	350	35,000	34,650	350	35,000
'C2' Ordinary shares of £0.30 each	15,750	52,500	-	15,750	52,500
'C3' Ordinary shares of £0.035 each	1,575	45,000	43,425	1,575	45,000
'C4' Ordinary shares of £0.30 each	6,000	20,000	14,000	6,000	20,000
	<u>27,366</u>	<u>552,500</u>	<u>488,384</u>	<u>27,366</u>	<u>552,500</u>

The 'A', 'B', 'C1', 'C2', 'C3' and 'C4' Ordinary shares constitute different classes of shares, but otherwise confer the same rights and rank pari-passu except that in the event of a sale of the Company the holders of the 'A' Ordinary shares, followed by holders of the 'C2' ordinary shares rank more highly for distribution of any sale proceeds than holders of the other classes of Ordinary shares.

On 30 December 2021 5,000 'C1' Ordinary shares were issued at a price of £1 to a director of the Company. In addition, 52,500 'C2' Ordinary shares were issued at a price of £0.30 to controlling parties and 20,000 'C2' shares were reclassified as 'C4' shares.

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)****24 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	2023	2022
	£'000	£'000
Less than one year	270	271
Between one and five years	1,167	1,141
More than five years	592	888
	2,029	2,300

The amount charged to the profit and loss account for the year in respect of operating lease charges was £270,486 (2022: £210,095)

25 Ultimate Controlling Party

ECI Partners LLP were the ultimate controlling party at 31 March 2023. The Group represents the largest entity in which the results are consolidated.

On 4 April 2023 Malibu Bidco Limited acquired all of the share capital of California Topco Limited. Upon acquisition the immediate parent company became Malibu Bidco Limited and the ultimate controlling party became EQT AB (see note 28).

26 Related Parties

Purchases of services are made on an arm's length basis and are reflective of market price. In the financial year ended 31 March 2023 service were purchased from Soar Limited, who share a director with the Group, for consultancy services.

Balances due

		2023	2022
	Note	£'000	£'000
Amounts owed to related parties		-	-
Amounts due from related parties	27	261	256

Included in loss for the year

	2023	2022
	£'000	£'000
Purchase of goods and services from related parties	60	45

On 30 December 2021 the Group made repayments on the Shareholder Loan Notes (see note 20). On 18 May 2022 the Group made further repayments on the Shareholder Loan Notes and PIK notes (see note 20).

On 30 December 2021 the Company issued additional shares to related parties (see note 23).

After the end of the reporting period, on 4 April 2023, all ordinary and preference shares in California Topco Limited were acquired by Malibu Bidco Limited (see note 28). As part of this transaction the remaining A1 to A10 investor loan notes were delisted and all loan notes and accrued interest were fully repaid. The balance and accrued interest on the director's loan account was also fully repaid.

California Topco Limited**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)****27 Director's Loan Account****Ajay B. Chadha**

	2023
	£'000
Balance at 1 April 2022	256
Interest accrued	5
Balance at 31 March 2023	261

On 23 November 2020 the Company provided a loan facility of £100,000 to Ajay B. Chadha, a director, with funds drawn down on the date of the agreement. The loan term is for 5 years with the balance being due for repayment no later than 23 November 2025. Interest accrues from day to day, with the applicable rate for the year being 2.25% per annum up to 5 April 2021 and 2.00% per annum from 6 April 2021 to 31 March 2023. As at the Balance Sheet date no repayments had been made and the outstanding balance was £104,798.

On 4 May 2021 the Company provided a further loan facility of £150,000 to Ajay B. Chadha, a director, with funds drawn down on the date of the agreement. The loan term is for 5 years with the balance being due for repayment no later than 4 May 2026. Interest accrues from day to day, with the applicable rate for the year being 2.00% per annum. As at the Balance Sheet date no repayments had been made and the outstanding balance was £155,729.

After the end of the reporting period, on 4 April 2023, all shares in California Topco Limited were acquired by Malibu Bidco Limited. As part of this transaction the balance and accrued interest on the director's loan account was fully repaid.

28 Events After the End of the Reporting Period

On 4 April 2023, through its subsidiary company Malibu Bidco Limited, Evidia, a leading radiology and radiotherapy services provider in Germany, Sweden and Norway acquired all of the ordinary and preference share capital of California Topco Limited, whose operating subsidiary 4 Ways Healthcare Limited, is a leading UK and European tele-diagnostic company. The acquisition by Evidia, which is backed by EQT Infrastructure, will further accelerate Evidia's journey to becoming a pan-European market leader in radiology services. Post acquisition the immediate parent company is Malibu Bidco Limited and the ultimate controlling party is EQT AB.

As part of the acquisition all four loan facilities with Lloyds Bank were repaid, along with all outstanding interest.

In addition, the remaining A1 to A10 investor loan notes were delisted and all shareholder loan notes and accrued interest were fully repaid.

The balance and accrued interest on the director's loan account was also fully repaid as part of this transaction.

The repayment of the loan facilities with Lloyds Bank and shareholder loan notes and accrued interest was funded by a new intercompany loan with Evidia UK Limited.