

CARE Fertility Chester (Holdings) Limited

Annual report and financial statements

Registered number 10648947 (England & Wales)

Year ended 31 August 2021

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Officers and professional advisers

The board of directors

Mr DB Burford
Mr PD Brame

Business address

Countess of Chester Hospital
Fertility & Conception Unit
Liverpool; Road
Chester
CH2 1UL

Registered office

John Webster House
6 Lawrence Drive
Nottingham Business Park
Nottingham
NG8 6PZ

Bankers

NatWest Bank Plc
16 South Parade
Nottingham
NG1 2JX

Strategic report

Business review

CARE Fertility Chester (Holdings) Limited ('the Company') is a subsidiary of the CARE Fertility Holdings Limited (formerly Royton Topco Limited) group ('the Group'). The Company is a holding company within the CARE Fertility Holdings Limited Group ('the Group').

Risk management

The Group is one of the UK's largest independent fertility healthcare groups and employs a leading team of fertility specialists in the UK, with strong industry links in the UK and overseas. This breadth of resource helps to limit and diversify away from any single individual trading risk.

As a provider of healthcare services, management of clinical risk is extremely important, and the Group has in place a formal risk management policy together with a robust, multi-professional clinical governance policy and programme which ensures that the care of the patient is central to all activities. The Group approaches clinical risk management in many ways including:

- Continuous review of patient outcomes and sharing best practice across the Group to achieve quality improvement including but not limited to clinical pregnancy success rates;
- Recruitment and retention of a highly skilled and qualified team of medical consultants, embryologists and nurses across the Group;
- Peer reviews are undertaken across all disciplines to ensure compliance with Group policies and protocols;
- All treatments undertaken by the Group are performed under a licence issued by the independent regulator, the Human Fertilisation and Embryology Authority (HFEA). The Group works closely with the HFEA in order to ensure that all clinics comply with its regulations and those of other regulatory bodies such as the Care Quality Commission;
- Compliance with guidelines laid down by professional bodies such as the Royal College of Obstetricians and Gynaecologists, the Association of Clinical Embryologists, the British Fertility Society and the National Institute for Clinical Excellence;
- Maintenance of a robust incident reporting system to ensure that all issues and complaints are thoroughly investigated with an open, no-blame and learning culture.

As a leading provider of fertility services, the Group works hard to maintain its position at the forefront of technical advances in the field to continue to offer its patients the most appropriate treatment and the best chance of a successful outcome. Across the Group multi-discipline teams undertake projects to develop best practice and explore new treatments working closely with experts from around the world and forming strategic relationships with key suppliers.

Although there is national guidance from the National Institute for Clinical Excellence covering the public funding of infertility treatment, the actual provision of funding across the UK can be variable. The Group mitigates this risk by securing contracts with NHS commissioning bodies and offering private and NHS funded patients the same high standard of care.

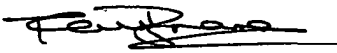
Strategic report *(continued)*

Risk management *(continued)*

The Group makes use of financial instruments such as an operational bank account and short-term treasury deposits so its exposure to price risk, credit risk, liquidity risk and cash flow risk is limited.

As with any Group there is a risk of general or specific adverse trading conditions. The Group regularly reviews its trading results and updates its forecasts to ensure it has sufficient headroom within its secured facilities to accommodate reasonable fluctuations in outturns.

Signed on behalf of the directors



PD Brame
Director

Approved by the directors on 1 February 2022

Directors' report

The directors present their report and the financial statements of CARE Fertility Chester (Holdings) Limited ('the Company') for the year ended 31 August 2021.

Change of company name and accounting reference date

The Company was acquired by CARE Fertility Group Limited on 24 September 2020. The Company passed a special resolution on 24 September 2020 changing its name from Cheshire Reproductive Medicine (Holdings) Limited to CARE Fertility Chester (Holdings) Limited..

Principal activities

The principal activity of the Company during the year was that of a holding company.

Results and dividends

The loss for the year, after taxation, amounted to £nil (*period to 31 August 2020: £nil*). Dividends of £nil were paid during the year (*period to 31 August 2020: £nil*). The directors have not recommended payment of a final dividend.

Directors

The directors who served the Company during the year and to the date of this report were as follows:

Mr DB Burford

Mr PD Brame

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. The risk management section of the Strategic report and note 1 include a description of the Company's policies and processes for managing its capital, details of its financial instruments, and its exposure to credit risk and liquidity risk.

The Company is part of the CARE Fertility Holdings Limited (previously Royton Topco Limited) group (the 'Group'). The Company is reliant on group financing facilities continuing to be made available by CARE Fertility Holdings Limited. CARE Fertility Holdings Limited has agreed to provide sufficient funds to the Company to enable it to meet its liabilities as they fall due, but only to the extent that money is not otherwise available to meet such liabilities, for a period of at least 12 months from the date of signing of these financial statements.

As of 31 August 2021, the Group was principally funded by preference shares of £57m, loan notes listed on The International Stock Exchange of £22m and funds drawn under a £73m Senior Facilities Agreement ('SFA') which was entered into on 8 April 2019. On 22 June 2020, the Group secured a revised financing package with its lenders mitigating the risk of any such potential breach and have met covenant compliance since. The preference shares and loan notes carry no covenants and there is no repayment requirement in the going concern assessment period other than in the event of the disposal of the Group by its shareholders.

The Board has performed a number of stress tests to assess the Group's ability to continue as a going concern for a period from the date of approval of these financial statements through to 31 January 2023, with a focus on 1) the sufficiency of liquidity to fund operations, and 2) whether the Group is forecast to be in compliance with these amended covenants.

The directors have prepared forecasts for the Group covering a period through to 31 January 2023. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability and cashflows. The forecasts have been sensitised for a reduction in revenue to the end of the review period with the impact on profitability and cash flow considered, net of certain expected cost savings given the reduced volumes. The forecasts have also been reverse stress tested with some further cost mitigations, each within the control of the business.

In the most severe but plausible scenario forecasted, the Group would still have sufficient profitability to meet its bank covenant requirements and would retain sufficient liquidity to fund operations.

Directors' report *(continued)*

Going concern *(continued)*

In the reverse stress tested scenario, based on a 20% reduction in revenue for the 12-month outlook period, the Group would need further mitigating action such as reducing overhead spend permanently and delaying development and capital expenditure. Should it become apparent that trading performance is being affected for a prolonged period, the directors will undertake a further review on discretionary expenditure and capital investment to protect the Group's position.

The Group also considered and assessed there were no significant events forecast in the period after 31 January 2023 that would impact the going concern assessment.

Having considered all the above, including the Group's current financial position and its willingness to provide financial support to the Group as needed, the directors remain confident in the long-term future prospects for the Group and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Signed on behalf of the directors



PD Brame
Director

Approved by the directors on 1 February 2022

Statement of directors' responsibilities in respect of the annual report and financial statements

The directors are responsible for preparing the strategic report, the directors' 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 they have elected to prepare the 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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 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 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 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 Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of income and retained earnings
for the year ended 31 August 2021

	<i>Note</i>	Year ended 31 Aug 21 £	Period to 31 Aug 20 £
Other operating expenses		-	-
Operating loss and loss before taxation	2	-	-
Tax charge on loss		-	-
Loss for the financial year/period		-	-

In the current year and prior period, the Company made no material acquisitions and had no discontinued operations.

Balance sheet
as at 31 August 2021

	Note	£	2021	£	£	2020	£
Current assets							
Debtors	3	39,881			39,881		
Creditors: amounts falling due within one year	4	-			-		
Net current assets/(liabilities)			39,881			39,881	
Total assets less current liabilities			39,881			39,881	
Net assets/(liabilities)			39,881			39,881	
Capital and reserves							
Called up share capital	5		185		185		
Other reserves			1,047,801		1,047,801		
Profit and loss account			(1,008,105)		(1,008,105)		
Shareholders' funds/(deficit)			39,881			39,881	

For the year ending 31 August 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirement.

These financial statements were approved by the directors and authorised for issue on 1 February 2022 and are signed on their behalf by



PD Brame
Director

Company registered number: 10648947

Statement of changes in equity

At 31 August 2021

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1 September 2020	100	1,007,045	(1,008,105)	(960)
Total comprehensive income for the year				
Loss for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 August 2021	100	1,007,045	(1,008,105)	(960)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
Balance at 25 September 2019	100	1,007,045	(1,008,105)	(960)
Total comprehensive income for the period				
Loss for the period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners, recognised directly in equity				
Share capital issued	85	40,756	-	40,841
	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners, recognised directly in equity	85	40,756	-	40,841
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 August 2020	185	1,047,801	(1,008,105)	39,881
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of these financial statements)

1 Accounting policies

CARE Fertility Chester (Holdings) Limited (formerly IVI NW Limited, 'the Company') is a company limited by shares and incorporated and domiciled in the UK. The registered number is 10648947 and the registered address is John Webster House, 6 Lawrence Drive, Nottingham Business Park, Nottingham, NG8 6PZ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('FRS 102') as issued in March 2018 as well as amendments that have been made since March 2018 that are effective for accounting periods on or after 1 January 2020. These amendments have no material impact on the company's financial statements. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the note entitled Subsequent Events.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. The risk management section of the Strategic report and note 1 include a description of the Company's policies and processes for managing its capital, details of its financial instruments, and its exposure to credit risk and liquidity risk.

The Company is part of the CARE Fertility Holdings Limited (previously Royton Topco Limited) group (the 'Group'). The Company is reliant on group financing facilities continuing to be made available by CARE Fertility Holdings Limited. CARE Fertility Holdings Limited has agreed to provide sufficient funds to the Company to enable it to meet its liabilities as they fall due, but only to the extent that money is not otherwise available to meet such liabilities, for a period of at least 12 months from the date of signing of these financial statements.

As of 31 August 2021, the Group was principally funded by preference shares of £57m, loan notes listed on The International Stock Exchange of £22m and funds drawn under a £73m Senior Facilities Agreement ('SFA') which was entered into on 8 April 2019. On 22 June 2020, the Group secured a revised financing package with its lenders mitigating the risk of any such potential breach and have met covenant compliance since. The preference shares and loan notes carry no covenants and there is no repayment requirement in the going concern assessment period other than in the event of the disposal of the Group by its shareholders.

The Board has performed a number of stress tests to assess the Group's ability to continue as a going concern for a period from the date of approval of these financial statements through to 31 January 2023, with a focus on 1) the sufficiency of liquidity to fund operations, and 2) whether the Group is forecast to be in compliance with these amended covenants.

The directors have prepared forecasts for the Group covering a period through to 31 January 2023. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability and cashflows. The forecasts have been sensitised for a reduction in revenue to the end of the review period with the impact on profitability and cash flow considered, net of certain expected cost savings given the reduced volumes. The forecasts have also been reverse stress tested with some further cost mitigations, each within the control of the business.

In the most severe but plausible scenario forecasted, the Group would still have sufficient profitability to meet its bank covenant requirements and would retain sufficient liquidity to fund operations.

Notes (continued)

1 Accounting policies (continued)

1.2. Going concern (continued)

In the reverse stress tested scenario, based on a 20% reduction in revenue for the 12-month outlook period, the Group would need further mitigating action such as reducing overhead spend permanently and delaying development and capital expenditure. Should it become apparent that trading performance is being affected for a prolonged period, the directors will undertake a further review on discretionary expenditure and capital investment to protect the Group's position.

The Group also considered and assessed there were no significant events forecast in the period after 31 January 2023 that would impact the going concern assessment.

Having considered all the above, including the Group's current financial position and its willingness to provide financial support to the Group as needed, the directors remain confident in the long-term future prospects for the Group and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

1.1. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.2. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

1.3. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Notes (continued)

1 Accounting policies (continued)

1.4. Impairment excluding stocks

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

1.5. Investments

Investments are stated at cost less any accumulated impairment losses. Investments are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that they may be impaired.

1.6. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

Notes (continued)

2 Operating loss

The average number of persons employed by the Company (including directors) during the year, analysed by category, was £nil. The aggregate payroll costs incurred by the Company was £nil.

The directors are also directors of other companies within the Group. The directors consider their qualifying services as being provided to the Group as a whole rather than to any one Company within the Group. Accordingly, details of directors' remuneration have been presented in the consolidated accounts of CARE Fertility Holdings Limited (formerly Royton Topco Limited).

3 Debtors

	2021	2020
	£	£
Amounts owed to group undertakings	39,881	39,881
	<hr/>	<hr/>
	39,881	39,881
	<hr/>	<hr/>

4 Creditors: amounts falling due in less than one year

	2021	2020
	£	£
Amounts owed to group undertakings	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Notes (continued)

5 Capital and reserves

Share capital

	2021	2020
	£	£
100 ordinary shares of £1 each	-	-
139 A ordinary shares of £1 each	139	139
46 B ordinary shares of £1 each	46	46
	<hr/> 185 <hr/>	<hr/> 185 <hr/>

On 9 January 2020, 100 ordinary shares were reclassified as A ordinary shares and 39 A ordinary shares and 46 B ordinary shares were issued. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Further details on the rights of the shares can be found in the Articles of Association.

6 Related party transactions

The Company is exempt from disclosing transactions with other wholly owned group companies under Section 33.1A of FRS102. There were no other related party transactions in the year.

7 Ultimate controlling party

The Company's immediate parent Company is CARE Fertility Group Limited. The Company's ultimate controlling party is Silverfleet Capital Partners LLP, an investment holding limited liability partnership registered in Great Britain.

The largest group in which the results of the Company are consolidated is that headed by CARE Fertility Holdings Limited (formerly Royton Topco Limited). The smallest group in which they are consolidated is that headed by CARE Fertility Group Limited. These consolidated financial statements are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The registered office is detailed on page 1.