

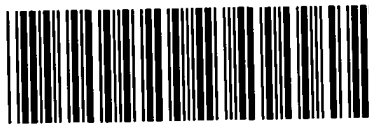
Registered number: 10680302

RUTHERFORD CANCER CARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2020

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RUTHERFORD CANCER CARE LIMITED

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RUTHERFORD CANCER CARE LIMITED

COMPANY INFORMATION

Directors	M Moran K Sikora
Registered number	10680302
Registered office	15 Bridge Street Hereford HR4 9DF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW

RUTHERFORD CANCER CARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

The directors present their annual report and the audited financial statements of Rutherford Cancer Care Limited (the "Company") for the year ended 29 February 2020.

Principal activities

The Company's principal activity is specialists medical practice activities.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

M Moran
K Sikora

Principal risks and uncertainties

Rutherford Cancer Care Limited relies on a related entity, the parent entity Rutherford Health Plc. Therefore, the Company's ability to continue as a going concern is dependent on the Group providing ongoing support of their working capital and trading activities. The Directors have received confirmation that the immediate parent Rutherford Health Plc intends to provide financial support to the Company for a period of at least 12 months from the date of approval of these financial statements. However, there are material uncertainties of the going concern assumption of the Group, which has in turn caused material uncertainty of its ability to provide continuing financial support to the Company. These circumstances indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Going concern

The Company is a wholly owned subsidiary of Rutherford Health Plc. Many of the Company's transactions and arrangements are with other related entities within the Rutherford Health Group. Therefore, the Company's ability to continue as a going concern is dependent on the Group providing ongoing support of their working capital and trading activities. The Directors have received confirmation that the immediate parent Rutherford Health Plc intends to provide financial support to the Company for a period of at least 12 months from the date of approval of these financial statements. Hence the Company is reliant on the ongoing support of its parent.

However, the consolidated financial statements of Rutherford Health Plc for the year ended 29 February 2020 include disclosure of the following material uncertainties:

The Group is funded through a combination of equity funding and a debt finance facility of £20m to support the building of its facilities and cashflow requirements during the growth phase of the business. Only three of its four centres were operational in 2019/20, and the fourth is expected to commence services in the current financial year. As a result the Group expects to continue to be loss-making in the current financial year.

The Group has prepared cashflow forecasts that take account of the current capital expenditure plans, draw down of committed funding and an expectation of increases in patient numbers across all its sites. However, the Group is still in the early stages of its revenue life cycle and the future cash flow forecasts prepared by the Group include some significant growth assumptions.

Sensitivity analysis has been prepared on the cash flow projections to evaluate the uncertainty as to the future impact on the Group of the recent COVID-19 outbreak. Thus far, we have seen a slower growth rate in patient numbers due to COVID-19 and the sensitivity analysis assumes: continued slow down in revenue growth across the centres, no reductions in overheads and forecast capital expenditure continues to plan.

RUTHERFORD CANCER CARE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

Going concern (continued)

This downside scenario is currently considered unlikely, not least because the current low rate of treatment of cancer in the UK does not represent a reduction in cancer in the population. However, it is difficult to predict the overall impact of COVID-19 over the coming year at this stage. A downside scenario whereby there is a significant delay in the Group achieving its planned revenue growth, it is likely that additional funding would be required. The board regularly reviews its financing options and discussions with potential funders and investors indicate that should the Group require further funding, this would be available. Only the downside scenario detailed above would indicate the existence of a material uncertainty which may cast significant doubt upon the Group's ability to continue as a going concern. The Consolidated Financial Statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

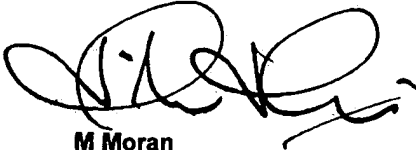
RUTHERFORD CANCER CARE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 FEBRUARY 2020**

Small companies exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available and has not presented a Strategic Report.

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M Moran', written over a horizontal line.

M Moran
Director

Date: 27 July 2020

RUTHERFORD CANCER CARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUTHERFORD CANCER CARE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Rutherford Cancer Care Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 February 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise: the Balance Sheet as at 29 February 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the Company's ability to continue as a going concern. The Company's status as a going concern is dependent on the support of the immediate parent undertaking Rutherford Health Plc, and its wider Group, to manage its working capital requirements and to achieve forecasted revenue and cash receipts. This is uncertain due to the financial performance of the Group during the year, along with the inherent difficulty in assessing the impact that the coronavirus situation will have on both the Group and the Company's ability to continue as a going concern. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

RUTHERFORD CANCER CARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUTHERFORD CANCER CARE LIMITED (CONTINUED)

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 29 February 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

RUTHERFORD CANCER CARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUTHERFORD CANCER CARE LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
Date: 27 July 2020

RUTHERFORD CANCER CARE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Note	2020 £	2019 £
Turnover		5,592,602	1,445,366
Cost of sales		(6,807,636)	(3,478,118)
Gross loss		(1,215,034)	(2,032,752)
Administrative expenses		(4,397,674)	(3,137,275)
Operating loss	4	(5,612,708)	(5,170,027)
Loss before taxation		(5,612,708)	(5,170,027)
Tax on loss	8	1,164,178	855,537
Loss for the financial year		(4,448,530)	(4,314,490)
Total comprehensive expense for the financial year		(4,448,530)	(4,314,490)

The notes on pages 11 to 23 form part of these financial statements.

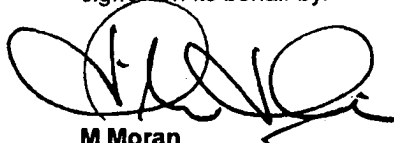
RUTHERFORD CANCER CARE LIMITED
REGISTERED NUMBER: 10680302

BALANCE SHEET
AS AT 29 FEBRUARY 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	9	1,660	6,899
Current assets			
Debtors	10	3,515,096	1,504,054
Cash at bank and in hand		5,750	-
		<u>3,520,846</u>	<u>1,504,054</u>
Creditors: amounts falling due within one year	11	(13,331,349)	(6,938,656)
Net current liabilities		<u>(9,810,503)</u>	<u>(5,434,602)</u>
Total assets less current liabilities		<u>(9,808,843)</u>	<u>(5,427,703)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		(9,808,844)	(5,427,704)
Total shareholders' deficit		<u>(9,808,843)</u>	<u>(5,427,703)</u>

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

The financial statements on pages 8 to 23 were approved and authorised for issue by the board and were signed on its behalf by:



M Moran
Director

Date: 27 July 2020

The notes on pages 11 to 23 form part of these financial statements.

RUTHERFORD CANCER CARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Called up share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
At 1 March 2018	1	(1,196,450)	(1,196,449)
Comprehensive expense for the financial year			
Loss for the financial year	-	(4,314,490)	(4,314,490)
Total comprehensive expense for the financial year	-	(4,314,490)	(4,314,490)
Contributions by and distributions to owners			
Share based payment expense	-	70,783	70,783
Deferred tax on share based payment	-	12,453	12,453
Total transactions with owners	-	83,236	83,236
At 28 February 2019 and 1 March 2019	1	(5,427,704)	(5,427,703)
Comprehensive expense for the financial year			
Loss for the financial year	-	(4,448,530)	(4,448,530)
Total comprehensive expense for the financial year	-	(4,448,530)	(4,448,530)
Contributions by and distributions to owners			
Share based payment expense	-	64,798	64,798
Deferred tax on share based payment	-	2,592	2,592
Total transactions with owners	-	67,390	67,390
At 29 February 2020	1	(9,808,844)	(9,808,843)

The notes on pages 11 to 23 form part of these financial statements.

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

1. General information

Rutherford Cancer Care Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is 15 Bridge Street, Hereford, HR4 9DF.

The Company's principal activity is specialists medical practice activities.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.3 Going concern

The Company is a wholly owned subsidiary of Rutherford Health Plc. Many of the Company's transactions and arrangements are with other related entities within the Rutherford Health Group. Therefore, the Company's ability to continue as a going concern is dependent on the Group providing ongoing support of their working capital and trading activities. The Directors have received confirmation that the immediate parent Rutherford Health Plc intends to provide financial support to the Company for a period of at least 12 months from the date of approval of these financial statements. Hence the Company is reliant on the ongoing support of its parent.

However, the consolidated financial statements of Rutherford Health Plc for the year ended 29 February 2020 include disclosure of the following material uncertainties:

The Group is funded through a combination of equity funding and a debt finance facility of £20m to support the building of its facilities and cashflow requirements during the growth phase of the business. Only three of its four centres were operational in 2019/20, and the fourth is expected to commence services in the current financial year. As a result the Group expects to continue to be loss-making in the current financial year.

The Group has prepared cashflow forecasts that take account of the current capital expenditure plans, draw down of committed funding and an expectation of increases in patient numbers across all its sites. However, the Group is still in the early stages of its revenue life cycle and the future cash flow forecasts prepared by the Group include some significant growth assumptions.

Sensitivity analysis has been prepared on the cash flow projections to evaluate the uncertainty as to the future impact on the Group of the recent COVID-19 outbreak. Thus far, we have seen a slower growth rate in patient numbers due to COVID-19 and the sensitivity analysis assumes: continued slow down in revenue growth across the centres, no reductions in overheads and forecast capital expenditure continues to plan.

This downside scenario is currently considered unlikely, not least because the current low rate of treatment of cancer in the UK does not represent a reduction in cancer in the population. However, it is difficult to predict the overall impact of COVID-19 over the coming year at this stage. A downside scenario whereby there is a significant delay in the Group achieving its planned revenue growth, it is likely that additional funding would be required. The board regularly reviews its financing options and discussions with potential funders and investors indicate that should the Group require further funding, this would be available. Only the downside scenario detailed above would indicate the existence of a material uncertainty which may cast significant doubt upon the Group's ability to continue as a going concern. The Consolidated Financial Statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

2.4 Turnover

The Group generates its turnover from fees receivable from the operation of its cancer treatment centres.

2.5 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.5 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	- 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

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

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.10 Share-based compensation benefits

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.13 Current and deferred taxation

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

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

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

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

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

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors consider that there are no significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

4. Operating loss

The operating loss is stated after charging:

	2020	2019
	£	£
Depreciation of tangible assets	5,239	5,773
Exchange differences	4,023	5,957
	<u>9,262</u>	<u>11,730</u>

5. Auditors' remuneration

Auditors' remuneration of £5,360 (2019: £1,030) was borne by Rutherford Health Plc, and no recharge was made.

	2020	2019
	£	£
Fees for audit of the Company	5,360	1,030
	<u>5,360</u>	<u>1,030</u>

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

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

6. Employees

	2020 £	2019 £
Wages and salaries	3,856,580	2,812,950
Social security costs	425,463	305,442
Other pension costs	372,792	259,891
	<u>4,654,835</u>	<u>3,378,283</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 Number	2019 Number
Managerial	20	12
Clerical	77	53
	<u>97</u>	<u>65</u>

7. Directors' remuneration

Directors' remuneration paid during the year was £Nil (2019: £Nil).

8. Tax on loss

	2020 £	2019 £
Corporation tax		
Current tax on loss for the financial year	(186,760)	(6,670)
Adjustments in respect of prior years	(180,419)	(7,263)
Total current tax	<u>(367,179)</u>	<u>(13,933)</u>
Deferred tax		
Origination and reversal of timing differences	(857,409)	(845,306)
Adjustments in respect of prior years	60,410	3,702
Total deferred tax	<u>(796,999)</u>	<u>(841,604)</u>
Total tax	<u>(1,164,178)</u>	<u>(855,537)</u>

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

8. Tax on loss (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £	2019 £
Loss before taxation	<u>(5,612,708)</u>	<u>(5,170,027)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	<u>(1,066,415)</u>	<u>(982,305)</u>
Effects of:		
Expenses not deductible for tax purposes	1,735	1,496
Adjustments to brought forward values	-	(2,559)
Additional deduction for R&D expenditure	(138,320)	(2,870)
Surrender of tax losses for R&D tax credit refund	57,960	-
Adjustments to tax charge in respect of prior years	(180,419)	(7,263)
Adjustments to tax charge in respect of prior years (deferred tax)	60,410	3,702
Deferred tax credited directly to equity	2,592	12,453
Share based payments (equity)	-	(13,918)
Temporary differences not recognised in the computation	(2,897)	-
Adjust opening deferred tax to average rate of 19.00%	101,176	-
Adjust closing deferred tax to average rate of 19.03%	-	100,913
Tax losses carried forward and other deductions	-	34,814
Total tax credit for the financial year	<u><u>(1,164,178)</u></u>	<u><u>(855,537)</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Accordingly, the relevant deferred tax balances have been measured at 17%. As the proposal to keep the rate at 19% had not been substantively enacted at the Balance Sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the Balance Sheet date would be immaterial.

RUTHERFORD CANCER CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

9. Tangible assets

	Computer equipment £
Cost	
At 1 March 2019	17,323
At 29 February 2020	<u>17,323</u>
Accumulated depreciation	
At 1 March 2019	10,424
Charge for the year	5,239
At 29 February 2020	<u>15,663</u>
Net book value	
At 29 February 2020	<u>1,660</u>
At 28 February 2019	<u>6,899</u>

10. Debtors

	2020 £	2019 £
Trade debtors	578,868	144,235
Other debtors	61,048	30,395
Prepayments and accrued income	386,253	-
Corporation tax recoverable	373,845	13,933
Deferred taxation	2,115,082	1,315,491
	<u>3,515,096</u>	<u>1,504,054</u>

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

11. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	530,130	244,452
Amounts owed to group undertakings	11,862,260	5,841,406
Taxation and social security	8,499	-
Other creditors	117,166	90,365
Accruals and deferred income	813,294	762,433
	<u>13,331,349</u>	<u>6,938,656</u>

12. Deferred taxation

	2020
	£
At beginning of year	1,315,491
Credited to profit or loss	796,999
Credited to equity	2,592
At end of year	<u>2,115,082</u>

The deferred tax asset is made up as follows:

	2020	2019
	£	£
Accelerated capital allowances	1,772	1,772
Short term temporary differences	24,102	24,102
Tax losses carried forward and other deductions	2,089,208	1,289,617
	<u>2,115,082</u>	<u>1,315,491</u>

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

13. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019: 1) Ordinary shares share of £1.00(2019: £1.00)	1	1

14. Share based payments

Certain employees of the Company, along with other group employees, have been granted options over the shares in Rutherford Health Plc. Employees are required to remain in employment with the Group until the options become exercisable.

The Company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution. On exercise of the shares by the employees, the Company is charged the intrinsic value of the shares by Rutherford Health Plc. This amount is treated as a reduction of the capital contribution, and it is recognised directly in equity.

50% of options issued before 14 June 2019 had vested or were exercisable at 28 February 2019 and the remaining 50% vested on 29 February 2020. The actual vesting date of options is conditional on various events.

Options issued from 2019 onwards are exercisable after 3 years from date of issue.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price £	Share options	
			2020 Number	2019 Number
6 March 2017	6 March 2027	1.00	724,493	815,594
1 September 2017	1 September 2027	1.15	5,181	5,181
26 September 2017	26 September 2027	1.15	5,397	5,397
24 April 2018	24 April 2028	1.50	269,504	333,940
21 May 2018	21 May 2028	1.50	90,928	98,700
24 September 2018	24 September 2028	2.00	56,907	84,107
14 June 2019	14 June 2029	2.39	660,524	-
20 July 2019	20 July 2029	2.39	19,500	-

15. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £372,792 (2019: £259,891).

16. Related party transactions

There were no related party transactions during the year ended 29 February 2020 (2019: £Nil).

RUTHERFORD CANCER CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

17. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Rutherford Health Plc (formerly known as Proton Partners International Limited), a public limited company incorporated in the United Kingdom and registered at 15 Bridge Street, Hereford, United Kingdom, HR4 9DF.

Rutherford Health Plc is the parent of both the smallest and largest groups to consolidate these financial statements.

There is not considered to be an ultimate controlling party.