

OH PE Holdings Limited

OH PE Holdings Limited

Annual report and financial statements

For the year ended 31 December 2020



Registered Company No. 11677880 (England and Wales)

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CORPORATE INFORMATION

Directors

R A Frank

N P Amigone

D A Rowley

(resigned 18 November 2020)

S M Royden

R J Barker

(appointed 18 November 2020)

Secretary

Corporation Service Company (UK) Limited

(appointed 30 April 2020)

7Side Secretarial Limited

(resigned 30 April 2020)

Independent Auditor

EisnerAmper Audit Limited

6 The Courtyard Building

Carmanhall Road

Sandyford

Dublin

D18 CA22

Ireland

Registered Office

25 Canada Square, Level 37

Canary Wharf

London

E14 5LQ

United Kingdom

Registered Company Number

11677880

STRATEGIC REPORT

The directors present their Strategic Report on OH PE Holdings Limited (the "Company") and its subsidiaries (together with the "Group") for the year ended 31 December 2020.

Incorporation

The Company was incorporated on 14 November 2018.

Principal Activity

The principal activities of the Group comprise healthcare communications including advertising, public relations, market access, market research, and medical communications.

Review of the Business

On 3 December 2018, the Company acquired 100% interest in 14 Curzon Street 1 Limited (and its subsidiaries) for a total consideration of £94.1 million. The Company is a wholly owned subsidiary of Open Health Group Holdings LLC.

The Group's Consolidated profit and loss statement is set out on page 12 and shows a loss before tax for the year ended 31 December 2020 of £7,583,900 (after amortisation of intangible assets £9,296,400), (year ended 31 December 2019 of £6,815,100 (after amortisation of intangible assets of £9,144,200)).

The Consolidated Balance Sheet on page 14 and the Company's Balance Sheet on page 15 of the Financial Statements show the Group's and Company's financial position at the year end. Details of amounts owed to other group companies are shown in note 17.

The Group manages its operations on a centralised basis. For this reason, the Group believes that further key performance indicators for the Group are not necessary or appropriate for an understanding of the development, performance or position of the business.

In March 2019, a dividend of £2.8 million (\$3.65 million) was declared and paid to OH PE US Holdco Inc. The Company also received a dividend of £2.8 million (\$3.65 million) from 14 Curzon Street 1 Limited.

Future Developments

The directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

Key performance Indicators ('KPIs')

Financial KPIs:

The Group monitors its financial performance using the following KPIs:

	2020 £000	2019 £000
Gross profit	43,416.6	39,024.4
EBITDA ¹	4,711.7	4,866.6
Adjusted EBITDA ²	4,711.7	2,708.8
EBITDA margin	10.9%	12.5%
Adjusted EBITDA margin	10.9%	6.9%
Staff Costs	27,141.1	25,211.0
Staff Cost Ratio	62.5%	64.6%
Cash	4,156.8	1,714.7

¹ EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation.

² Adjusted EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation, Profit on disposal of subsidiaries and Profit on disposal of associated undertakings.

Non-Financial KPI:

The Group is also focused on developing its UK and international presence.

STRATEGIC REPORT (continued)

Principal Risks and Risk Management

In addition to the general economic and competitive risks affecting the business, the directors consider that the principal risks impacting the Group are industry risk, credit risk, interest rate risk, liquidity risk and foreign currency risk. The policies for managing these risks are reviewed and agreed annually by Amulet Group.

Industry risk: The Group competes for clients in a highly competitive industry. The Group manages this risk by providing added value services to its clients and by maintaining strong client relationships. The retention of key employees is considered to be a key priority.

Credit risk: The Group's principal financial assets are its cash balance, trade and other debtors. The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The creditworthiness of customers is assessed and monitored on an ongoing basis. If necessary, credit insurance or payments in advance are sought. Debtors are reviewed regularly as part of financial management reviews. Where deemed necessary, finance managers will review any proposal for further commitments to a client where payments are outstanding.

Interest rate risk: Cash deposits and loan drawdowns are under Open Health Group Holdings LLC's banking facility and are held either at variable rates of interest or at fixed rates for periods of no longer than three months. The interest incurred on the facility is borne by the Company. The overall facility and its attaching financial covenants are centrally monitored and managed by the management of Open Health Group Holdings LLC.

Liquidity risk: The Group operates under the banking facility operated by Open Health Group Holdings LLC and its subsidiaries. The Group benefits from revolver loan facilities until December 2023 and committed facilities until 3 December 2024. The overall facility is subject to banking covenants. Cash flow movements are monitored to ensure that sufficient financial resources are available.

Foreign exchange risk: The Group operates globally, as explained in note 3 to the financial statements. Fluctuations in exchange rates between currencies, in which the Group operates, relative to pounds sterling, may cause fluctuations in its financial results. The main currency which impacts the Group's operations is Sterling and the Euro.

On negotiation of contracts and, where possible, client commitments are made in sterling to alleviate risk. Additionally, supply and delivery contracts are, where possible, agreed in the same currency to minimise foreign exchange losses on a particular project. Assessments of the impact of significant fluctuations in exchange rates of the main foreign currencies used by the Group are regularly performed and monitored centrally.

Fair values of financial assets and financial liabilities: At 31 December 2020 there was no material difference between the fair value of financial assets and financial liabilities and their book value. 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.

STRATEGIC REPORT (continued)

Section 172 Statement

In performing their duties under the Companies Act 2006 the Board are required to describe how they have had regard to the matters set out in section 172 (1)(a) to (f).

When making decisions throughout the year the directors have taken into consideration, and had regards to , the Company's shareholders, stakeholders, business relationships, reputation for high standards, the community and environment and the impact of the Board's decision making on the long term success of the business.

The Company is a wholly owned subsidiary of Open Health Group Holdings LLC and therefore the directors have also considered the wider context in which the Company operates to adhere to the high standards of professionalism, culture, values, ethics, strategy and environmental and social responsibility set by the wider Open Health Group Holdings LLC group.

In discharging their duties under section 172 the directors have access to the full resource, assistance, support and guidance offered by the Open Health Group Holdings LLC group and are committed to driving further improvement in shareholder and stakeholder engagement.

Approval

The Strategic Report was approved by the Board of Directors on 26 April 2021 and signed on its behalf by:



R A Frank
Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2020.

An overview of principal risks, uncertainties and any future developments has been discussed as part of the strategic report.

Incorporation

The Company was incorporated on 14 November 2018.

Principal activity

The principal activities of the Group comprise healthcare communications including advertising, public relations, market access, market research and medical communications.

Results and Dividends

The Group's profit and loss statement is set out on page 12 and shows a loss before tax for the period ended 31 December 2020 of £7,583,900 (after amortisation of £9,296,400) (31 December 2019 of £6,815,100 (after amortisation of intangible assets of £9,144,200)).

The Group did not receive or pay any dividends in the year ended 31 December 2020. In March 2019, a dividend of £2.8 million (\$3.65 million) was declared and paid to OH PE US Holdco Inc. In the year ended 31 December 2019 the Company received a dividend of £2.8 million (\$3.65 million) from 14 Curzon Street 1 Limited). The Company did not receive or pay any dividends for the year ended 31 December 2020.

Directors

The directors of the company throughout the period were:

R A Frank

N P Amigone

D A Rowley (resigned 18 November 2020)

S M Royden

R J Barker (appointed 18 November 2020)

Directors' Interests

The Directors held no interests in the issued share capital of OH PE Holdings Limited either beneficially or otherwise at 31 December 2020 or at any other time during the year. The Directors have declared that they have no material interest during the period in any contract which is significant in relation to the Company's business.

Directors' Indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company. Open Health Group Holdings LLC has purchased and maintains directors' and officers' insurance cover against legal liabilities and costs for claims in connection with any act or omission by its directors or officers in the execution of their duties, on behalf of the Company.

Going Concern

The financial statements have been prepared on the going concern basis.

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. In preparing these forecasts that management have taken into account the following key factors:

- the rate of growth of the US and UK economies during the COVID crisis
- The impact of COVID-19 on the Open Health business by Practice;
- The level of key client account activity and plans for the year;
- the level of committed and variable costs;
- new business targets compared to levels achieved in previous years; and
- debt facilities available and required covenant compliance.

DIRECTORS' REPORT (continued)

The Directors have created detailed forecasts using an integrated income statement, balance sheet to produce a monthly cash flow, in order to understand the likely cash requirements of the business for the next 18 months. Whilst there remains some uncertainty over the continued impact of COVID-19, business performance has been extremely robust to date. Even if the impact of COVID-19 was to increase in the coming months, the Company has the ability to take mitigating actions if necessary, by potentially increasing the debt facility and/or reducing operating costs in line with any reductions to revenues experienced. After making enquiries, the Company has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Political and charitable donations

During the period, the Group made contributions to local charities and community projects as part of the Group's commitment to the communities in which it operates. The Group did not make any political donations during the period.

Post balance sheet events

As of 26 April 2021, no material structural changes of business events have occurred that might service to alter any of the disclosures contained in the Annual Report and Accounts.

Supplier payment policy and practice

The Group's policy on suppliers is that they will be paid in accordance with agreed terms and conditions of trade on a regular basis. The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to trade creditors at the period-end as a proportion of the amounts invoiced by suppliers during the period, was 30 days.

Disabled employees

It is the Group's policy to give full and proper consideration to applications from disabled people for employment where the job can be performed adequately by a disabled person.

Employee involvement

During the period, employees have been informed of developments through Company newsletters and notices. There were, in addition, formal meetings between management and employee representatives as part of the on-going process of communication.

Disclosure of information to auditors

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

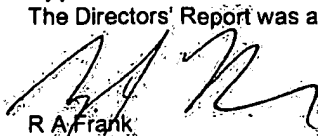
- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the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

Independent auditors

EisnerAmper Audit Limited was appointed as the Group auditor on 17 June 2019. EisnerAmper Audit Limited have indicated their willingness to continue as auditors of the Group. The responsibilities of the auditor, EisnerAmper Audit Limited are set out in the Auditor's report.

Approval

The Directors' Report was approved by order of the board on 26 April 2021.



R A Frank
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 period/year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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 responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OH PE HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OH PE Holdings Limited ('the Company') and its subsidiaries ('the Group') for the year ended 31 December 2020 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 28, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Group's and Company's assets, liabilities and financial position as at 31 December 2020, and of the loss of the Group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly 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 under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- obtaining managements going concern assessment and evaluating the controls, method, underlying data and assumptions applied in making the assessment to determine if appropriate;
- reviewing disclosures made in the financial statements related to going concern and evaluated whether appropriate and in accordance with the applicable accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OH PE HOLDINGS LIMITED (continued)

Other information

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

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based solely on the work undertaken in the course of the audit, we report that

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with the applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Group and Company were sufficient to permit the financial statements to be readily and properly audited, and financial statements are in agreement with the accounting records

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OH PE HOLDINGS LIMITED (continued)

Responsibilities of directors (continued)

In preparing the financial statements, the directors are responsible for assessing the Group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of management to identify any instances of non-compliance with laws and regulations and performing procedures around actual and potential litigation or claims;
- Enquiring of Group Legal Counsel to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes from meetings of those charged with governance;
- Considering the Group's internal control environment and procedures in place to mitigate risks identified;
- Evaluating whether there was any evidence of management bias that represented a risk of material misstatements due to fraud;
- Auditing the risk of management override of controls. Our response to address this risk included:
 - reviewing the appropriateness of the journal entries and other adjustments made in the preparation of the financial statements;
 - completing procedures to review management's judgements and assumptions relating to significant estimates reflected in the financial statements; and
 - obtaining an understanding of the business rationale for significant or non-recurring transactions, if any, that we considered to be outside the normal course of business.
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OH PE HOLDINGS LIMITED
(continued)**

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

This report is made solely to the Group and 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.

EisnerAmper Audit Ltd

Diarmaid O'Keeffe (Senior Statutory Auditor)

**For and on behalf of EisnerAmper Audit Limited, Statutory Auditor
Chartered Accountants and Statutory Audit Firm
Dublin, Ireland**

26 April 2021

Consolidated profit and loss account
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Turnover	5	63,213.0	48,420.6
Cost of sales		<u>(19,796.4)</u>	<u>(9,396.2)</u>
Gross profit		43,416.6	39,024.4
Administrative expenses		(48,719.8)	(45,863.7)
Operating loss	6	<u>(5,303.2)</u>	<u>(6,839.3)</u>
Profit from disposal of subsidiaries	11	-	2,003.1
Profit from disposal of associated undertakings	8	-	154.7
Loss before interest and taxation		<u>(5,303.2)</u>	<u>(4,681.5)</u>
Interest receivable and similar income	9	0.3	11.5
Interest payable and similar expenses	9	<u>(2,281.0)</u>	<u>(2,145.1)</u>
Loss on ordinary activities before taxation		(7,583.9)	(6,815.1)
Tax on loss on ordinary activities	10	(353.9)	(150.0)
Loss for the financial year		<u>(7,937.8)</u>	<u>(6,965.1)</u>
Loss for the financial year attributable to:			
Owners of the parent		(7,937.8)	(6,948.2)
Non-controlling interests		<u>-</u>	<u>(16.9)</u>
		<u>(7,937.8)</u>	<u>(6,965.1)</u>

Consolidated statement of comprehensive income
For the year ended 31 December 2020

		Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Loss for the financial year		(7,937.8)	(6,965.1)
Other comprehensive income/(expense)			
Hedge reserve			
Cash flow hedges – mark to market losses	22	(197.7)	(43.6)
Deferred tax income on financial instruments	22	37.6	8.3
Total movement to hedge reserve		<u>(160.1)</u>	<u>(35.3)</u>
Exchange differences on foreign currency translation of foreign operations		<u>(0.2)</u>	<u>8.0</u>
Total movement to foreign currency translation reserve		<u>(0.2)</u>	<u>8.0</u>
Other comprehensive loss for the year		<u>(160.3)</u>	<u>(27.3)</u>
Total comprehensive loss for the year		<u>(8,098.1)</u>	<u>(6,992.4)</u>
Loss for the financial year attributable to:			
Owners of the parent		(8,098.1)	(6,975.5)
Non-controlling interests		-	(16.9)
		<u>(8,098.1)</u>	<u>(6,992.4)</u>

Consolidated balance sheet
As at 31 December 2019

	Note	Group As at 31 December 2020 £000	Group As at 31 December 2019 £000
Fixed assets			
Intangible assets	11	71,042.6	79,893.1
Tangible assets	12	<u>1,729.8</u>	<u>1,798.1</u>
		<u>72,772.4</u>	<u>81,691.2</u>
Current assets			
Work in progress	14	819.4	1,577.3
Debtors	15	25,835.7	21,183.5
Cash at bank and in hand	16	<u>4,156.8</u>	<u>1,714.7</u>
		<u>30,811.9</u>	<u>24,475.5</u>
Debtors: falling due after more than one year	15	239.0	90.4
Current liabilities			
Creditors – amounts falling within one year	17	<u>(24,359.6)</u>	<u>(20,009.7)</u>
Total assets less current liabilities		<u>79,463.7</u>	<u>86,247.4</u>
Derivatives	21	(241.3)	(43.6)
Bank loans	19	(35,196.2)	(34,894.0)
Provisions for other liabilities	20	(1,423.3)	(598.2)
Deferred tax liability	10	<u>(1,354.1)</u>	<u>(1,364.6)</u>
		<u>(38,214.9)</u>	<u>(36,900.4)</u>
Net assets		<u>41,248.8</u>	<u>49,347.0</u>
Capital and reserves			
Called-up share capital	22	-	-
Capital contribution	22	8,316.9	8,316.9
Share premium accounts	22	51,219.9	51,219.9
Hedge reserve	22	(195.5)	(35.3)
Retained earnings		(18,099.5)	(10,161.7)
Foreign currency translation reserve		7.0	7.2
		<u>41,248.8</u>	<u>49,347.0</u>
Equity attributable to owners of the parent		41,248.8	49,347.0
Non-controlling interest		-	-
Total equity		<u>41,248.8</u>	<u>49,347.0</u>

The notes on pages 18 to 41 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2021.



R.A. Frank
Director

Registered Company Number 11677880

Company balance sheet
As at 31 December 2020

	Note	Company As at 31 December 2020 £000	Company As at 31 December 2019 £000
Fixed assets			
Subsidiary undertakings	13	94,058.8	94,058.8
		<u>94,058.8</u>	<u>94,058.8</u>
Current assets			
Debtors	15	4,940.1	3,879.6
		<u>4,940.1</u>	<u>3,879.6</u>
Debtors: falling due after more than one year		45.9	8.3
Current liabilities			
Creditors – amounts falling within one year	17	(7,620.0)	(4,886.8)
		<u>(7,620.0)</u>	<u>(4,886.8)</u>
Total assets less current liabilities		91,424.8	93,059.9
Derivatives	21	(241.3)	(43.6)
Bank loans	19	(35,196.2)	(34,894.0)
		<u>(35,437.5)</u>	<u>(34,937.6)</u>
Net assets		<u>55,987.3</u>	<u>58,122.3</u>
Capital and reserves			
Called-up share capital	22	-	-
Capital contribution	22	8,316.9	8,316.9
Share premium accounts	22	51,219.9	51,219.9
Hedge reserve	22	(195.5)	(35.3)
Retained earnings at the beginning of the year		(1,379.2)	(185.9)
Profit/(loss) for the current year		(1,974.8)	1,610.3
Dividends paid		-	(2,803.6)
Retained earnings at the end of the year		<u>(3,354.0)</u>	<u>(1,379.2)</u>
Foreign currency translation reserve		-	-
		<u>55,987.3</u>	<u>58,122.3</u>
Equity attributable to owners of the parent		55,987.3	58,122.3
Non-controlling interest		-	-
Total equity		<u>55,987.3</u>	<u>58,122.3</u>

The notes on pages 18 to 41 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2021.


R A Frank

Director

Registered Company Number 11677880

Consolidated statement of changes in equity
As at 31 December 2020

	Called-up share capital £000	Capital contribution £000	Share premium £000	Hedge reserve £000	Retained earnings £000	Foreign currency translation reserve £000	Total £000	Equity attributable to owners of the parent £000	Non- controlling interest £000
Balance at 1 January 2019	-	8,316.9	51,219.9	-	(393.0)	(0.8)	59,143.0	59,126.1	16.9
Loss for the year	-	-	-	-	(6,965.1)	-	(6,965.1)	(6,948.2)	(16.9)
Other comprehensive loss	-	-	-	(35.3)	-	8.0	(27.3)	(27.3)	-
Total comprehensive (loss)/income	-	-	-	(35.3)	(6,965.1)	8.0	(6,992.4)	(6,975.5)	(16.9)
Dividend payable	-	-	-	-	(2,803.6)	-	(2,803.6)	(2,803.6)	-
Balance at 31 December 2019	-	8,316.9	51,219.9	(35.3)	(10,161.7)	7.2	49,347.0	49,347.0	-
Loss for the year	-	-	-	-	(7,937.8)	-	(7,937.8)	(7,937.8)	-
Other comprehensive (loss)/income	-	-	-	(160.2)	-	(0.2)	(160.4)	(160.4)	-
Total comprehensive (loss)/income	-	-	-	(160.2)	(7,937.8)	(0.2)	(8,098.2)	(8,098.2)	-
Balance at 31 December 2020	-	8,316.9	51,219.9	(195.5)	(18,099.5)	7.0	41,248.8	41,248.8	-

Company statement of changes in equity
As at 31 December 2020

	Called-up share capital £000	Capital contribution £000	Share premium £000	Hedge reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2019	-	8,316.9	51,219.9	-	(185.9)	59,350.9
Profit for the year	-	-	-	-	1,610.3	1,610.3
Other comprehensive loss	-	-	-	(35.3)	-	(35.3)
Total comprehensive loss for the period	-	-	-	(35.3)	1,610.3	1,575.0
Dividend payable	-	-	-	-	(2,803.6)	(2,803.6)
Balance at 31 December 2019	-	8,316.9	51,219.9	(35.3)	(1,379.2)	58,122.3
Loss for the year	-	-	-	-	(1,974.8)	(1,974.8)
Other comprehensive loss	-	-	-	(160.2)	-	(160.2)
Total comprehensive loss	-	-	-	(160.2)	(1,974.8)	(2,135.0)
Balance at 31 December 2020	-	8,316.9	51,219.9	(195.5)	(3,354.0)	55,987.3

Consolidated statement of cash flows
For the period ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flow from operating activities	23	6,708.8	2,929.5
Taxation paid		(912.0)	(449.5)
Net cash generated from operating activities		5,796.8	2,480.0
Cash flow from investing activities			
Interest received		0.3	1.5
Proceeds of sale of tangible assets		2.7	-
Purchase of tangible assets		(820.6)	(1,100.5)
Purchase of intangible assets		(558.3)	(830.3)
Settlement of deferred consideration		-	(427.2)
Proceeds from disposal of associated undertaking		-	155.0
Cash derecognised on disposal of subsidiaries		-	(74.9)
Net cash used in investing activities		(1,375.9)	(2,266.4)
Cash flow from financing activities			
Interest paid		(2,186.4)	(2,073.8)
New borrowings		1,544.9	1,300.0
Repayment of borrowings		(1,336.3)	(336.3)
Dividend paid ¹		-	-
Net cash used in financing activities		(1,978.8)	(1,110.1)
Net increase in cash and cash equivalents		2,442.1	(896.5)
Cash and cash equivalents at the start of the year		1,714.7	2,611.9
Exchange losses on cash and cash equivalents		-	(0.7)
Cash and cash equivalents at the end of the year	16	4,156.8	1,714.7

1 Dividends paid are non-cash and settled via the intercompany accounts.

Notes to the consolidated financial statements

1 General information

The directors' present their report and the audited statutory financial statements of the Group for the year ended 31 December 2020.

OH PE Holdings Limited ('the Company') and its subsidiaries (together 'the Group') operate a number of healthcare communications agencies in the UK. The principal activities of the Group comprise healthcare communications including advertising, public relations, market access, market research and medical communications.

The Company is a private company limited by shares and was incorporated on 14 November 2018 in England. The registered number is Registered Company No. 11677880 (England and Wales). The address of its registered office is 25 Canada Square, Level 37, Canary Wharf, London E14 5LQ, United Kingdom.

On 3 December 2018, the Group acquired 100% interest in 14 Curzon Street 1 Limited (and its subsidiaries) and as a result, the consolidated financial statements, represent the results of the Group from 3 December 2018.

2 Statement of compliance

The Group and individual financial statements of OH PE Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Significant accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. In preparing these forecasts management have taken into account the following key factors:

- the rate of growth of the US and UK economies during the COVID crisis;
- the impact of COVID 19 on the Open Health business by Practice
- the level of key client account activity and plans for the year;
- the level of committed and variable costs;
- new business targets compared to levels achieved in previous years; and
- debt facilities available and required covenant compliance.

The Group has created detailed forecasts using an integrated income statement, balance sheet to produce a monthly cash flow, in order to understand the likely cash requirements of the business for the next 18 months. Whilst there remains some uncertainty over the continued impact of COVID 19, business performance has been extremely robust to date. Even if the impact of COVID 19 was to increase in the coming months, the Directors have the ability to take mitigating actions if necessary, by potentially increasing the debt facility and/or reducing operating costs in line with any reductions to revenues experienced. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Exemptions for qualifying entities under FRS102

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Any subsidiary undertakings or associates sold or acquired during the period/year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Foreign currency

Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands.

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

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 profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating (losses)/gains'.

Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and comprises the gross amounts billed to clients in respect of fees earned, expenses recharged and commission-based income. Revenue is recognised in the income statement when the economic benefits arising from an arrangement are probable.

Revenue is largely derived from services performed subject to specific agreement. Revenue is recognised when the service is performed in accordance with the contractual arrangement through an assessment of the time incurred to date compared to the total hours required to complete the contract, and an assessment of the value delivered to the client compared to the total value of the contract. If the outcome of these can be assessed with reasonable certainty, revenue and related costs are recognised in the income statement. Losses are recognised as soon as they are foreseen.

Gross profit is revenue less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses and marketing products.

Contractual arrangements are reviewed to ascertain whether the group acts as principal or agent with regards to third party costs. If the relationship is that of agent then the recharge of third party costs is not recognised through revenue or cost of sales.

Revenue and operating income are stated exclusive of VAT, sales taxes and trade discounts.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Long-term contracts

Where the outcome of a long-term contract for services or goods can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date.

The stage of completion is determined through an assessment of the proportion of services that have been delivered compared to the total services required to complete the contract, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred, unless they relate to commission based fees where the fees are not recognised at the time the costs are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Interest income

Interest income is recognised using the effective interest rate method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Annual bonus plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Goodwill is amortised over its expected useful life which is estimated to be ten years.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Deferred consideration is recognised as a liability at fair value. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised as an increase to the interest that the Company holds in the underlying entity to which the deferred consideration relates. The amounts payable are dependent on future profits of the companies acquired. The timing of payments relating to deferred consideration is set out in the relevant Sale and Purchase Agreements.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- | | |
|------------------------------|-----------|
| • Goodwill | 10 years |
| • Brand valuation | 10 years |
| • Software development costs | 2 years |
| • Software | 3–5 years |

Amortisation is included in 'administrative expenses' in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Notes to the consolidated financial statements (continued)**3 Significant accounting policies (continued)**

Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Short leasehold property over the period of the lease
- Short term leasehold improvements 2 to 5 years
- Computer equipment 4 years
- Fixtures, fittings and equipment 4 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Borrowing costs

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

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Investments – Company

Investment in subsidiary company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Investment in associate

Investment in an associate is held at cost less accumulated impairment losses.

Work in Progress

Work in progress ("WIP") is stated at the lower of invoiced cost and net realisable value, net of payments received on account. Cost represents work supplied from outside the Group awaiting billing to clients at the period/year end and directly attributable overhead costs.

Accrued income

Accrued Income relates to earned revenue in relation to fees due to the Group at the balance sheet date (as opposed to WIP which relates to reimbursable costs).

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

- restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs. Investments are classified either as available for sale, and are measured at subsequent reporting dates at fair value, or at amortised cost, where no fair value is readily determinable. Gains and losses on available for sale financial assets arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period/year.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash comprises cash, overdrafts and cash held on short-term deposit (up to three months). Cash equivalents are cash deposits held on three months deposit at the Royal Bank of Scotland plc. The deposits guarantee the loan note creditors. Interest accruing on the deposits are payable to the holders of the loan notes less any costs arising.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Trade payables are not interest-bearing and are stated at their nominal value.

Interest bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Valuation and asset lives of separately identifiable intangible assets

In order to determine the value of the separately identifiable assets on the acquisition of a business combination, management are required to make estimates when utilising the Group's valuation methodologies. These methodologies include the use of discounted cash flows, revenue and profit before tax multiples. Asset lives are estimated based on the nature of the intangible asset acquired and have been deemed to be ten years. Details of acquisitions made in the period are set out in note 11.

Notes to the consolidated financial statements (continued)

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Revenue and cost recognition on long-term contracts

Revenue and costs are recognised on long term contracts, greater than one year, by reference to the stage of completion of activity under that contract as at the balance sheet date. Management has considered the stage of completion of each contract and made a number of assumptions in order to estimate the relevant revenues and costs to recognise under these contracts. Management are satisfied that the amounts recognised in 2020 are appropriate and consistent with the terms of the contracts and the stage of work completed.

5 Turnover

Analysis of the Group's turnover by category:

	2020 £000	2019 £000
Sales of services	<u>63,213.0</u>	<u>48,420.6</u>

Analysis of turnover by geography:

	2020 £000	2019 £000
United Kingdom	35,041.8	24,959.3
Rest of Europe	14,042.8	8,577.1
United States of America	1,063.6	1,191.9
Rest of the World	<u>13,064.8</u>	<u>13,692.3</u>
	<u>63,213.0</u>	<u>48,420.6</u>

6 Operating loss

Operating loss is stated after charging/(crediting):

	2020 £000	2019 £000
Wages and salaries	23,345.3	21,807.8
Social security costs	2,730.2	2,435.6
Pension contributions	<u>1,065.6</u>	<u>967.6</u>
Total staff costs	<u>27,141.1</u>	<u>25,211.0</u>
Loss/(profit) on write off of tangible assets	280.1	(78.3)
Profit from disposal of subsidiary undertakings	-	(2,003.1)
Profit from disposal of associated undertakings	-	(154.7)
Operating lease charges	1,169.3	1,431.4
Foreign exchange (gains)/losses	<u>(145.9)</u>	<u>147.2</u>
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the parent Company and the Group's consolidated financial statements	60.0	53.9
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries	<u>33.8</u>	<u>29.8</u>
Total amount payable to the Company's auditor and its associates	<u>93.8</u>	<u>83.7</u>

Notes to the consolidated financial statements (continued)**7 Employees and directors****Group**

The average monthly number of persons (including executive directors) employed by the Group during the period was:

	2020	2019
	Number	Number
By activity		
Sales and distribution	335	336
Administrative staff	59	58
	<u>394</u>	<u>394*</u>

*The 2019 Numbers have been restated due to a reclass of one of the central teams from administrative staff to sales and distribution of 18 people.

Directors

The directors' remuneration was paid by and charged in the accounts of other Group companies.

Company

The company had no employees during 2020 (2019: nil).

8 Associate undertaking

The carrying value of the Group's investment in an associate was as follows:

	2020	2019
	£000	£000
Investment in Associate undertaking		
At 1 January	-	-
Proceeds from disposal of Associate undertaking	-	155.0
Profit on disposal of Associate undertaking	-	(154.7)
Disposal of investment in Associate undertaking	-	(0.3)
At 31 December	<u>-</u>	<u>-</u>

Until 16 September 2019, the Group held 49.0% equity in Attentive Pharma Limited (an unlisted entity), a public relations provider. The investment was accounted for using the equity method. The Associate undertaking made a loss in the year ended 31 December 2019 and this was recognised until the carrying value of the investments was nil in accordance with FRS 102. On 16 September 2019, the Group received proceeds of £155,000 from the sale of the associate undertaking to its Directors.

9 Net interest expense

	2020	2019
	£000	£000
Interest receivable and similar income		
Other interest receivable	0.3	11.5
Total interest receivable and similar income	<u>0.3</u>	<u>11.5</u>
Interest payable and similar charges		
Interest payable on overdrafts and bank loans	2,281.0	2,145.1
Total interest payable and similar charges	<u>2,281.0</u>	<u>2,145.1</u>
Net interest expense		
Interest receivable and similar income	0.3	11.5
Interest payable and similar charges	(2,281.0)	(2,145.1)
Net interest expense	<u>(2,280.7)</u>	<u>(2,133.6)</u>

Notes to the consolidated financial statements (continued)**10 Income tax****Tax expense included in loss**

	2020 £000	2019 £000
Current tax:		
UK Corporation tax for the year	475.4	427.2
Total current tax	475.4	427.2
Deferred tax:		
Origination and reversal of timing differences	(121.5)	(277.2)
Impact of change in tax rate	-	-
Total deferred tax	(121.5)	(277.2)
Tax on loss	353.9	150.0
Deferred tax income on financial instruments	37.6	8.3
Total tax included in other comprehensive income	37.6	8.3

Reconciliation of tax charge

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

	2020 £000	%	2019 £000	%
Loss before tax	(7,583.9)		(6,815.1)	
Loss multiplied by the standard rate of tax in the UK of 19.0%	(1,440.9)	19.0	(1,294.9)	19.0
Effects of:				
Effect of tax rate change	151.4	(2.0)	23.1	(0.3)
Unrecognised deferred tax	(0.1)	-	1.5	-
Prior period adjustment	(97.8)	1.3	(14.6)	0.2
Expenses not deductible for tax purposes	1,741.3	(23.0)	1,434.9	(21.1)
Tax credit for the period	353.9	4.7	150.0	2.2

Tax rate changes

A reduction in the UK mainstream corporation tax rate from 19.0% to 17.0%, effective from 1 April 2020, was substantively enacted during 2016. On 11 March 2020, the UK government announced in the Budget that it would reverse the previously enacted reduction in the UK corporation tax rate, which was due to take effect from 1 April 2020. This was substantively enacted on 17 March 2020 and the Group's UK deferred tax assets and liabilities have been revalued using the 19.0% tax rate (2019: 17.0%). The annual UK corporation tax rate for the year ended 31 December 2020 remained at 19.0% (2019: 19.0%).

In the March 2021 Budget, it was announced that legislation will be introduced in Finance Bill 2021 to increase the mainstream rate of UK corporation tax from 19.0% to 25.0%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19.0%.

Notes to the consolidated financial statements (continued)

10 Income tax (continued)

Deferred tax

	Deferred Tax Asset £000	Deferred Tax Liability £000	Total £000
As at 1 January 2019	82.1	(1,641.7)	(1,559.6)
Charge in year	-	277.1	277.1
Arising on financial instruments reported in costs of hedging reserve	8.3	-	8.3
As at 31 December 2019	90.4	(1,364.6)	(1,274.2)
Charge in the year	111.0	10.5	121.5
Arising on financial instruments reported in costs of hedging reserve	37.6	-	37.6
As at 31 December 2020	239.0	(1,354.1)	(1,115.1)

The recognition of the deferred tax assets set out above requires management to use judgements in determining the likely timing and level of future suitable taxable profits. The Group assesses its liabilities and contingencies for all tax periods open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities. Inherent uncertainties exist in estimates of tax contingencies due to the complexities of interpretation and changes in tax laws. Whilst the Group believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

11 Intangible assets

Group	Goodwill £000	Brands £000	Software development costs and licenses £000	Total £000
Cost				
At 1 January 2020	79,732.4	9,016.6	1,035.0	89,784.0
Additions	-	23.1	535.1	558.2
Amounts Written off	-	-	(119.1)	(119.1)
As at 31 December 2020	79,732.4	9,039.7	1,451.0	90,223.1
Amortisation				
At 1 January 2020	8,637.1	976.6	277.2	9,890.9
Charge for the year	7,972.7	902.6	421.1	9,296.4
On amounts written off	-	-	(6.8)	(6.8)
At 31 December 2020	16,609.8	1,879.2	691.5	19,180.5
Net book value				
As at 31 December 2020	63,122.6	7,160.6	759.4	71,042.6
As at 31 December 2019	71,095.3	8,040.0	757.8	79,893.1

Notes to the consolidated financial statements (continued)**11 Intangible assets (continued)****Goodwill**

On 3 December 2018, the Group acquired control of the Open Health Group through the purchase of 100% of the interest of 14 Curzon Street 1 Limited for total consideration of £94.1 million.

Management have estimated the useful life of the goodwill to be 10 years.

Goodwill acquired in a business combination is allocated at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised.

On 31 March 2019, the Group disposed of two of its US subsidiaries, Choice Healthcare Solutions US Inc and Open Health Inc, to other Group undertakings. The resulting profit on the disposal was £2.0 million.

Brands

The useful life of the Open Health Group Brand is based on the historical use of the brand, its reputation within the market and the expectations in relation to future performance of the brand going forward.

Additions during 2020 and 2019 consist of costs associated with obtaining Trade Marks.

Software development costs

Software development costs comprises work performed on development of software applications for clients whilst ownership of these software applications remains with the Group. The useful life of software development is based on management's estimate of the length of time before the software will become obsolete due to technological advances and therefore require updating.

The individual intangible assets, excluding goodwill, which are material to the financial statements, are:

	Carrying amount		Remaining amortisation period (years)	
	2020 £000	2019 £000	2020	2019
Brand valuations	7,160.6	8,040.0	8	9
Software development costs	759.4	757.8	1	1

Company

The Company had no intangible assets at 31 December 2020 (31 December 2019: £nil).

Notes to the consolidated financial statements (continued)

12 Tangible assets

	Leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 January 2020	1,210.7	188.9	828.9	2,228.5
Additions	580.3	43.9	196.3	820.5
Amounts written off	(261.7)	(117.3)	(243.9)	(622.9)
As at 31 December 2020	<u>1,529.3</u>	<u>115.5</u>	<u>781.3</u>	<u>2,426.1</u>
Depreciation				
At 1 January 2020	188.0	59.3	183.1	430.4
Charge for the period	408.6	55.5	254.3	718.4
On amounts written off	(246.8)	(80.9)	(124.9)	(452.6)
As at 31 December 2020	<u>349.8</u>	<u>33.9</u>	<u>312.5</u>	<u>696.2</u>
Net book value				
At 31 December 2020	<u>1,179.5</u>	<u>81.6</u>	<u>468.7</u>	<u>1,729.8</u>
At 31 December 2019	<u>1,022.7</u>	<u>129.6</u>	<u>645.8</u>	<u>1,798.1</u>

As at 31 December 2020, the Group did not enter into any contractual commitments (31 December 2019: £nil).

Company

The Company had no tangible assets at 31 December 2020 (31 December 2019: £nil).

Notes to the consolidated financial statements (continued)**13 Subsidiaries**

The Group parent company, OH PE Holdings Limited, is incorporated in the UK and has a number of wholly owned subsidiaries. Details of the Company's principal undertakings at 31 December 2020, which are all registered and operating in Great Britain, unless indicated otherwise, are set out below. Shares held by an intermediate holding company are indicated with an asterisk (*):

Subsidiary undertaking	Company Number	Interest
14 Curzon Street 1 Limited ²	07467580	100%
14 Curzon Street 2 Limited ²	10113647	100%*
Open Health Communications LLP ²	OC360224	100%*
Open VP Holdings Limited ²	07913835	100%*
OHC London Holdings Limited ²	07568978	100%*
PH Associates Limited	03832368	100%*
Earth Works Digital Limited	07916761	100%*
LEC Communications Limited ²	03140767	100%*
Reynolds MacKenzie Limited ²	05249856	100%*
Succinct Communications Limited ²	03849470	100%*
Choice Healthcare Solutions Limited ²	04072985	100%*
Harvey Walsh Limited	04575510	100%*
OHC US Holdings Limited ²	09910114	100%*
Open LEC Limited ²	02779179	100%*
Liberum Independent Medical Education Limited ²	10276499	100%*
Open VIE Limited	11854835	100%*
Accretio Limited ²	09280023	100%*
OH Investors Limited ²	10856731	100%*
Open Health Communications (Ireland) Limited ⁴	649987	100%*

¹ Incorporated in the United States of America.

² This company has taken advantage of the S479a exemption from audit.

³ OH PE Holdings Limited gives a statutory guarantee, under S479c of all the outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full.

⁴ Registered and operating in the Republic of Ireland. An application to strike-off Open Heath Communications (Ireland) Limited was made on 11 December 2020 and was completely struck-off from the register of companies on 11 March 2021.

* Held directly by Subsidiary undertaking of 14 Curzon Street 1 Limited, the percentage is the actual holdings, not the effective holdings.

The registered address for the subsidiaries listed above and registered in the UK is Corporation Service Company (UK) Limited 25 Canada Square, Level 37, London, Canary Wharf, United Kingdom, E14 5LQ.

Company	2020 £000	2019 £000
Investments in subsidiary undertakings at Cost	<u>94,058.8</u>	<u>94,058.8</u>

14 Work in progress

Group	2020 £000	2019 £000
Work in progress	<u>819.4</u>	<u>1,577.3</u>

Work in progress ("WIP") is stated at the lower of invoiced cost and net realisable value, net of payments received on account. Cost represents work supplied from outside the Group awaiting billing to clients at the period end and directly attributable overhead costs.

Company

The Company had no Work in progress at 31 December 2020 (31 December 2019: £nil).

Notes to the consolidated financial statements (continued)

15 Debtors

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Debtors: amounts falling due within one year				
Trade debtors	16,523.2	13,149.4	-	-
Amounts owned by group undertakings	2,001.5	15.2	3,836.6	3,411.2
Other debtors	248.2	297.7	-	-
Corporation tax receivable	215.9	-	1,095.3	438.2
Prepayments	903.3	1,001.2	8.2	30.2
Accrued income	5,943.6	6,720.0	-	-
	<u>25,835.7</u>	<u>21,183.5</u>	<u>4,940.1</u>	<u>3,879.6</u>
Debtors: amounts falling due after more than one year				
Deferred tax asset	<u>239.0</u>	<u>90.4</u>	<u>45.9</u>	<u>8.3</u>

Amounts owed by other Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Cash and cash equivalents

	2020	2019
Group	£000	£000
Cash at bank and in hand	<u>4,156.8</u>	<u>1,714.7</u>

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Company

The Company has no cash and cash equivalents at 31 December 2020 (31 December 2019: £nil).

17 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade creditors	1,718.3	3,919.9	-	-
Amounts owed to Group undertakings	3,672.6	3,444.9	7,198.9	4,443.1
Bank loans	336.3	336.3	336.3	336.3
Corporation tax	-	220.0	-	-
Other creditors	3,332.3	1,579.0	-	-
Accruals	2,736.7	1,417.5	84.8	107.4
Deferred income	12,563.4	9,092.1	-	-
	<u>24,359.6</u>	<u>20,009.7</u>	<u>7,620.0</u>	<u>4,886.8</u>

Amounts owed to other Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the consolidated financial statements (continued)**18 Post-employment benefits****Group**

The Group provides a defined contribution schemes for its employees in the United Kingdom. The assets of the scheme are held separately from those of the Group and the scheme is independently administered.

The amount recognised as an expense for the defined contribution scheme was:

	2020 £000	2019 £000
Current period contributions	<u>1,065.6</u>	<u>967.6</u>

Company

The Company did not make any pension contributions.

19 Loans and other borrowings

			Group		Company	
			2020 £000	2019 £000	2020 £000	2019 £000
	Maturity date					
Amount due within one year	3 December 2024		<u>336.3</u>	<u>336.3</u>	<u>336.3</u>	<u>336.3</u>
Amounts due in more than one year						
UK GBP Revolver	Libor plus 6%	3 December 2023	2,844.9	2,300.0	2,844.9	2,300.0
UK GBP Term Loan	Libor plus 6%	3 December 2024	<u>32,351.3</u>	<u>32,594.0</u>	<u>32,351.3</u>	<u>32,594.0</u>
			<u>35,196.2</u>	<u>34,894.0</u>	<u>35,196.2</u>	<u>34,894.0</u>
			<u>35,532.5</u>	<u>35,230.3</u>	<u>35,532.5</u>	<u>35,230.3</u>

To fund the acquisition of the Open Health Group, OH PE Holdings Limited borrowed £1.0 million UK revolver loan and a term loan of £33.6 million.

20 Provision for other liabilities

Group	Dilapidations £000	Other £000	Total £000
At 1 January 2020	197.3	400.9	598.2
Additional provisions during the year	-	1,490.0	1,490.0
Utilised during the year	-	(664.9)	(664.9)
At 31 December 2020	<u>197.3</u>	<u>1,226.0</u>	<u>1,423.3</u>

Dilapidations

Provisions for dilapidations represents amounts set aside in respect of property leases based on management's best estimate. It is expected that this liability could become payable over the next twelve months should an agreement be reached with the landlord.

Other

The other provisions include an amount of £757,300 (31 December 2019: £280,200) for restructuring costs, mainly relating to expected severance payments to be made. Uncertainties existed around the exact amount and timing of cash outflows as elements of the restructuring process were subject to employee consultation procedures.

Company

The Company did not have provisions for other liabilities at 31 December 2020 (31 December 2019: £nil).

Notes to the consolidated financial statements (continued)**21 Financial instruments**

The Group and Company has the following financial instruments:

	Note	Group		Company	
		2020 £000	2019 £000	2020 £000	2019 £000
Financial assets					
Financial assets at fair value through profit or loss		-	-	-	-
Financial assets that are debt instruments measured at amortised cost:					
Trade receivables	15	16,523.2	13,149.4	-	-
Amounts owed by group undertakings	15	2,001.5	15.2	3,836.6	3,411.2
Other receivables	15	248.2	297.7	-	-
		<u>18,772.9</u>	<u>13,462.3</u>	<u>3,836.6</u>	<u>3,411.2</u>

The Group and Company does not have any financial assets available for sale.

Financial liabilities

Financial liabilities at fair value through profit or loss	17	-	-	-	-
Financial liabilities measured at amortised cost:					
Revolving loans	19	2,844.9	2,300.0	2,844.9	2,300.0
Term loans	19	32,687.6	32,930.4	32,687.6	32,930.4
Trade payables	17	1,718.3	3,919.9	-	-
Amounts owed by group undertakings	17	3,672.6	3,444.9	7,198.9	4,443.1
Other creditors	17	3,332.3	1,579.0	-	-
Accruals	17	2,736.8	1,417.5	84.9	107.3
Derivative financial liabilities at fair value through profit or loss	22	241.3	43.6	241.3	43.6
		<u>47,233.8</u>	<u>45,635.3</u>	<u>43,057.6</u>	<u>39,824.4</u>

Derivative financial instruments – Interest rate swaps

In May 2019, the Group entered into an interest rate swaps to reduce volatility in interest expense resulting from the interest payments on borrowings.

The Company entered into an interest rate swap to receive interest at a floating rate of 3 month GBP LIBOR and pay interest at a fixed 0.93%. The swap is based on a notional amount of £24.75 million and matures in May 2022.

The Group has the following derivative financial instruments in the following line items in the balance sheet:

	2020 £000	2019 £000
Non-current liabilities		
Interest rate swaps – cash flow hedges	241.3	43.6
Total non-current derivative financial instrument liabilities	<u>241.3</u>	<u>43.6</u>

Notes to the consolidated financial statements (continued)**22 Share capital and other reserves**

Ordinary shares of £1 each Allotted and fully paid As at 1 January 2020 and 31 December 2020	Number	£000
	<u>2</u>	<u>-</u>

The Company was incorporated on 3 December 2018 and issued share capital of 1 share with a nominal value of £1.

On 3 December 2018 1 ordinary share with a nominal value of £1 was issued to OH PE US Holdco Inc. for a premium of \$65,484,606.69. The subscription price paid was \$65,484,607.97.

There is a single class of ordinary shares. There are no restrictions on the distribution of capital and the repayment of capital.

Capital contribution of £8,316,900 comprises a contribution from the immediate parent company, OH PE US Holdco Inc. for the purchase of the Open Health Group.

Share premium balance as at 31 December 2020 was £51,219,872 (31 December 2019: £51,219,872).

Hedging reserve

	£000
At 1 January 2020	35.3
Cash flow hedges – mark to market losses	197.7
Deferred tax expense on financial instruments (see note 10)	<u>(37.5)</u>
At 31 December 2020	<u>195.5</u>

The hedging reserve is used to record transactions arising from the Group's cash flow hedging arrangement.

23 Notes to the cash flow statement

	Note	2020 £000	2019 £000
Loss for the financial period		(7,937.8)	(6,965.1)
Adjustments for:			
Tax on loss	10	353.9	150.0
Net interest expense	9	2,280.7	2,133.6
Profit on disposal of subsidiary		-	(2,003.1)
Profit on disposal of associated undertaking		-	<u>(154.7)</u>
Operating loss		<u>(5,303.2)</u>	<u>(6,839.3)</u>
Amortisation of intangible assets	11	9,296.4	9,144.3
Depreciation of tangible assets	12	718.5	403.9
Loss/(profit) on write off of tangible assets		280.1	(78.4)
Profit on disposal of subsidiary undertakings		-	2,003.1
Profit on disposal of associated undertakings		-	154.7
Increase in provisions		825.0	124.9
Working capital movements:			
Decrease in work in progress		757.9	(161.2)
Increase in debtors		(4,436.3)	(2,238.5)
Decrease in payables		<u>4,570.4</u>	<u>416.0</u>
Cash flow from operating activities		<u>6,708.8</u>	<u>2,929.5</u>

Notes to the consolidated financial statements (continued)

23 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 January 2020 £000	Cash flows £000	Non-cash changes £000	At 31 December 2020 £000
Cash at bank and in hand	1,714.7	2,442.1	-	4,156.8
Bank loans	(35,230.3)	(208.6)	(93.6)	(35,532.5)
Total	(33,515.6)	2,233.5	(93.6)	(31,375.7)

Non-cash movements represent foreign exchange translation adjustments and the amortisation of new bank loan issue costs.

24 Operating lease arrangements

Group

	Land and buildings	
	2020 £000	2019 £000
Operating leases payments recognised as an expense in the period	1,169.3	1,431.4

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2020 £000	2019 £000
– within one year	908.6	1,829.5
– in the second to fifth years inclusive	3,282.1	3,242.6
– after five years	3,077.0	3,612.0
	<u>7,267.7</u>	<u>8,684.1</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 3 years.

Company

The Company does not have any operating leases at 31 December 2020 (31 December 2019: none).

25 Contingent liabilities

There are no contingent liabilities as at 31 December 2020 (31 December 2019: none).

The Group, together with the ultimate parent company and certain other companies in the Group, has given an unlimited cross-guarantee and debenture in favour of its bankers.

The Group operates under the banking facility operated by Open Health Group Holdings LLC. The Group benefits from revolver loan facilities of £3.9 million and \$5.0 million until December 2023 and committed facilities of £33.3 million and \$61.7 million until 3 December 2024. This facility is subject to banking covenants. The Company, together with the ultimate parent company and certain other companies in the Group, has given a secured unlimited cross-guarantee in favour of its bankers. Cash flow movements are monitored to ensure that sufficient financial resources are available.

Notes to the consolidated financial statements (continued)

26 Related party transactions

Balance and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements.

On 3 December 2018, OH PE Holdings Limited acquired 14 Curzon Street 1 Limited and its subsidiaries, as disclosed in note 5 of the parent company financial statements.

OH PE US Holdco Inc. is the Group's immediate parent undertaking.

Services provided to related parties were made at the company's usual list price, less average discounts. Purchases were made at market price discounted to reflect the quantity of services purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

Remuneration of key management personnel

The remuneration of the persons with significant influence, who are the key management personnel of the Group, is borne by other Group companies.

27 Ultimate parent company and controlling party

The Group's immediate parent undertaking and its immediate controlling party is OH PE US Holdco Inc., incorporated in the USA.

The ultimate parent company is Peloton Echelon Holdings II LLC, incorporated in the USA.

The Group for which the Group financial statements are prepared and of which the Group is a member is Open Health Group Holdings LLC which is incorporated in the USA, with its agent's office being at 251 Little Falls Drive, Wilmington, New Castle, DE 19808, USA.

28 Events after the reporting period

As of 26 April 2021, no other material structural changes or business events have occurred that might change any of the disclosures contained in the 2020 financial statements.

An application to strike-off Open Heath Communications (Ireland) Limited, a dormant subsidiary held directly by a subsidiary undertaking of Peloton Echelon LLC, was made on 11 December 2020 and was completely struck-off from the register of companies on 11 March 2021.

COVID-19 Update

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. In preparing these forecasts management have taken into account the impact of COVID-19. Whilst there remains some uncertainty over its continued impact of COVID-19, business performance has been extremely robust to date and even if the impact of COVID-19 was to increase in the coming months, the Directors have the ability to take mitigating actions if necessary. These actions may include increasing the debt facility and/or reducing operating costs in line with any reductions to revenues experienced.