

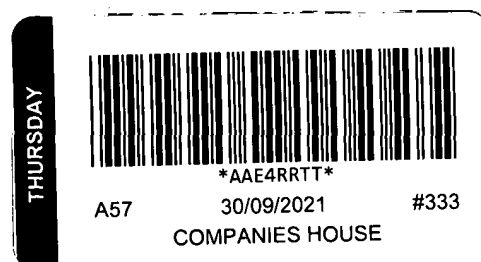
Registered number: 10926787

MH SERVICES INTERNATIONAL (UK) LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



MH SERVICES INTERNATIONAL (UK) LIMITED

COMPANY INFORMATION

Directors	E Perry (appointed 29 March 2021) T Dinkelman
Registered number	10926787
Registered office	77 New Cavendish Street London, England W1W 6XB

MH SERVICES INTERNATIONAL (UK) LIMITED

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MH SERVICES INTERNATIONAL (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present the Strategic Report for the year ended 31 December 2020.

Business review

The principal activity of MH Services International (UK) Limited ("the Company") during the year was to act as an investment holding company with expense being incurred to further grow the Company and seek out additional investments.

Financial key performance indicators

The Company generated a loss for the financial year ended 31 December 2020 of £11,895k (2019: £7,600k).

Principal risks and uncertainties

The directors have overall responsibility for the Company's approach to assessing and managing risk, with the Company's management teams being responsible for the implementation of policies on risk control and compliance with such policies.

Price risk

The Company has no exposure to equity securities price risk, as it holds no listed or other equity investments.

Impairment of investments

The Company holds investments in its subsidiaries as well as an investment in an associated undertaking. A significant change in the nature or market of these investments could lead to impairment in the carrying value of these investments.

Liquidity risk

The Company monitors its liquidity position on a regular basis and leverages resources within the group and from parent company support.

Political and Regulatory risk

Current and potential new NHS legislation is monitored by the Board and executive management to ensure any impacts on the Company are properly evaluated and managed.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Section 172(1) Statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. The Board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement explains how the directors of the Company:

- engaged with employees, suppliers, customers and others; and
- regarded employee interests, the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the Company during the financial year.

The S172 statement focuses on matters of strategic importance to the company, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of directors' duties

The directors have a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The Delegation of Authority framework sets out the delegation and approval process across the broader business.

When making decisions, each director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) The likely consequences of any decision in the long term

The directors understand the business and the evolving environment in which we operate. In 2020, to help achieve our strategic ambitions, the Board continued to develop a strategy to deliver improved patient choice and service quality.

The directors recognise how our operations are viewed by our stakeholders, and the ever-increasing challenge of making decisions that align with all stakeholder interests. Given the complexity of the current healthcare environment, the directors have taken the decisions believed to best support the Company's strategic ambitions.

S172(1) (B) The interests of the Company's employees

The directors recognise that the Company's employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Section 172(1) Statement (continued)

S172(1) (C) The need to foster the Company's business relationships with suppliers, customers and others

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and governments. The Company seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. The Company continuously assesses the priorities related to customers and those with whom we do business, and the directors engage with the senior management team on these topics, for example, within the context of business strategy updates and investment proposals.

S172(1) (D) The impact of the Company's operations on the community and the environment

The directors review information on these topics to inform specific Board decisions related to specific strategic initiatives, including investment or divestment proposals and business strategy reviews, and to provide regular updates to the Company's senior management team.

S172(1) (E) The desirability of the Company maintaining a reputation for high standards of business conduct

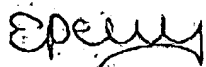
The senior management team regularly reviews and approves clear frameworks, business principles, code of conduct, ethics & compliance manuals, and modern slavery statements, and all other group-wide policies, to ensure that the highest standards are maintained both within the Company and the relationships with our stakeholders. This, complemented by the ways the directors are informed and monitor compliance with relevant governance standards, help assure that the Company acts in ways that promote high standards of business conduct.

S172(1) (F) The need to act fairly as between members of the Company

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the long-term strategy, taking into consideration the impact on stakeholders and ensuring fairness between members as far as can reasonably be achieved.

The Company is a low energy user under the SECR guidance and therefore environmental disclosures have not been presented.

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



E Perry
Director

27th September 2021

MH SERVICES INTERNATIONAL (UK) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present this report and the financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation, amounted to £11,895k (2019: £7,600k).

The directors do not recommend the payment of a dividend in respect of the period (2019: nil).

Directors

The directors who served during the year were:

E Perry (appointed 29 March 2021)

T Dinkelman

S Jones (appointed on 14 January 2021 and resigned on 30 March 2021)

Employee engagement

The Company's human resources team and human resources systems and processes include provision for the gathering of employee feedback on matters of interest and concern to the Company's employees. Local site locations are overseen by business managers who provide a communications link to and from the senior management team. There are a range of internal communications tools, including e-mail notices, newsletters, staff surveys and briefings in order to keep employees informed of the progress of the business and the market environment.

Employment of disabled persons

The Company is committed to promoting equality of opportunity for all staff and job applicants. The Company has established an environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. The Company considers the employment needs of disabled people and complies with current legislation with regard to their employment. Where possible, the Company will continue to employ and promote the careers of existing employees who become disabled and will consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors and officers was in force during the financial year.

Creditor policy

The Company seeks to follow best practice guidelines laid down by the Department of Business, Innovation and Skills to pay suppliers in line with their agreed payment terms subject to suppliers meeting their contractual obligations. The Company continually reviews its supply chain with a view to maximising the strength of relationships with its preferred suppliers and obtain best prices.

MH SERVICES INTERNATIONAL (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Post Balance Sheet events

On 11th February 2021, 99% of the ownership of AT Medics Holdings LLP and its subsidiaries was transferred to Operose Health Limited, a subsidiary company of MH Services International Holdings (UK) Limited. On the same date, the remaining 1% of the ownership of AT Medics Holdings LLP and its subsidiaries was transferred to MH Services International (UK) Limited. The transaction resulted in MH Services International Holdings (UK) Limited assuming 100% control of the AT Medics Holdings LLP group of companies. These companies are Technology, Learning and Primary Care businesses. The transaction is estimated to increase future annual turnover of MH Services International Holdings (UK) Limited by approximately £57 million, based on the draft audited group accounts for AT Medics Holdings LLP and its subsidiaries for the annual period ending 31 March 2021. Non-financial benefits anticipated from the transaction include an increased ability to support practices to utilise technology to provide better care and access for patients. Management expects to combine the best clinical practice, ways of thinking, and the most innovative global health technology to improve the quality, value, and accessibility of NHS health care so that all patients can share the opportunity to live healthier lives. The investment in AT Medics Holdings LLP will be fully consolidated in the accounts of MH Services International Holdings (UK) Limited for the year ended 31 December 2021, as the company has 100% control over the investment.

On 1st July 2021, the remaining ownership of Circle Health Holdings Limited and its subsidiaries was transferred to MH Services International (UK) Limited for consideration of approximately £509 million. This transaction resulted in MH Services International Holdings (UK) Limited assuming 100% control of the Circle Health Holdings Limited group of companies, which represent the largest independent hospital group in the UK. The transaction is estimated to increase future annual turnover of MH Services International Holdings (UK) Limited by approximately £995 million, based on the draft audited group accounts for Circle Health Holdings Limited and its subsidiaries for the annual period ending 31 December 2020. The investment in Circle Health Holdings Limited will be fully consolidated in the accounts of MH Services International Holdings (UK) Limited for the year ended 31 December 2021, as the company has 100% control over the investment.

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



E Perry
Director

27th September 2021

MH SERVICES INTERNATIONAL (UK) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing each of the Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

MH SERVICES INTERNATIONAL (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	3	1,866	—
Gross profit		1,866	—
Administrative expenses		(13,090)	(6,902)
Operating loss		(11,224)	(6,902)
Interest payable and similar expenses	5	(678)	(677)
Interest receivable and similar income		3	—
Foreign exchange gain (loss)		4	(21)
Loss before tax		(11,895)	(7,600)
Tax on loss	6	—	—
Loss for the financial year		(11,895)	(7,600)
Other comprehensive loss for the year		—	—
Total comprehensive loss for the year		(11,895)	(7,600)

MH SERVICES INTERNATIONAL (UK) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Investments	7	<u>86,429</u>	<u>17,531</u>
		86,429	17,531
Current assets			
Debtors	8	<u>7</u>	<u>22</u>
		7	22
Creditors: amounts falling due within one year	9	<u>(117,211)</u>	<u>(37,112)</u>
Net current liabilities		<u>(117,204)</u>	<u>(37,090)</u>
Total assets less current liabilities		(30,775)	(19,559)
Creditors: Amounts falling due after more than one year	10	<u>(13,017)</u>	<u>(12,338)</u>
Net liabilities		<u>(43,792)</u>	<u>(31,897)</u>
Capital and reserves			
Called up share capital	11	7	7
Share premium account	12	22,106	22,106
Profit and loss account	12	<u>(65,905)</u>	<u>(54,010)</u>
		<u>(43,792)</u>	<u>(31,897)</u>

MH SERVICES INTERNATIONAL (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

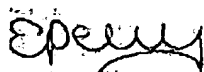
	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	7	22,106	(46,410)	(24,297)
Comprehensive income (loss) for the year				
Loss for the year	—	—	(7,600)	(7,600)
At 1 January 2020	7	22,106	(54,010)	(31,897)
Comprehensive income (loss) for the year				
Loss for the year	—	—	(11,895)	(11,895)
At 31 December 2020	7	22,106	(65,905)	(43,792)

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledges their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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



E Perry
Director

Date: 27th September 2021

The notes on pages 10 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

MH Services International (UK) Limited is a private company, limited by share capital, incorporated in the United Kingdom and registered in England and Wales under Company number: 10926787. The registered office is 77 New Cavendish Street, London, England, W1W 6XB.

The financial information set out in these financial statements comprises the Company's statutory accounts for the years ended 31 December 2020 and 2019.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies.

The Company's functional and presentational currency is GBP.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments 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) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of MH Services International Holdings (UK) Limited as at 31 December 2020 and these financial statements may be obtained from 77 New Cavendish Street, London, England, W1W 6XB.

MH SERVICES INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

The directors have considered the financial position of the Company. During this period the ultimate controlling party has provided confirmation of ongoing support to the Company. Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and as such, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

As disclosed within the audited accounts of the parent company, MH Services International Holdings (UK) Limited, these financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons:

- The Company has sufficient funds, through funding from its parent, to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of the financial statements; and
- The parent has indicated its intention not to seek repayment of any amounts owed by the Company at the balance sheet date, for a period of at least 12 months from the date of approval of the financial statements.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in associates are accounted for at cost less accumulated impairment.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the Company has significant influence. The Company 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 year are included up to, or from, the dates of change of control or change of significant influence, respectively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.7 Financial instruments**

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

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.8 Interest payable and similar expenses

Interest payable and similar expenses include interest payable and finance expenses associated with an on demand loan to a group undertaking recognized in profit and loss using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.10 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

3. Turnover

The total turnover of the Company for the period has been derived from its principal activity. More specifically, the Company generated its revenue from arrangement and underwriting services provided in relation to its additional investment in Circle Health Holdings Limited. Refer to Note 7 for further information regarding this investment.

All turnover arose within the United Kingdom.

MH SERVICES INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

i. Impairment of investments (note 7)

The Company considers whether investments in associated undertakings are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of CGUs. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

5. Interest payable and similar expense

	2020	2019
	£000	£000
Interest on loans from group undertakings	678	677
	<u>678</u>	<u>677</u>

6. Taxation

	2020	2019
	£000	£000
Current tax		
Current tax on loss for the year	—	—
Adjustments in respect of previous periods	—	—
Total current tax	<u>—</u>	<u>—</u>
Deferred tax		
Origination and reversal of timing differences	(1)	—
Adjustments in respect of prior periods	—	—
Effect of tax rate change on opening balance	<u>1</u>	<u>—</u>
Total deferred tax	<u>—</u>	<u>—</u>
Total tax charge (credit)	<u>—</u>	<u>—</u>

MH SERVICES INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	<u>(11,895)</u>	<u>(7,600)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(2,260)	(1,444)
Effects of:		
Expenses not deductible for tax purposes	2,486	1,311
Remeasurement of deferred tax for changes in tax rates	(25)	14
Deferred tax not recognised	<u>(201)</u>	<u>119</u>
Total tax charge (credit) for the year	<u>—</u>	<u>—</u>

Factors that may affect future tax charges

At 31 December 2020, there were trading losses of £83k (2019: *nil*) to be used against future trading profits.

7. Investments

	Investments in associated undertakings £000	Preference share holdings in associated undertakings £000	Total investments £000
Cost			
At 1 January 2020	3,338	14,193	17,531
Additions	<u>2,562</u>	<u>66,336</u>	<u>68,898</u>
At 31 December 2020	5,900	80,529	86,429
Net book value			
At 31 December 2020	<u>5,900</u>	<u>80,529</u>	<u>86,429</u>
At 31 December 2019	<u>3,338</u>	<u>14,193</u>	<u>17,531</u>

MH SERVICES INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Investments (continued)

During June 2019, the Company acquired 19.9% of the voting shares as well as additional preference shares of Circle Health Holdings Limited for a total investment of £17,531k, including capitalized transaction costs amounting to £815k. For the 2019 reporting period, the Group valued this initial investment at cost less accumulated impairment.

During January 2020, the Company acquired an additional 20.1% of voting shares, bringing the Group's total voting interest to 40%, as well as an additional acquisition of preference shares for a combined investment of approximately £68,898k, including capitalized transaction costs amounting to £15k. As part of this additional investment in Circle Health Holdings Limited, the Company also became invested in GHG Healthcare Holdings Limited, which operates under the name BMI Healthcare, as Circle Health Holdings Limited simultaneously acquired 100% of GHG Healthcare Holdings Limited at the time of the Group's additional investment. BMI Healthcare is the largest operator of private hospitals in the U.K. with a core portfolio of approximately 50 hospitals. The additional investment in Circle Health Holdings Limited was valued at cost less accumulated impairment.

	Investments in subsidiary companies £000
Cost	
At 1 January 2020	52,720
Additions	13,000
At 31 December 2020	65,720
Impairment	
At 1 January 2020	52,720
Charge for the period	13,000
At 31 December 2020	65,720
Net book value	
At 31 December 2020	—
<i>At 31 December 2019</i>	—

MH SERVICES INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Investments (continued)

The following were subsidiary undertakings of the Company as of 31 December 2020:

Name	Principal activity	Class of shares	Holding
Operose Health Limited	Provision of Health Care Integration Consultancy and Behavioural Health Services to the NHS	Ordinary	100 %
Operose Health (Group) Limited	Provision of healthcare services	Ordinary	100 %
The Practice Properties Limited*	Owning and renting property	Ordinary	100 %
Operose Health (Group) UK Limited*	Provision of medical related services	Ordinary	100 %
The Practice Surgeries Limited*	Provision of healthcare services	None	0 %
Chilvers & McCrea Limited*	Provision of medical related services	None	0 %
The Practice U Surgeries Limited*	Provision of healthcare services	None	0 %
Operose Health Corporate Management*	Administrative support for other group companies	None	0 %
Phoenix Primary Care Limited*	Provision of medical related services	None	0 %
Phoenix Primary Care (South) Limited*	Provision of medical related services	None	0 %

**indirect subsidiary*

Operose Health Corporate Management Limited, The Practice Surgeries Limited, Chilvers & McCrea Limited and The Practice U Surgeries Limited are consolidated by virtue of control being exercised as set out in section 1162(2)(4) and schedule 7 of the Companies Act 2006. Phoenix Primary Care Limited is 100% owned by The Practice Surgeries Limited. Phoenix Primary Care (South) Limited is 100% owned by Phoenix Primary Care Limited.

8. Debtors

	2020	2019
	£000	£000
Due within one year		
Amounts owed from group undertakings	7	7
Prepayments	—	15
	<u>7</u>	<u>22</u>

MH SERVICES INTERNATIONAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Accruals and deferred income	3	5
Amounts owed to group undertakings	<u>117,208</u>	<u>37,107</u>
	<u>117,211</u>	<u>37,112</u>

Amounts owed to group undertakings mainly comprises a balance of £117,207k (2019: £37,091k) that is owed to the parent company, MH Services International Holdings (UK) Limited, and is repayable on demand.

10. Creditors: Amounts falling due after more than one year

	2020	2019
	£000	£000
Amounts owed to group undertakings	<u>13,017</u>	<u>12,338</u>
	<u>13,017</u>	<u>12,338</u>

Amounts owed to group undertakings comprises a loan to Operose Health Limited for the principal amount of £11,122k (2019: £11,122k). This loan is repayable on demand and accrues interest of 6% daily from 16 March 2018. At 31 December 2020 the accrued interest on this loan is £1,895k (2019: £1,216k). This amount owed to group undertakings is classified as non-current for both the Company and Operose Health Limited given the mutual agreement that this loan is not expected to be called for payment during the next twelve months.

11. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
10,000 Ordinary shares at £0.7262 each	<u>7,262</u>	<u>7,262</u>
	<u>7,262</u>	<u>7,262</u>

12. Reserves

Share premium account

The share premium account arises on the excess of the consideration paid for ordinary shares between the amount paid per share and its nominal value.

Profit and loss account

This reserve records the cumulative retained earnings of the Company, less amounts distributed to shareholders.

13. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33 to not disclose transactions with wholly owned group entities.

MH SERVICES INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Post Balance Sheet events

On 11th February 2021, 99% of the ownership of AT Medics Holdings LLP and its subsidiaries was transferred to Operose Health Limited, a subsidiary company of MH Services International Holdings (UK) Limited. On the same date, the remaining 1% of the ownership of AT Medics Holdings LLP and its subsidiaries was transferred to MH Services International (UK) Limited. The transaction resulted in MH Services International Holdings (UK) Limited assuming 100% control of the AT Medics Holdings LLP group of companies. These companies are Technology, Learning and Primary Care businesses. The transaction is estimated to increase future annual turnover of MH Services International Holdings (UK) Limited by approximately £57 million, based on the draft audited group accounts for AT Medics Holdings LLP and its subsidiaries for the annual period ending 31 March 2021. Non-financial benefits anticipated from the transaction include an increased ability to support practices to utilise technology to provide better care and access for patients. Management expects to combine the best clinical practice, ways of thinking, and the most innovative global health technology to improve the quality, value, and accessibility of NHS health care so that all patients can share the opportunity to live healthier lives. The investment in AT Medics Holdings LLP will be fully consolidated in the accounts of MH Services International Holdings (UK) Limited for the year ended 31 December 2021, as the company has 100% control over the investment.

On 1st July 2021, the remaining ownership of Circle Health Holdings Limited and its subsidiaries was transferred to MH Services International (UK) Limited for consideration of approximately £509 million. This transaction resulted in MH Services International Holdings (UK) Limited assuming 100% control of the Circle Health Holdings Limited group of companies, which represent the largest independent hospital group in the UK. The transaction is estimated to increase future annual turnover of MH Services International Holdings (UK) Limited by approximately £995 million, based on the draft audited group accounts for Circle Health Holdings Limited and its subsidiaries for the annual period ending 31 December 2020. The investment in Circle Health Holdings Limited will be fully consolidated in the accounts of MH Services International Holdings (UK) Limited for the year ended 31 December 2021, as the company has 100% control over the investment.

15. Controlling party

The Company's immediate parent is MH Services International Holdings (UK) Limited, a company incorporated in England and Wales, which holds the shares and voting rights in the Company.

The ultimate controlling party and the parent of the largest group which includes the Company and for which group accounts are prepared is Centene Corporation, a company incorporated in the United States of America. Copies of the Group accounts can be obtained from its registered office at Centene Plaza, 7700 Forsyth Blvd., St. Louis, MO 63105, USA.

The consolidated accounts of MH Services International Holdings (UK) Limited, which is the smallest group which includes the Company and for which group accounts are prepared can be obtained from its registered office: 77 New Cavendish Street, London, England, W1W 6XB.