

Company Registration No. 04215291 (England and Wales)

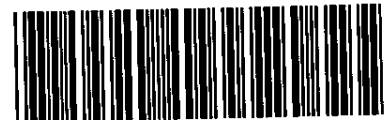
SG Health Solutions Limited

(formerly Mobile Doctors Solutions Limited)

Report and Unaudited Financial Statements

For the year ended 31 December 2021

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SG Health Solutions Limited

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SG Health Solutions Limited

Company Information

Directors	E S Comley N I Stoesser
Company number	04215291
Registered office	58 Mosley Street Manchester M2 3HZ United Kingdom

SG Health Solutions Limited

Directors' Report

For the year ended 31 December 2021

The Directors present their report, together with the unaudited financial statements for the year ended 31 December 2021.

Principal activities

SG Health Solutions Limited ("the Company") is a holding company incorporated and domiciled in England and Wales. On 15 March 2021, the Company changed its name from Mobile Doctors Solutions to SG Health Solutions Limited.

Results, dividends and key performance indicators

The results for the year are set out on page 5. During the year ended 31 December 2021, £20,345,000 was received in the form of a dividend (2020: £nil). On 8 March 2021, the Company sold its investment in Mobile Doctors Limited for £1.6m. A loss on disposal of £7.4m was generated. Prior to disposal, certain balances that were to be retained by the Group were transferred to the Company.

Directors

The following Directors have held office during the year and to the date of this report:

- E S Comley (appointed 1 July 2022)
- N I Stoesser (appointed 4 February 2022)
- D J L Whitmore (resigned 1 July 2022)
- A L Wilford (resigned 31 January 2022)

The Covid-19 pandemic

At the start of 2022, the UK announced the easing of social distancing restrictions from the Covid-19 pandemic. The Directors will continue to monitor the UK economy and markets and the effects this has on the Company's financial performance and cash position. The Directors of the Company have assessed the ability for the Company to continue as a going concern below.

Going concern

The financial statements have been prepared on a going concern basis. The Company is a member of the Slater and Gordon Consolidated Group (the "Group") whose ultimate parent entity is Slater and Gordon UK Holdings Limited. The Company is under common management of the Group and benefits from Group support when needed.

At 31 December 2021, the Group had net assets of £85.1m and cash of £11.5m. The Group has prepared cash flow forecasts for the period to 30 June 2024, based on key assumptions around the achievement of revenues, the costs and working capital required to generate these revenues. The Group Directors have considered the level of new instructions and the likely future value of this work together with the forecasts and projected cash flow patterns of the Group for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

The Group's projections for the period to 30 June 2024 including receipts and payments indicate that the Group expects to be able to discharge its obligations to all stakeholders. Business activity and cash flows are monitored on a weekly basis and continue to be satisfactory. Regular financial forecasts are prepared to monitor the Group's funding requirements to demonstrate the Group's ability to meet its working capital requirements, to meet liabilities when they fall due and to comply with regulatory capital requirements.

The Group has considered the impact of the global economy on the cashflow forecasts, including the aftermath of the Covid-19 pandemic, the continuing rise of inflation and the geopolitical issues in Ukraine. The forecasts are based on a prudent level of intake growth, with road traffic volumes and court processes seeing a return to pre Covid-19 levels. The successful settlement of the VW case enabled the Group to increase cash during FY22.

As part of looking at the period of the projections the Group has also assessed its access to financing. Historically this has been provided through a shareholder loan facility and a working capital facility.

SG Health Solutions Limited

Directors' Report (continued)

For the year ended 31 December 2021

Going concern (continued)

The shareholder loan facility, including accrued interest, was £43.5m as at 31 December 2021 and was fully drawn down (2020: £33.8m). On 10 June 2022, following the successful settlement of the Volkswagen class action, the Group repaid the shareholder loan of £46.8m (including interest), in accordance with the contractual terms of the loan facility.

The working capital facility had £31.4m drawn at 31 December 2021 (2020: £20.9m). In common with most asset based facilities this is an on demand facility, meaning that the lending counterpart has the ability to restrict or cease to allow drawdowns at short notice. This has been the case since the inception of the facility in 2019.

The current provider of the working capital facility has informed the Group that it is attempting to refinance its own business given repayment commitments under its own facilities. If these refinancing activities are not successful the current provider has indicated it will not be able to continue funding the Group's working capital facility. In these circumstances the Group will need to find alternative working capital financing. The Group Directors' assessment of going concern assumes that the Group will have access to at least £25m of working capital funding, on terms that are substantially similar to current terms. The Group is in ongoing discussions with the current lender, and other lenders, with the support of professional advisors, to secure this level of funding for the period of the projections.

The Group Directors have reasonable expectations that the Group will have access to the necessary working capital financing based on current discussions with its lenders and other potential lenders, in particular given the availability of unsecured net assets of approximately £130m at 30 November 2022 (unaudited management accounts). Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

If the Group were not able to access at least £25m of working capital funding during the period of the projections these events or conditions constitute a material uncertainty that may cast significant doubt over the Group's ability and consequently, the Company's ability to continue as a going concern.

Statement of Directors' responsibilities

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


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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Report of the Directors was approved by the Board and signed on its behalf by:



N I Stoesser
Director

30 January 2023 58 Mosley Street, Manchester, M2 3HZ

SG Health Solutions Limited

Statement of Comprehensive Income

For the year ended 31 December 2021

		Year ended 31 December 2021	Year ended 31 December 2020
	Notes	£'000	£'000
Administrative expenses		(7,041)	-
Dividend income		20,344	
Profit before tax		13,303	-
Tax on profit on ordinary activities	3	-	-
Total comprehensive profit		13,303	-

The total comprehensive loss for the current year arises wholly from the Company's continuing operations.

The notes on pages 8 to 11 are an integral part of these financial statements.

SG Health Solutions Limited

Statement of Financial Position

At 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Non-current assets			
Investments	4	-	8,761
Total non-current assets		-	8,761
Current assets			
Trade and other receivables	5	24,137	5
Cash and cash equivalents		509	-
Total current assets		24,646	5
Total assets		24,646	8,766
Current liabilities			
Trade and other payables	6	(10,658)	(8,081)
Total liabilities		(10,658)	(8,081)
Net current liabilities		13,988	(8,076)
Net assets		13,988	685
Equity			
Called-up share capital	7	1	1
Share premium account		1,744	1,744
Retained earnings		12,243	(1,060)
Total shareholders' funds		13,988	685

The notes on pages 8 to 11 are an integral part of these financial statements.

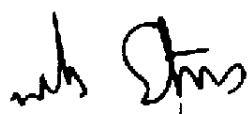
For the year ended 31 December 2021, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for:

- (i) ensuring that the Company keeps adequate accounting records which comply with Sections 386 and 387 of the Companies Act 2006, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Sections 393, 394 and 395, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The financial statements were approved by the board of Directors and authorised for issue on 30 January 2023



N I Stoesser
Director

Company Registration No. 04215291

SG Health Solutions Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	Called-up share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance as at 31 December 2019	1	1,744	(1,060)	685
Total comprehensive result for the year	-	-	-	-
Balance as at 31 December 2020	1	1,744	(1,060)	685
Total comprehensive profit for the year	-	-	13,303	13,303
Balance as at 31 December 2021	1	1,744	12,243	13,988

The notes on pages 8 to 11 are an integral part of these financial statements.

SG Health Solutions Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1. Accounting policies

The following is a summary of significant accounting policies adopted by the Company in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of preparation

Mobile Doctors Solutions Limited (the "Company") is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom (UK). The address of the Company is shown on page 2.

The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 3. The financial statements have been prepared on a going concern basis and is assessed on page 3 in the Directors' Report.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements in accordance with International Financial Reporting Standards (IFRS's) as issued by the UK.

The Company's financial statements are presented in Pound Sterling (GBP), its functional currency. All values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The financial statements have been prepared under the historical cost convention.

These financial statements are separate financial statements. The consolidated financial statements of Slater and Gordon UK Holdings Limited are available to the public and can be obtained as set out in note 9.

b) Compliance with accounting standards

FRS 101 sets out amendments to UK-adopted IFRS's that are necessary to achieve compliance with the Companies Act 2006 and related Regulations. The Company adopted the following amendments to IFRS's from 1 January 2021:

Interest Rate Benchmark Reform	<i>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16</i>
Amendments to IAS 1	<i>Amendments to presentation of financial statements on classification of liabilities</i>

The adoption of the amendments listed above did not have any impact on the amounts recognised in prior and current periods. No impact is expected in future periods.

The following disclosure exemptions from the requirements of IFRS's have been adopted in the preparation of these financial statements, in accordance with FRS 101:

- Information relating to the Company's objectives, policies and processes for managing capital has not been given.
- IAS 1 "Presentation of financial statements", a statement of cash flows has not been presented.
- The categories of financial instrument and nature and extent of risks arising on these financial instruments have not been detailed.
- The valuation techniques applied to assets and liabilities held at fair value have not been disclosed.
- IAS 24 "Related party disclosures", including related party transactions between two or more wholly owned members of the group have not been disclosed.

Where relevant, equivalent disclosures have been given in the Group accounts of Slater and Gordon UK Holdings Limited.

SG Health Solutions Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

c) Significant accounting estimates and judgements

At the date of authorisation of these financial statements, the Company has not applied the following amendments to IFRS's that have been issued but are not yet effective:

IFRS 17	<i>Insurance Contracts (effective from 1 January 2023)</i>
Amendments to IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets (effective from 1 January 2022)</i>
Amendments to IAS 1	<i>Presentation of financial statements (effective from 1 January 2023)</i>
Annual improvements to IFRS 2018-2020	<i>Effective from 1 January 2022</i>

The Directors do not expect that the amendments to IFRS's listed above will have a material impact on the financial statements of the Company in future periods.

d) Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 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. During the current and prior year there were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

e) Taxation

Income tax

The tax expense for the year comprises of current and deferred tax and is recognised in the statement of comprehensive income. Under certain circumstances, tax is recognised either in other comprehensive income or directly in equity, depending on the item that the tax relates to.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the United Kingdom where the Company operates and generates taxable income.

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are determined using the current income tax charge defined above and is shown net in the statement of financial position. Deferred tax assets are recognised to the extent that it is highly probable that future taxable profits will be available against which the temporary differences can be utilised and is shown net in the statement of financial position. The deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Value Added Tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of VAT, except where the VAT incurred is not recoverable from Her Majesty's Revenue and Customs ("HMRC") and is therefore recognised as part of the asset's cost or as part of the expense item. Receivables and payables are stated inclusive of VAT.

The net amount of VAT payable to HMRC is included as part of current payables in the statement of financial position.

SG Health Solutions Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

f) Investment in subsidiaries

Investments in subsidiaries are stated at cost. Impairment reviews are carried out if there is an indication that the carrying value of the investments may have been impaired. Any impairment loss is charged to the statement of comprehensive income during the reporting period in which the loss is incurred.

g) Trade and other receivables

Trade receivables are held at amortised cost less any impairment provisions and this equates to their recoverable value.

Collectability of intercompany and related party balances is reviewed at each reporting period. Management considers whether an impairment is required based upon recoverability. Debts that are known to be uncollectable are written off when identified.

h) Trade and other payables

Trade and other payables are obligations to pay for services that have been provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within one year or less.

2. Employee information

The Company had no employees in the current or prior year. Directors' emoluments for both the current and prior year were settled on behalf of the Company by a group company, Slater and Gordon (UK) 1 Limited.

3. Taxation

The Company has incurred no tax charge in the current or prior year.

A reduction to the UK corporation tax rate down from 19% to 17% was announced in the 2016 Budget and enacted on 15 September 2016 (to be effective from 1 April 2020). However, the 2020 Budget announced that this reduction in rate would be reversed with 19% being maintained from 1 April 2020.

An increase to the UK corporation tax rate from 19% to 25% was announced in the 2021 Budget and was substantively enacted on 24 May 2021.

4. Investments

	31 December 2021	31 December 2020
	£'000	£'000
Investments	-	8,761

The Company has the following investments in subsidiaries:

Name	Principal Activity	Country of incorporation	Class of shares	Ownership	
				31 December 2021	31 December 2020
Mobile Doctors Limited	Non-Legal	England and Wales	Ordinary	0%	100%
MDL Medical Administration Limited*	Non-Legal	England and Wales	Ordinary	100%	100%

* indirect holding via Mobile Doctors Limited until 8 March 2021. From 8 March 2021, the Company directly owns MDL Medical Administration Limited.

The Directors are satisfied that the recoverable amount of these investments is in excess of their carrying value. On 8 March 2021, the Company sold its investment in Mobile Doctors Limited for £1.6m. A loss on disposal of £7.4m was generated.

SG Health Solutions Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Amounts owed by immediate parent	381	1
Amounts owed by related parties	23,755	4
	24,137	5

Amounts owed by immediate parent and related parties do not attract interest and are repayable on demand.

6. Trade and other payables

	31 December 2021 £'000	31 December 2020 £'000
Amounts owed to related parties	10,519	8,081
Other creditors	139	-
	10,658	8,081

Amounts owed to related parties do not attract interest and are repayable on demand.

7. Share capital

	31 December 2021 £'000	31 December 2020 £'000
Allotted, called up and fully paid		
111,111 Ordinary shares of 1p each	1	1

8. Contingent liabilities

Until 18 October 2022 when a release agreement was signed, the Company was a guarantor to a GBP currency Super Senior Facility Agreement ("SSFA") dated 22 December 2017, amended 14 December 2021, pursuant to which the Company's direct parent company, Slater & Gordon (UK) 1 Limited, was a borrower having fully drawn the facility. The principal and accrued interest under the facility at 31 December 2021 was £43.5m (2020: £33.8m). Pursuant to the terms of the SSFA, the Company had given a cross-guarantee (along with other UK Group companies) in relation to all liabilities outstanding under the SSFA in favour of the Finance Parties (as defined under the SSFA), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company.

Until 18 October 2022 when a release agreement was signed, the Company was also party to a debenture dated 22 December 2017 (the "Debenture"), amended 14 December 2021, pursuant to which the Company (together with other UK Group Companies) covenanted with GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties (as defined in the Debenture), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company) that it would on demand pay all liabilities outstanding under the SSFA (and associated finance documents) when they were due and payable and granted security over all of its assets in favour of GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties).

9. Ultimate parent company

The immediate parent company is SG Health Group Limited (formerly Mobile Doctors Group Limited), a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Slater and Gordon UK Holdings Limited, a company incorporated in England and Wales and is both the smallest and largest parent company preparing group financial statements. Copies of the consolidated accounts of Slater and Gordon UK Holdings Limited can be obtained from 58 Mosley Street, Manchester, England, M2 3HZ.