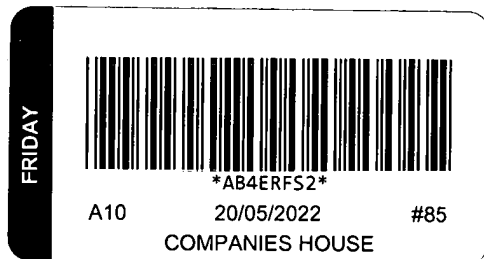


Company registered number: 05153608

Circle Nottingham Limited

**Annual Report and Financial Statements
for the year ended 31 December 2020**



Circle Nottingham Limited

Annual Report and Financial Statements

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Circle Nottingham Limited

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Annual Report and Financial Statements Officers and auditor

Directors

Shane Cobb - appointed 23 October 2020
Henry Davies - appointed 23 October 2020

Registered office

1st Floor 30 Cannon Street
London
EC4M 6XH
England
United Kingdom

Auditor

Deloitte LLP
Abbots House
Abbey Street
Reading RG1 3BD
United Kingdom

**Strategic report
for the year ended 31 December 2020**

The directors present their Strategic report on the affairs of Circle Nottingham Limited ("the Company") for the year ended 31 December 2020. The Company is a direct subsidiary of Nations Healthcare Limited, whose ultimate parent company is Circle Health Holdings Limited ("Circle"). Circle acquired GHG Healthcare Holdings Limited and its subsidiaries ("the Group"), on 8 January 2020 to become the largest independent hospital group in the UK (together "the Circle Group").

The Company was incorporated in the United Kingdom on 15 June 2004 and was formerly a provider of medical services prior to the ending of its contract in 2019 to the NHS. It is currently evaluating new opportunities to enter into. The Group provides an extensive range of general and specialised medical care services to private insured, self-pay and National Health Service ("NHS") funded patients.

Change in Group composition

On 24 December 2019, Circle Health Holdings Limited entered into share purchase agreements to acquire the Group, the holding company of the BMI Healthcare ("the transaction"). This transaction formally completed on 8 January 2020.

As part of the Transaction, the Group entered into new senior lending facilities, for which the Company is a guarantor.

Review of business performance and key performance indicators (KPIs)

The directors do not consider it necessary to include any further key performance indicators, other than the current period results and financial position shown below, in order to understand the business. This is as a result of there being no contract under which it operates during all of 2020, since the prior contract expired in July 2019. The Company current does not have any operating activities.

Financial performance

The Company's loss after taxation for the year ended 31 December 2020 was £0.9 million (2019: £2.8 million profit). During the period the directors did not pay a dividend (2019: £nil). No dividend has been proposed or paid after the year end.

Financial position

The Company's balance sheet as at 31 December 2020 showed net assets of £24.0 million, compared with £24.8 million as at 31 December 2019.

Covid-19 pandemic

On 11 March 2020 the World Health Organisation declared a coronavirus outbreak causing the disease Covid19 to be a global pandemic. In response to the pandemic, the UK government implemented certain restrictions on the movement of people and the operations of non-essential businesses. Although the wider Circle group continued to operate its hospitals throughout the pandemic.

Covid 19 had no impact on the Company as it did not operate under any ongoing contracts during the year. At the date approval of these financial statements the UK is beginning to emerge all Covid 19 restrictions and the longer term impact of the pandemic will be of consideration as the Company reviews opportunities available.

**Strategic report
for the year ended 31 December 2020 (continued)**

Outlook

As a result of the delay to treatments caused by the Covid pandemic and continuing disruption to elective care, the demand for healthcare services over the short and medium term is expected to be strong. The Group's large hospital network, capacity and geographical footprint, means that the Group is well placed to deliver increased diagnostic, surgical and other treatment to patients in all geographies.

The Transaction provides the Group with continued access to capital, under the Group's borrowing facilities and cash reserves, to continue the investment in the hospitals as well as developing new services to drive growth in key markets.

This change in the healthcare sectors will provide potential opportunities for the Company, following the completion of its core service contract in the prior year.

Principal risks and uncertainties

The Companies Act 2006 requires all companies to disclose and discuss the principal risks and uncertainties that they face which, in most cases, are normal business risks. The Group manages risks for all entities through its committee structure, including governance committees, and through the use of a regularly updated and reviewed risk register. Risk mitigation plans across all levels are discussed and actioned on a regular basis by the directors. There are no risks separate from those managed and disclosed in the Group accounts that are applicable to the Company.

The Company is a guarantor on the Group's debt facilities, and therefore is part of the Group's risk assessment framework. The Group's approach to management of risk evolved during the Pre Transaction, Transitional Phase, and Post Transaction periods.

During the year, and at the year end, the company did not trade, following the completion of its core service contract in the prior year. Therefore, with the exception of the uncertainty over the future direction of the Company, the Company is not currently exposed to any company specific business risks or uncertainties relating to trading activities. Risk associated with credit, cashflow and liquidity are as follows:

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and loans to group companies.

The Company's credit risk is primarily attributable to its trade receivables and loans to group companies. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

Cash flow and liquidity risk

In the ordinary course of business, in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company is reliant on cash reserves and funding provided by its parent undertaking. The wider Group manages liquidity risk by monitoring forecast and actual cash flows of the Group, and ensuring that adequate unutilised borrowing facilities are maintained to cover any short-term liquidity requirements.

**Strategic report
for the year ended 31 December 2020 (continued)**

Exit from the European Union risk

On 31 January 2020 the UK exited the European Union and entered into a transition agreement that was in place until 31 December 2020. This does not impact the Company at the date of this report as it does not operate under any ongoing contract but will be of consideration as it reviews opportunities available.

Data protection and cyber risk

The Group is subject to data protection and cyber risk from cybercrime, IT systems failure and threats to data protection, including data theft. The Group manages these risks through regular meetings of its Information Governance Committee, which has accountability for quality and safety of information and technology systems, assessing risk and performance, making improvement recommendations and advising the Governance Committee and boards of Circle Health Group (formerly known as BMI Healthcare) and Circle. The Group also employs data protection and information security officers to oversee relevant risks, and carries out periodic testing of certain risks as part of its overall assurance programme. Further the Group has in place cyber insurance cover, covering a number of the first-party and third-party financial and reputational costs.

Corporate Governance Statement (Section 172(1))

The Company is a guarantor on the Group's debt facilities, and therefore is part of the Group's governance framework which is set out within the consolidated financial statements of Circle Health Holdings Limited.

Under section 172 of the Companies Act 2006, directors of a company have a duty to promote the success of the company. Specifically, it requires the director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Although the Company has not traded in the period, in performing their duties under section 172, the directors of the Company have had regard to the matters set out in section 172(1) items (a to f).

The Company does not currently trade and has no employees, significant suppliers, or customers. Therefore, no governance strategy is disclosed in relation to these areas. The company had no operations in the current period and therefore the directors have concluded that the company has had no impact on the community or the environment.

When considering the other areas set out in Section 172 (a to f), the directors highlight the following in relation to the development of the business strategy and the likely consequences of any decisions in the long term:

a) the likely consequences of any decision in the long term;

When considering future opportunities and the overall business strategy, the Board has set long term strategic objectives for the Company focused on:

- clinical quality, patient experience and market leading reputation;
- attracting and retaining the best people;
- investment in infrastructure by improving the environment and capabilities;
- digital transformation to enable improved patient pathways, propositions and efficiency; and
- growth.

In developing the strategy, the directors also consider external factors such as the political, economic, regulatory, and competitive environment.

**Strategic report
for the year ended 31 December 2020 (continued)**

b) the desirability of the company maintaining a reputation for high standards of business conduct; and

As a healthcare provider, the directors believe that maintaining the reputation of the Company is critical for the future success. Clinical quality and governance is at the heart of the culture of the Group and receives significant focus at Board level.

The Board is committed to high standards of business conduct and has adopted the governance structures present in the wider Group, which are set out in the Annual Quality Account, available on the Circle Healthcare website.

Going concern

The Company's net assets were £24.0 million as at 31 December 2020 (31 December 2019: £24.8 million). The Company's net current assets were £0.8 million (31 December 2019: net current assets £2.0 million).

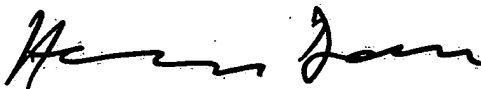
Management of the Circle Group has prepared covenant and liquidity forecasts for the purpose of the Going Concern review and have also applied various sensitivities. These forecasts and sensitivities have been reviewed by the directors of the Company together with the underlying assumptions. The forecasts show that the Circle Group will comply with its financial covenant throughout the forecast period with appropriate headroom. The forecasts also show that the Circle Group has sufficient facilities to provide liquidity through the review period.

The directors have received a letter of support from the Group confirming that it will support the Company in such a way as to cause the Company to be able to meet their financial liabilities and obligations as they fall due for a period of no less than twelve months from the date of the approval of the financial statements, except as otherwise agreed by mutual consent.

After making enquiries, including reviewing the forecasts and sensitivities, the directors have concluded that they have a reasonable expectation that the Circle Group and the Company have adequate resources available to them, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the Going Concern basis in preparing the financial statements.

Further details regarding the adoption of the Going Concern basis can be found in the Statement of accounting policies in note 2 of the financial statements.

Approved by the Board of Directors and signed on behalf of the Board:



Henry Davies
Director

Date: 8 April 2022

**Directors' report
for the year ended 31 December 2020**

The directors present their report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2020.

Details of events affecting the Company since the financial period end, an indication of likely future developments in the business, details of financial risk management, and a statement on going concern have been included in the Strategic Report or below. Energy and Carbon disclosures are set out in the Group's annual report.

Principal activity

The Company operated a Treatment Centre in Nottingham which opened in July 2008 and provided services including orthopaedic surgery, general surgery, endoscopy, digestive diseases, gynaecology and dermatology. The contract to operate the Nottingham NHS Treatment Centre ended on 28 July 2019. Following termination of the contract, inventories and fixed assets were sold to the successor provider. Employees were also transferred under TUPE arrangements to the successor provider, as were property and equipment related leases. The directors continue to consider future opportunities for the Company to be engaged in, within healthcare provision.

Dividends

The directors do not propose a dividend for the year (2019: nil).

Events after balance sheet date

The Directors are not aware of any material event which took place after the reporting date and up to the date of the Directors' Report.

Directors

The directors who served throughout the year, except as noted, and subsequently up to the date of the Directors' report are as shown below:

Shane Cobb - appointed 23 October 2020
Henry Davies - appointed 23 October 2020
Benjamin Lloyd - resigned 23 October 2020
Paul Manning - resigned 23 October 2020

Directors' and officers' insurance

The Company has procured qualifying third party indemnity insurance for all Directors and Officers of the Company and all Group companies. There are no outstanding claims or provisions as at the balance sheet date. The indemnity was in force during the financial year and also at the date of approval of the financial statements.

**Directors' report
for the year ended 31 December 2020 (continued)**

Disclosure information for the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

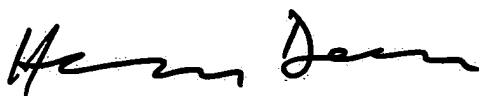
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that she or he ought to have taken as a director in order to make herself or himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and appropriate arrangements are being made for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



Henry Davies
Director

Date: 8 April 2022

**Directors' responsibilities statement
for the year ended 31 December 2020**

Directors' responsibilities statement

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

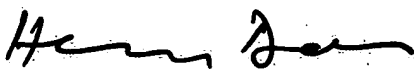
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 year. In preparing these financial statements, the directors are required to:

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

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

Approved by the Board of Directors and signed on behalf of the Board

Director: Henry Davies



Date: 8 April 2022

**Independent auditor's report
to the members of Circle Nottingham Limited**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Circle Nottingham Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "*Reduced Disclosure Framework*"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "*Reduced Disclosure Framework*" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') 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.

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 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 auditor's report
to the members of Circle Nottingham Limited (continued)**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied 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.

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

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.

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

**Independent auditor's report
to the members of Circle Nottingham Limited (continued)**

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and inhouse legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year 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 applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**Independent auditor's report
to the members of Circle Nottingham Limited (continued)**

Use of our report

This report is made solely to the 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.



Steven Ringham ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

Date: 8 April 2022

**Statement of comprehensive income
for the year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Revenue	4	10	31,841
Cost of sales		(55)	(21,382)
Gross (loss)/profit		(45)	10,459
Administrative expenses		(1,222)	(8,751)
Exceptional administrative items	5	-	1,103
Operating (loss)/profit	3	(1,267)	2,811
Finance income	8	-	1
Finance costs	9	-	(45)
(Loss)/profit before taxation		(1,267)	2,767
Tax on (loss)/profit	10	409	-
(Loss)/profit and total comprehensive (loss)/profit for the financial year		(858)	2,767

All results are generated from discontinued operations. There were no items of other comprehensive income in the period and therefore no separate statement of comprehensive income is required.

The accompanying notes 1 to 19 are an integral part of this statement of comprehensive income.

Balance sheet
as at 31 December 2020

	Note	2020 £'000	Restated 2019 £'000
Fixed assets			
Loans to group companies	12	24,193	22,847
		<u>24,193</u>	<u>22,847</u>
Current assets			
Debtors	13	441	517
Cash at bank and in hand		361	1,587
		<u>802</u>	<u>2,104</u>
Creditors: amounts falling due within one year	14	-	(123)
		<u>-</u>	<u>(123)</u>
Net current assets		<u>802</u>	<u>1,981</u>
Total assets less current liabilities		<u>24,995</u>	<u>24,828</u>
Provisions	15	(1,025)	-
Net assets		<u>23,970</u>	<u>24,828</u>
Capital and reserves			
Called up share capital	16	500	500
Retained earnings		22,368	23,226
Capital contribution reserve		1,102	1,102
Total shareholders' funds		<u>23,970</u>	<u>24,828</u>

The accompanying notes 1 to 19 are an integral part of this balance sheet.

The financial statements were approved by the board of directors and authorised for issue on 8 April 2022.
They were signed on its behalf by:



Director: Henry Davies
Date: 8 April 2022

The Company's registered number is 05153608.

The Company's registered address is 1st Floor 30 Cannon Street, London, EC4M 6XH, England.

Statement of changes in equity
for the year ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Capital contribution reserve £'000	Total shareholders' funds £'000
Balance as at 31 December 2018	500	20,459	1,102	22,061
Profit and total comprehensive income for the year	-	2,767	-	2,767
Balance as at 31 December 2019	<u>500</u>	<u>23,226</u>	<u>1,102</u>	<u>24,828</u>
Loss and total comprehensive loss for the year	-	(858)	-	(858)
Balance as at 31 December 2020	<u>500</u>	<u>22,368</u>	<u>1,102</u>	<u>23,970</u>

The accompanying notes 1 to 19 are an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2020

1. General information

Circle Nottingham Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is 1st Floor 30 Cannon Street, London, EC4M 6XH, England, United Kingdom.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2 and the Directors' Report on page 6.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets, related party transactions, and certain requirements of IFRS 15 and IFRS 16. Where required, equivalent disclosures are given in the group accounts of Circle Health Holdings Limited.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.
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The standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IAS 1 and IAS 8 Definition of material	The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.
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Notes to the financial statements
for the year ended 31 December 2020 (continued)

2. Significant accounting policies (continued)

Going concern

The Company's net assets were £24.0 million as at 31 December 2020 (2019: £24.8 million). The Company's net current assets were £0.8 million (2019: net current assets of £2.0m).

Contingent liabilities and guarantees

The Group's lenders have a fixed charge and floating charge over property assets and undertakings of the Company. This includes a negative pledge against certain property assets of the Company.

As a guarantor under the Circle Group borrowing facilities, the Company's going concern assessment is carried out alongside that of the Circle Group. Management of the Circle Group have prepared covenant and liquidity forecasts for the purpose of the going concern review and have also applied various sensitivities. These forecasts and sensitivities have been reviewed by the directors of the Company together with the underlying assumptions. The forecasts show that the Circle Group will comply with its financial covenant throughout the forecast period with appropriate headroom. The forecasts also show that the Circle Group has sufficient facilities to provide liquidity through the review period.

The directors have received a letter of support from the Group confirming that it will support the Company in such a way as to cause the Company to be able to meet their financial liabilities and obligations as they fall due for a period of no less than twelve months from the date of the approval of the financial statements, except as otherwise agreed by mutual consent.

After making enquiries, including reviewing the forecasts and sensitivities, the directors have concluded that they have a reasonable expectation that the Circle Group and the Company have adequate resources available to them, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Revenue, which is measured as the fair value of consideration received for the activity performed, represents the total amounts derived primarily from the provision of healthcare services in the UK, after deducting value added tax (where services provided are not exempt). The contract that the Company was party had expired during 2019, and the Company has not had a new contract since then.

Management has undertaken a detailed assessment of all revenue streams using the five-step approach specified by IFRS 15:

- Identify the contract(s) with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) a performance obligation is satisfied

The Nottingham contract offered guaranteed payments. The Company received guaranteed payments each month from the contracted Clinical Commissioning Groups ('CCGs'), which amount to 1/12th of the overall annual activity plan. There is a three month period after each month where any queries are resolved, and following on from this the activity and revenue for that month was frozen. Revenue is recognised when the appointment or procedure takes place. Revenue is recognised for a bundle consisting of an initial appointment and follow ups, at completion of the first appointment with any uplifts for outpatient procedures recognised at the time of the procedure. Revenue is accrued or deferred where treatment takes place ahead or behind contractual activity levels.

Leases

The Company has applied IFRS 16 using the retrospective modified approach. The details of accounting policies under IFRS 16 are presented separately below.

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises investment property and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as franking machines, water coolers, coffee machines and vehicle hire). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

2. Significant accounting policies (continued)

Leases (continued)

The Company as lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related investment property) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Exceptional administrative expenses

Exceptional administrative expenses are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured

Notes to the financial statements
for the year ended 31 December 2020 (continued)

2. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the current tax payable and the deferred tax.

Current tax (comprising UK corporation tax) is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Financial assets and liabilities

All financial assets and liabilities are initially measured at cost. Financial assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Future cash flows

The Company tests its fixed assets for impairment when indicators of impairment exist. The recoverable amounts of assets are based on the best estimate of the future cash flows relating to those assets being the probable rental income cash flows under the leases, discounted to reflect the time value of money and the risks specific to the asset, group of assets or contracts and leases under consideration. The resulting impairment calculations are highly sensitive to changes in the timing or quantum of future cash flows and the discount rates used. In particular, changes in one or more of these inputs to management's estimations could result in material reversals of impairment losses, or the recognition of further non-cash impairment charges.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, 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 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.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

2. Significant accounting policies (continued)

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

Critical accounting judgements

In the application of the Company's accounting policies, which are described above, 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.

Key sources of estimation uncertainty

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.

Provisions for legal and similar liabilities

Assessing the required provision for such liabilities requires an estimate of the expected future cash flows to settle any the liability. To determine the provision, the Company assesses the contractual or legal position in respect of each provision and management's best estimates the cost of discharging the liability based on both contractual and commercial considerations. This is reassessed at each balance sheet date and updated to reflect the information available at the time and the estimates of the Company as to the expected future settlement at that date.

3. Operating (loss)/profit before taxation

	2020 £'000	2019 £'000
Operating (loss)/profit before taxation is stated after charging:		
Staff costs	6	6,805
Depreciation of property, plant and equipment	-	172
Depreciation of right-of-use assets (note 11)	-	1,173
Operating lease charges		
- plant and equipment	-	7
Inventory expense	-	3,467
Auditor's remuneration - audit	6	47

The audit fees of £6,000 (2019: £47,000) for the audit of the Company's accounts were borne by another group undertaking in both the current year and prior year and recharged to the Company. No other services were provided to the Company during the year.

4. Revenue

The directors are of the opinion that the businesses of the Company are substantially similar, in that they all relate to provision of medical services prior to the ending of its contract in 2019 to the NHS. Turnover and profit before tax arise from operations entirely in the United Kingdom.

	2020 £'000	2019 £'000
Provision of services	10	31,841

Notes to the financial statements
for the year ended 31 December 2020 (continued)

5. Exceptional administrative items

Exceptional administrative items include:

	2020 £'000	2019 £'000
Profit on the sale of fixed assets	-	1,103
	<u>-</u>	<u>1,103</u>

In the prior year, gain on the disposal of assets were recognised within exceptional administrative income of £1.1 million.

6. Employees

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

	2020 Number	2019 Number
Clinical staff	-	180
Administrative staff	-	147
	<u>-</u>	<u>327</u>

The aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	6	5,904
Social security costs	-	524
Other pension costs	-	377
	<u>6</u>	<u>6,805</u>

7. Directors' emoluments

The directors did not receive emoluments during the year for services provided to the Company. The directors who served the Company during the year are also directors or officers of a number of other companies within the Group, and are remunerated in respect of services provided to the Group. These directors do not consider the time spent on dealing with the Company's matters to be material and therefore have not separated out their costs or made a recharge in respect of services to each individual company in the Group.

The amounts disclosed in the prior year were the directors' total emoluments as per their employment contracts, of £445,000.

8. Finance income

	2020 £'000	2019 £'000
Bank interest receivable	-	1

Notes to the financial statements
for the year ended 31 December 2020 (continued)

9 Finance costs	2020	2019
	£'000	£'000
Lease interest	-	45

10. Tax on loss	2020	2019
	£'000	£'000
The tax credit is based on the (loss)/profit for the year and comprises:		
Corporation tax at 19% (2019: 19%)	(409)	-
- Utilisation of group relief	(409)	-
Total tax on (loss)/profit	(409)	-

The tax assessed in 2020 is higher (2019: lower) than the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The differences are explained below:

	2020	2019
	£'000	£'000
(Loss)/profit before tax	(1,267)	2,767
Tax (credit)/charge on (loss)/profit at the standard UK corporation tax rate of 19% (2019: 19%)	(241)	526
Effects of:		
Expenses not deductible for tax purposes	-	51
Temporary differences for which no deferred tax is recognised	241	(577)
Utilisation of group relief	(409)	-
Total tax credit for year	(409)	-

Factors affecting future tax charges

The tax rate for the current year and prior year is 19.0%. The Finance Act 2021 has increased the rate of corporation tax to 25.0% from 1 April 2023. As this change was not substantively enacted at the balance sheet date its effect has not been included in these financial statements.

The proposed rate change may affect future tax charges. In addition the utilisation of any tax losses and temporary differences for which no deferred tax asset has been recognised may also affect future tax charges. Deferred taxes at the balance sheet date have been measured using enacted tax rates and reflected in these financial statements.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

10. Tax on profit (continued)

Deferred taxation

Deferred tax has been calculated at the rates of tax at which assets/liabilities are expected to reverse, based on enacted tax rates. Deferred tax has been calculated at a rate of 19.0% (2019: 17.0%). The deferred tax asset recognised in the financial statements is as follows:

The deferred tax asset not recognised in the financial statements is as follows:

	2020	2020	2019	2019
	Tax value	Gross value	Tax value	Gross value
	£'000	£'000	£'000	£'000
Losses	1,101	5,795	1,135	6,679

A deferred tax asset has not been recognised in the financial statements due to the uncertainty over the availability of suitable future taxable profits against which the asset will reverse. Losses may be carried forward indefinitely.

11. Leases

The Company had lease contracts for the hospital and office space. The amounts recognised in the financial statements in relation to the leases are as follows:

i. Amounts recognised in the statement of financial position:

There are no amounts recognised in the statement of financial position in relation to leases in either the current or prior financial years.

ii. Amounts recognised in the statement of comprehensive income

	2020	2019
	£'000	£'000
Depreciation charge of right-of-use assets		
Buildings	-	1,041
Furniture, fittings and office equipment	-	132
	<u>-</u>	<u>1,173</u>
Interest expense	-	(45)
Expense relating to short term leases	-	(5)

The Company initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

The total cash outflow for leases in 2020 was £nil (2019: £1,213k).

Notes to the financial statements
for the year ended 31 December 2020 (continued)

12. Loans to group companies

	2020	Restated 2019
	£'000	£'000
Loans to parent	24,193	22,847
	<u>24,193</u>	<u>22,847</u>

Loans to the parent represents £24.2 million receivable from Nations Healthcare Limited. The loans to the parent are unsecured, interest free and repayable on demand.

A prior year restatement has been made to 'Loans to parent' to reclassify an amount of £22.8 million from current assets to fixed assets. This is as a result of a reassessment of the balance by management who do not expect the balance to be recovered in the foreseeable future with the balance intended for continuing use in the business.

13. Current assets

	2020	2019
	£'000	£'000
Debtors	9	498
Other debtors	-	18
Prepayments and accrued income	18	1
Amounts due from group subsidiaries	414	-
	<u>441</u>	<u>517</u>

Trade receivables are stated after provisions for impairment of £255k (2019: £105k).

14. Creditors - amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	-	123
	<u>-</u>	<u>123</u>

15. Provisions

	2020	2019
	£'000	£'000
1 January	-	-
Charge for year	1,025	-
31 December	<u>1,025</u>	<u>-</u>

The Company is subject to certain legal and contractual obligations in relation to the previous operations at the NHS Treatment Centre. Provision has been made for the estimated costs of settlement, based on management's best estimate on a case-by-case basis of the outcomes of settlements, either in or out of court. No amounts have been paid in respect of these obligations during the period and the movement in the provision reflect the change in the Company's estimate of the cost of settlement of these amounts following the assessment of the legal positions and available information at the period end.

16. Called up share capital

	2020	2019
	£'000	£'000
Authorised:		
500,000 (2019: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>
Issued and fully paid:		
500,000 (2019: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

17. Pension scheme

The Company participates in a Group personal defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions for the year were £nil (2019: £377k). There were no outstanding contributions as at 31 December 2020 (2019: none).

18. Controlling party

The Company is a subsidiary undertaking of Nations Healthcare Limited.

The directors regard Circle Health Holdings Limited, a company registered in England and Wales, as the Company's ultimate parent undertaking and controlling party. Circle Health Holdings Limited is the parent undertaking of the smallest and largest group for which consolidated financial statements are prepared that include the financial statements of the Company. Copies of the group financial statements for Circle Health Holdings Limited may be obtained from its registered office, at 1st Floor 30 Cannon Street, London, EC4M 6XH.

As a subsidiary undertaking of Circle Health Holdings Limited at the balance sheet date, the Company has taken advantage of the exemption in FRS 101 from disclosing transactions with other members of the group headed by Circle Health Holdings Limited.

In July 2021, there was a change in ownership, resulting in the controlling party of the Company being MH Services International (UK) Limited, with the ultimate parent being Centene Corporation.

19. Events after the balance sheet date

No subsequent events requiring separate disclosure under IAS 10 were identified after the balance sheet date, aside from the change in ownership detailed in note 18.