

Life UK Healthcare Limited

**Annual Report &
Financial Statements**

For the year ended 30 September 2020

Company number 10469240

DIRECTORS

P Van Der Westhuizen

H A D Marsh

M D Chapman

S B Viranna (resigned 17 January 2020)

INDEPENDENT AUDITORS

Deloitte LLP

Four Brindley Place

Birmingham

B1 2HZ

BANKERS

Barclays

1 Churchill Place

Canary Wharf

London

E14 5HP

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Iceni Centre

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Warwick

Warwickshire

CV34 6DA

United Kingdom

Life UK Healthcare Limited

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF THE YEAR

The principal activity of the Company during the year is as a holding company.

REVIEW OF THE BUSINESS

The key performance indicators of the Company are:

	2020	2019
	£000	£000
Loss before interest and taxation	-	(303)
Profit/(Loss) before tax	399	(285)
Net assets	530,127	529,728

RESULTS AND DIVIDENDS

The profit for the year amounted to £399,000 (2019: loss of £285,000). These results represent the difference between the interest charged from the parent company and the interest charged down to the subsidiary holdings, as well as movements in FX rates and translations, the change in results from prior year is as a result of FX movements. Dividends totalling £nil were paid in the year (2019: £nil).

MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company's Directors recognise the importance of sound risk management to the success of operations and accordingly set policies to mitigate the risks. The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised below.

Risk Category	Potential Impact	Mitigation
Counterparty credit risk	A fellow subsidiary undertaking may not satisfy its contractual obligations in meeting its inter-company liabilities	Counterparty credit risk is mitigated by ensuring that loans to fellow subsidiaries contribute to the long term success of the Group.
Liquidity risk	Withdrawal of funding	Applying cash collection targets throughout the Group; Utilising debt factoring facilities; Regular cash flow forecasting, with action taken if needed to re-time flows.

CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that, after taking into consideration the funding facilities available to subsidiary undertakings, there are sufficient funds available to subsidiary undertakings to support sustainable planned growth and expansion.

To this end, the Company considers capital to comprise shareholder equity, shareholder loans and bank loan facilities.

To maintain or adjust the capital structuring, the company may review the utilisation of bank funding facilities, hedging instruments and the interest payment policy to loan note holders or issue new loan notes.

Life UK Healthcare Limited

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT

In performing their duties under section 172, the directors of Life UK Holdco Limited have had regard to the matters set out in section 172(1) as follows:

The directors' approach

The Group operates on a decentralised basis, with the Board having established an organisational structure with clear reporting procedures, lines of responsibility and delegated authority. The Board is ultimately accountable to the Company's shareholders for setting the Company's strategy and for overseeing its financial and operational performance in line with the parent company's strategic objectives. Implementation of the Company's strategic objectives, as determined and overseen by the Board, is delegated to the local senior management teams within each region, who are also responsible for the day to day operational management of their businesses.

The Board cultivates strong relationships with key stakeholders so that it is well placed and sufficiently informed to take their considerations into account when making decisions where appropriate in order to discharge their legal obligations and to pursue the Company's strategic objectives. Our purpose is to create long-term value for stakeholders and in order to do this, we need to understand our stakeholders and what matters to them.

Maintaining our licence to operate

In executing our strategy, Directors must act in accordance with a set of general duties detailed in section 172 of the Companies Act 2006. These general duties include a duty to promote the success of the Company, and specifically to act in a way that the Director considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, having regard (amongst other matters) to:

Board oversight and Decision making

The board meets on a regular basis to review performance, including:

- Clinical governance and quality measures
- Human resource implications
- Operational delivery
- Financial performance
- Progress towards strategic objectives

Key decisions are taken in these meetings, being those which are material or of strategic importance to the Group. These decisions are made in line with a Delegation of Authority as set by the Board of the ultimate parent company, Life Healthcare Group Holdings Limited ("Life Healthcare"). For decisions that do fall outside the Delegation of Authority, a recommendation is made by the Board to the appropriate sub-committee of Life Healthcare Group for further consideration.

Examples of key decisions taken during the year include:

Approval of 2021 budget

The board approved the final budget for the 12 months to September 2021, in September 2020, subject to the final approval of the Life Healthcare Group Board. The budget was based on business plans and targets for each main area of the Group, including any investments needed to fulfil these.

Capital investment in additional CT scanners

During the year the Company acquired additional CT scanners, in order to support various public healthcare providers' response to COVID-19, including within Nightingale Hospitals in England.

Life UK Healthcare Limited

STRATEGIC REPORT (continued)

With respect to long term decisions

All major decisions are reviewed and validated by the directors at regular board meetings with all key decisions supported by detailed briefings identifying main issues, main recommendations, and alternatives considered and the likely long term impact on the company in respect of value creation, its environmental and community effect and any implications for key stakeholders.

With respect to high standards of business conduct

We acknowledge the responsibility we have to our local community in which we operate and given our global presence, our duty to act on an international scale. The vast majority of our workforce is drawn from local residence generating wealth in the areas we operate as well as bolstering employment opportunities.

Having regard to the need to act fairly as between members of the company

The ultimate parent undertaking is Life Healthcare Group Holdings Limited, incorporated in South Africa. The board at South Africa level are represented within Life UK Holdco Ltd and its subsidiaries as mutual directors sit on both boards. As a result the directors are fully aligned with its shareholders.

Key Stakeholders

As a healthcare provider, we have a large number of stakeholders, including patients, employees, regulators and commissioners, customers and suppliers.

Having regard to the need to foster the Company's business relationships with patients

Our patients are central to everything we do. The board receives regular updates on quality and compliance metrics so that the quality of services provided can be closely monitored. Patient feedback, both positive and negative, is essential for the development of our service and to ensure we are providing the best possible care for patients.

Having regard to the interests of the Company's employees

The Company employs clinical staff and administrative teams to support them and enable their focus on patient care.

The Company engages with employees through a number of channels, including the Employee Forum, operational team briefings, regular communications from the UK MD and updates through the intranet.

The Directors monitor the results of regular staff surveys, so that the board is able to discuss human resourcing matters with the interests of the employees at the centre. Engaging with our employees enables us to create an inclusive culture and a positive working environment.

Having regard to the need to foster the Company's business relationships with Regulators & Commissioners

As a provider of healthcare services, it is essential our services are provided in line with local regulator & commissioners needs. The Board will consider the requirements of regulators & commissioners when making decision on resource allocations.

Having regard to the need to foster the Company's business relationships with Customers

A close working relationship with our customers, who are predominantly public healthcare providers, helps us to better understand their needs. Our teams use their significant experience in providing high quality healthcare services to constantly refine what we do to provide continuous improvement in our service offering.

Life UK Healthcare Limited

STRATEGIC REPORT (continued)

Having regard to the need to foster the Company's business relationships with Suppliers

The company has good relationships with its key suppliers and often works in partnership with them to deliver innovative solutions to better benefit other stakeholders.

Having regard to the need to foster the Company's business impacts on the environment

The Company recognises the serious threat posed by climate change and the urgent need for meaningful action. As part of their improvement plans, our businesses seek to reduce their GHG emissions over time through more efficient use of electricity, fuel and heat, and by increasing the proportion of renewable energy where commercially viable.

Approved by the board on 23 December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be "H A D Marsh".

H A D Marsh
Director

Life UK Healthcare Limited

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 30 September 2020.

FUTURE DEVELOPMENTS

The Directors continue to seek opportunities to enhance shareholder value by providing suitable finance to Group companies for the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were as follows:

P P Van Der Westhuizen
H A D Marsh
M D Chapman

No Director is beneficially interested in the share capital of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year and at the date of approval of the financial statements there were insurance cover for Directors' and Officers' liability as permitted under section 232 (2) of the Companies Act 2006. These are third party indemnity policy and it's a Global policy arranged by the company's Ultimate Parent and controlling party, Life Healthcare Group Holdings Limited.

DIVIDENDS

During the year a dividend of £nil was paid to shareholders (30 September 2019: £nil). Since year end no dividends have been proposed.

POLITICAL DONATIONS

The Company made £nil political donations during the year.

GOING CONCERN

The Directors performs regular assessments on the going concern status of the Company. These assessments take into consideration:

- current solvency of the Company;
- current liquidity position;
- available committed and uncommitted bank facilities;
- cash commitments for the next 12 months;
- bank covenants; and
- debt maturities.

As part of the assessments the board of directors has reviewed the Company budgets, forecasts, available cash resources and unutilised facilities as well as the debt maturity profile. The forecasts for the Company have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. The expected future cash flows were adjusted to reflect the best estimate of the short and longer-term impact of the COVID-19 pandemic (the pandemic).

To ensure the Company has sufficient cash reserves, in addition to securing bank facilities at Life UK Holdco level, management has implemented a number of mitigating actions which include cost and cash preservation levers across the Group's operations.

Life UK Healthcare Limited

DIRECTORS' REPORT (continued)

The external debt used to provide funding for this company sits outside of these financial statements (the external debt is recorded in Life UK Holdco Limited) and include covenants that must be met at various measurement points as defined in the contract for these facilities. These covenants are measured based on the results of the wider group- this being the group headed by Life Healthcare Group Holdings Limited. Life Healthcare Group Holdings Limited is the ultimate parent undertaking and controlling party of Alliance Medical Group limited. The wider group successfully refinanced this external debt during March 2020 and extended the Debt's maturities. This wider Group is in a strong financial position with net debt to normalised EBITDA as at 30 September 2020 at 2.96 times (2019: 1.96 times). Given the significant uncertainty caused by the pandemic, the wider Group pre-emptively negotiated amended bank covenants for the period up to 31 March 2021 and continue to monitor prospective compliance with such covenants. In addition, banking facilities have been increased and the wider Group's committed undrawn bank facilities as at 30 September 2020 are R6.3 billion.

The Director's assessments and sensitivity analysis show that the Company has sufficient accessible capital and liquidity to continue to meet its obligations as they fall due and as a result it is appropriate to prepare these financial statements on a going concern basis.

FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised in the Strategic Report.

ENERGY AND CARBON REPORTING

The Company recognises the serious threat posed by climate change and the urgent need for meaningful action. As part of their improvement plans, our businesses seek to reduce their GHG emissions over time through more efficient use of electricity, fuel and heat, and by increasing the proportion of renewable energy where commercially viable.

Alliance Medical submitted its four-yearly ESOS2 Energy Consumption Report in December 2019. The report provides greater visibility of our energy use across all our supply channels. Alliance Medical is also required to submit a report in terms of government's streamlined energy and carbon reporting (SECR) framework for the first time this year, providing commentary on the practical changes undertaken to improve energy consumption and, consequently, our environmental footprint. We are also busy transforming our car fleet scheme to introduce electric vehicles.

Alliance Medical is particularly exposed to radioactive waste due to the nature of its business. We manage this carefully, along with the control and disposal of general, infectious and hazardous medical waste. We comply with international waste disposal guidelines and local in-country requirements throughout this process.

Life UK Healthcare Limited

DIRECTORS' REPORT (continued)

POST BALANCE SHEET EVENTS

The Covid pandemic is considered to remain a significant event after the balance sheet date, even though it has also impacted the group in this financial year. The impact of Covid is still being felt across the globe within the healthcare industry, including the countries that Alliance Medical Group operate in. Following the balance sheet date, a number of European Countries, including the UK, has entered second national lock down. The effects of Covid are still felt around the business, however volumes are almost back to 100% of pre-Covid levels and systems and protocols put in place during wave 1 of the pandemic now mean that the business can continue to operate at a more effective level during the ongoing Covid impacts. This is as well as opportunities taken as a result of the pandemic, have meant that the directors do not believe that the effects of Covid post the balance sheet date lead to a material misstatement in the numbers presented and therefore no adjustments are required.

As well as the above there are ongoing discussions between the UK and the EU in relation to a trade deal following the UK's exit from the EU effective from 1 January 2021. Currently there are no details regarding the likelihood or the contents of such a deal. As a result it cannot be estimated what impacts Brexit will have on the Company and therefore no changes have been made to these financial statements.

Life UK Healthcare Limited

DIRECTORS' REPORT (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on 23 December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be "H A D Marsh".

H A D Marsh
Director

Life UK Healthcare Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 prepared 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 the financial statements, the directors are required to:

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

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

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

Independent auditor's report to the members of Life UK Healthcare Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Life UK Healthcare Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 13.

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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Life UK Healthcare Limited (continued)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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.

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.

Independent auditor's report to the members of Life UK Healthcare Limited (continued)**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.

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.

DocuSigned by:

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Peter Gallimore, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
December 2020

PROFIT AND LOSS ACCOUNT
 for the year ended 30 September 2020

	Notes	2020 £000	2019 £000
Administrative expenses		-	(303)
LOSS BEFORE INTEREST AND TAXATION	4	-	(303)
Interest payable	5	(8,344)	(8,753)
Interest receivable	5	8,743	8,771
PROFIT/(LOSS) BEFORE TAX		399	(285)
Tax on profit	6	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		399	(285)

The Company's activities all derive from continuing operations.

There is no other comprehensive income or expenses other than those included above and therefore a statement of comprehensive income has not been included in these financial statements.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and its historical cost equivalent.

BALANCE SHEET
 As at 30 September 2020

Company registered number: 10469240

	Notes	2020 £000	2019 £000
FIXED ASSETS			
Investments	7	608,750	608,750
		<u>608,750</u>	<u>608,750</u>
NON CURRENT ASSETS			
Debtors falling due after more than one year	8	264,078	237,376
		<u>264,078</u>	<u>237,376</u>
CURRENT ASSETS			
Debtors	8	15,391	16,766
Cash and cash equivalents		67	1,450
		<u>15,458</u>	<u>18,216</u>
CREDITORS: amounts falling due within one year	9	<u>(76,792)</u>	<u>(55,111)</u>
NET CURRENT ASSETS		<u>(61,334)</u>	<u>(36,895)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		811,494	809,231
CREDITORS: amounts falling due after more than one year	9	(281,367)	(279,503)
NET ASSETS		<u>530,127</u>	<u>529,728</u>
CAPITAL AND RESERVES			
Called up share capital	10	7	7
Share premium		533,946	533,946
Profit and loss account		(3,826)	(4,225)
TOTAL SHAREHOLDERS' FUNDS		<u>530,127</u>	<u>529,728</u>

The notes on pages 18 to 29 are an integral part of these financial statements.

These financial statements on pages 15 to 29 were approved by the Board of Directors on 23 December 2020 and were signed on its behalf by:



H A D Marsh
 Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2020

	Called up share capital	Share Premium	Profit and loss account	Total Shareholders ' funds
	£000	£000	£000	£000
At 1 October 2018	7	533,946	(3,940)	530,013
Loss for the year	-	-	(285)	(285)
At 30 September 2019	7	533,946	(4,225)	529,728
Profit for the year	-	-	399	399
At 30 September 2020	7	533,946	(3,826)	530,127

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated in the United Kingdom under Companies Act 2006 and registered in England. The address of the registered office and principal place of business is shown on page 2. The principal activity of the Company is shown in the Strategic Report on page 3.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

3. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention as modified by financial instruments recognised at fair value. The Company has applied FRS 101 "Reduced Disclosure Framework" for these financial statements.

The Directors perform regular assessments on the going concern status of the Company. These assessments take into consideration:

- current solvency of the Company;
- current liquidity position;
- available committed and uncommitted bank facilities;
- cash commitments for the next 12 months;
- bank covenants; and
- debt maturities.

As part of the assessments the board of directors has reviewed the Company budgets, forecasts, available cash resources and unutilised facilities as well as the debt maturity profile. The forecasts for the Company have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. The expected future cash flows were adjusted to reflect the best estimate of the short and longer-term impact of the COVID-19 pandemic (the pandemic).

To ensure the Company has sufficient cash reserves, in addition to securing bank facilities at Life UK Holdco level, management has implemented a number of mitigating actions which include cost and cash preservation levers across the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

3. ACCOUNTING POLICIES (continued)

The external debt used to provide funding for this company sits outside of these financial statements (the external debt is recorded in Life UK Holdco Limited) and include covenants that must be met at various measurement points as defined in the contract for these facilities. These covenants are measured based on the results of the wider group - this being the group headed by Life Healthcare Group Holdings Limited. Life Healthcare Group Holdings Limited is the ultimate parent undertaking and controlling party of Alliance Medical Group limited. The wider group successfully refinanced this external debt during March 2020 and extended the Debt's maturities. This wider Group is in a strong financial position with net debt to normalised EBITDA as at 30 September 2020 at 2.96 times (2019: 1.96 times). Given the significant uncertainty caused by the pandemic, the wider Group pre-emptively negotiated amended bank covenants for the period up to 31 March 2021 and continue to monitor prospective compliance with such covenants. In addition, banking facilities have been increased and the wider Group's committed undrawn bank facilities as at 30 September 2020 are R6.3 billion.

The Director's assessments and sensitivity analysis show that the Company has sufficient accessible capital and liquidity to continue to meet its obligations as they fall due and as a result it is appropriate to prepare these financial statements on a going concern basis.

Basis of consolidation

Group financial statements have not been prepared as permitted by Section 401 of the Companies Act 2006, as the Company is a 100% subsidiary of Life Healthcare Group Holdings Limited, a company incorporated in South Africa, from whose registered office Group financial statements may be obtained, and the remaining shareholders have approved the exemption. Therefore these financial statements present information about the Company and not about its Group.

Standards and interpretations effective in the current period

In the current financial year, the company has adopted the following new and revised Standards, Amendments and Interpretations. Their adoption has not had a significant impact on the comparative amounts reported in these Financial Statements or the current year's results:

- IFRS 16: Leases (effective from 01 October 2019)

The Company adopted IFRS 16 "Leases" on 1 October 2019 using the modified retrospective approach, resulting in no adjustments to the prior year comparatives. IFRS 16 superseded the previous lease guidance, including IAS 17: "Leases" and related interpretations. IFRS 16 requires all leases, except where exemptions are applied, to be recognised on the Balance Sheet as a lease liability with a corresponding right-of-use asset presented within property, plant and equipment.

As a result of the transition to IFRS 16, there were no adjustments to the company's financial position due to there being no leases captured by the change in standard.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

3. ACCOUNTING POLICIES (continued)**Exemptions**

As a qualifying entity the company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of paragraph 45(b) and 46-52 of IFRS 2 “Share Based Payment”;
- The requirements of IFRS 7 “Financial Instruments: Disclosures”;
- The requirements of paragraphs 91-99 of IFRS 13 “Fair Value Measurement”;
- The requirement in paragraph 38 of IAS 1 “Presentation of Financial Statements” to present comparative information in respect of:
 - Paragraph 79(a)(iv) of IAS 1 “Presentation of Financial Statements”;
 - Paragraph 73(e) of IAS 16 “Property, Plant and Equipment”; and
 - Paragraph 118(e) of IAS 38 “Intangible Assets”;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40C, 40D, 111 and 134-136 of IAS 1 “Presentation of Financial Statements”;
- The requirements of IAS 7 “Statement of Cash Flows”;
- The requirements of paragraphs 30 and 31 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”; and
- The requirements in IAS 24 “Related Party Disclosures” to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party of the transaction is wholly owned by such a member.

This information is included in the consolidated financial statements of Life Healthcare Group Holdings Limited as at September 2020.

Functional and presentation currency

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

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cost generating unit (“CGU”) to which the asset belongs to. An asset’s recoverable amount is the higher of the asset’s, or CGU’s, fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

3. ACCOUNTING POLICIES (continued)**Deferred taxation**

The deferred taxation charge takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes.

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, or a right to pay less, tax in the future have occurred at the balance sheet date, with the expectation that the Directors consider that it is 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 on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into. 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. All financial instruments are initially recognised at fair value. After initial recognition, loans and receivables, including short-term receivables, and financial liabilities, including trade payables, are carried at amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

The Company's impairment test for investments is based on value in use which is calculated using a discounted cash flow model, the cash flows for which are derived from the Company's three year plan and do not include significant capital expenditure that will enhance the performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate, the expected future cash inflows and the terminal growth rate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
3. ACCOUNTING POLICIES (continued)
Sources of estimation uncertainty

The directors have estimated an expected credit loss percentage when reviewing the receivables balances for any potential provision being required. The expected credit loss percentage is based on the counter parties' ability to repay the debts, which is partly based on future cash flows of the Alliance Medical group. Any changes to the expected credit loss percentage will have an impact on the level of the provision required, with an increase in the percentage potentially leading to a provision being required, which currently is not the case.

4. LOSS BEFORE TAX

This is stated after charging:

	2020	2019
	£000	£000
Audit fees for the audit of these financial statements	6	8
Tax compliance fees	<u>8</u>	<u>5</u>

There were no staff, other than Directors, during either period. The Directors neither received nor waived any emoluments in respect of their services to the Company during either period. The Directors of the Company are also, or have also been, Directors of one of more of the other companies in the Group. These Directors do not believe that it is practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other companies in the Group.

5. NET FINANCE COSTS

	2020	2019
	£000	£000
Interest payable to group undertakings	(8,343)	(8,752)
Bank charges and fees	<u>(1)</u>	<u>(1)</u>
Interest payable	<u>(8,344)</u>	<u>(8,753)</u>
Interest receivable on bank deposits	3	9
Interest receivable from group undertakings	8,549	8,281
Foreign exchange	<u>191</u>	<u>481</u>
Interest receivable	<u>8,743</u>	<u>8,771</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
6. TAX ON PROFIT/LOSS
(a) Tax on profit/loss

There is no charge for taxation in the year (2019: £nil).

(b) Factors affecting the tax for the period

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit/(Loss) before tax	399	(285)
Profit/(Loss) at the standard rate of 19% (2019: 19%)	76	(54)
Effects of:		
Expenses not deductible for tax purposes	-	-
Group relief surrendered for no consideration	(76)	54
Total tax for the period (note 6 (a))	-	-

(c) Factors affecting current and future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% was substantively enacted prior to the balance sheet date, its effects are included in these financial statements.

(d) Factors affecting the tax charge in the year

The company has an unrecognised deferred tax asset in relation to tax losses of £nil (2019: £89,000). Deferred tax is not recognised as the future recovery of the asset is uncertain.

7. INVESTMENTS

	Subsidiary Undertakings £000
Cost at 1 October 2019 and 30 September 2020	608,750
Impairment at 1 October 2019 and 30 September 2020	-
Net book value at 30 September 2020	608,750
Net book value at 30 September 2019	608,750

The investment represents the holding in Alliance Medical Group Limited, the shares held are in the form of ordinary shares. All other holdings in subsidiaries are held indirectly and have been held throughout the financial year, except as noted below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

7. INVESTMENTS (CONTINUED)

Name	Country of incorporation	Effective % ownership	Principal activities
Alliance Medical Group Limited	England ^(A)	100	Holding company
* Alliance Medical Acquisitionco Limited	England ^(A)	100	Finance Services
*Alliance Medical Holdings Limited	England ^(A)	100	Management services
*Alliance Medical Leasing Limited	England ^(A)	100	Finance Services
*Alliance Medical Limited	England ^(A)	100	Medical diagnostic imaging services and parent of English operating subsidiaries
*Alliance Medical Radiopharmacy Limited	England ^(A)	100	Production of PET radio pharmaceuticals
*Alliance Medical Molecular Imaging Limited	England ^(A)	100	Production of PET radio pharmaceuticals
*Alliance Diagnostic Services Limited	England ^(A)	100	Medical diagnostic imaging services
*Lodestone Patient Care Limited	England ^(A)	100	Holding company
*Piramal Imaging Limited	England ^(A)	100	Development and production of PET radio pharmaceuticals
*European Scanning Centre (Harley Street) Limited	England ^(V)	100	Medical diagnostic imaging services
*European Scanning Centre LLP (Harley Street)	England ^(V)	84.5	Medical diagnostic imaging services
*European Scanning Centre LLP 2 (Harley Street)	England ^(V)	92.5	Medical diagnostic imaging services
*European Scanning Centre LLP MSK (Harley Street)	England ^(V)	97	Medical diagnostic imaging services
*European Scanning Centre LLP (Manchester)	England ^(V)	98.5	Medical diagnostic imaging services
*European Scanning Centre LLP (Cardiff)	England ^(V)	100	Medical diagnostic imaging services
*Alliance Medical Italia S.r.l.	Italy ^(B)	100	Management services and parent of Italian operating subsidiaries
*Alliance Medical S.r.l.	Italy ^(B)	100	Medical diagnostic imaging services
*Urology Diagnostic S.r.l.	Italy ^(B)	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic S.r.l.	Italy ^(B)	100	Medical diagnostic imaging services
*Radioterapia Aurelia S.r.l.	Italy ^(B)	67	Medical diagnostic imaging services
*Opportunity srl	Italy ^(C)	100	Medical diagnostic imaging services
*Laboratorio Albaro srl	Italy ^(C)	100	Medical diagnostic imaging services
*Il Centro srl Diagnostica e Terapia Medica	Italy ^(D)	100	Medical diagnostic imaging services
*Centro Polispecialistico valli Stura e Orba Srl	Italy ^(E)	100	Medical diagnostic imaging services
*Imed srl	Italy ^(V)	100	Medical diagnostic imaging services
*Centro Diagnostico Castellano srl	Italy ^(V)	100	Medical diagnostic imaging services
*Centro di Radiologia srl	Italy ^(W)	100	Medical diagnostic imaging services
*Centro Alfa srl	Italy ^(X)	100	Medical diagnostic imaging services
* Priamar srl ⁽¹⁾	Italy ^(Z)	100	Medical diagnostic imaging services
*Charter Medical Diagnostic Imaging Limited	Ireland ^(F)	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic Imaging Limited	Ireland ^(F)	100	Management services and parent of Irish operating subsidiaries
*Alliance Medical Diagnostic Imaging (Northern Ireland) Limited	Ireland ^(F)	100	Medical diagnostic imaging services

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
7. INVESTMENTS (CONTINUED)

Name	Country of incorporation	Effective % ownership	Principal activities
*Barringtons MRI Limited	Ireland ^(G)	50	Medical diagnostic imaging services
*20/20 Imaging Limited	Ireland ^(H)	33	Medical diagnostic imaging services
*Cork Community Imaging Limited	Ireland ^(F)	100	Medical diagnostic imaging services
*BSM Diagnostica Gesellschaft mbH	Austria ^(R)	100	Production of PET radio pharmaceuticals
*Tomovation GmbH	Germany ^(I)	100	Medical diagnostic imaging services
*Alliance Medical GmbH	Germany ^(I)	100	Medical diagnostic imaging services and parent of German operating subsidiaries
*Life Radiopharma f-con GmbH	Germany ^(N)	100	Production of PET radio pharmaceuticals
*Life Radiopharma Bonn GmbH	Germany ^(O)	100	Production of PET radio pharmaceuticals
*Life Radiopharma Berlin GmbH	Germany ^(Q)	100	Production of PET radio pharmaceuticals
*Life Molecular Imaging GmbH	Germany ^(S)	100	Development and production of PET radio pharmaceuticals
*Alliance Medical BV	Holland ^(J)	100	Medical diagnostic imaging services
*Life Radiopharma Warszawa SP Zoo	Poland ^(P)	100	Production of PET radio pharmaceuticals
*Alliance-Servicos Diagnosticos por Imagen Unipessoal LDA	Portugal ^(K)	100	Dormant company
*Imagen Medical Digital Servicios Diagnosticos S.A.	Spain ^(L)	80	Medical diagnostic imaging services
*Alliance Medical La Rioja S.L.	Spain ^(M)	100	Medical diagnostic imaging services
*Life Molecular Imaging SA	Switzerland ^(T)	100	Development and production of PET radio pharmaceuticals
*Life Molecular Imaging Inc	USA ^(U)	100	Development and production of PET radio pharmaceuticals

*held indirectly

⁽¹⁾ Acquired 31 December 2019

The registered offices of the investments are as follows:

- (A) Icen Centre, Warwick Technology Park, Warwick, Warwickshire, CV34 6DA, UK
- (B) Via G. Mameli 42/A, 20851, Lissone, Italy
- (C) Via Paolo Boselli 32/6, 16146, Genova, Italy
- (D) Piazza Dante 9/10, 16121, Genova, Italy
- (E) Via Vallecaldà 45, 16013, Campo Ligure, Italy
- (F) Portal House, Loughmore Avenue, Raheen Business Park, Limerick, Ireland
- (G) Barringtons Hospital, Georges Quay, Limerick Ireland
- (H) 82 North Main Street, Bandon, Co. Cork, Ireland
- (I) Westring 168, 44575 Castrop-Rauxel, Germany
- (J) PO Box 1768, NL-3800 BT Amersfoort, Netherlands
- (K) Avda. Antonio Augusto de Aguiar, 150-5 Dto. 1050-022 Lisboa, Portugal
- (L) Calle Illa, Num. 52 Planta Bajo. 08202 Sabadell, Barcelona, Spain
- (M) Avda. Portugal, Num. 23 Planta 1, Despacho 2, 26001 Logrono, Spain

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
7. INVESTMENTS (CONTINUED)

- (N) Nic.-Aug.-Otto-Str. 7a, D-12489, Berlin, Germany
- (O) Spessartstr. 9, D-53119 Bonn, Germany
- (P) Ul. Szeligowska 3, PL-05-850 Szeligi, Poland
- (Q) Max-Planck-Strabe 4, D-12489 Berlin, Germany
- (R) Alser strasse 25, A-1080 Wien, Austria
- (S) Tegeler Strasse 6-7, 13353 Berlin, Germany
- (T) 13 Route de l'Ecole, 1753 Matran, Switzerland
- (U) C/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County, USA
- (V) Via Alfieri 13, 35125 Padova, Italy
- (W) Via Zenson di Piave, 31100 Treviso, Italy
- (X) Via Bellini 174, 41121 Modena, Italy
- (Y) 68 Harley Street, London, W1G 7HE
- (Z) Via Partigiani, 13/r - 17100 Savona, Italy

8. DEBTORS
a) Amounts falling due after more than one year:

	2020	2019
	£000	£000
Amounts owed by Group undertakings	264,078	237,376
	<u>264,078</u>	<u>237,376</u>

Amounts owed by Group undertakings falling due after more than one year comprises £33,698,000 (2019: £32,996,000) which is unsecured, interest-bearing at Euribor plus a margin of 2.85% and which is repayable as agreed between the parties in writing but not before 20 November 2025 unless otherwise agreed by both parties, and £230,380,000 (2019: £204,380,000) which is unsecured, interest-bearing at LIBOR plus a margin of 2.85% and which is repayable as agreed between the parties in writing which is anticipated to be not before December 2022.

b) Amounts falling due within one year:

	2020	2019
	£000	£000
Amounts owed by Group undertakings	15,391	16,766
	<u>15,391</u>	<u>16,766</u>

Amounts owed by Group undertakings of £4,877,000 (2019: £6,528,000) are unsecured, repayable on demand and interest free, and £10,514,000 (2019: £10,238,000) which is unsecured, interest-bearing at LIBOR + 2.20% and which is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

9. CREDITORS
a) Amounts falling due within one year

	2020	2019
	£000	£000
Amounts owed to Group undertakings	76,792	55,111
	<u>76,792</u>	<u>55,111</u>

At 30 September 2020, amounts owed by Group undertakings of £76,792,000 (2019: £55,111,000) were unsecured, interest free and repayable on demand.

b) Amounts falling due after more than one year

	2020	2019
	£000	£000
Borrowings	281,367	279,503
	<u>281,367</u>	<u>279,503</u>

The borrowings at 30 September 2020 comprises £33,698,000 (2019: £31,834,000) which is unsecured, interest-bearing at Euribor plus a margin on 2.85% and which is repayable as agreed between the parties in writing but not before 20 November 2025 unless otherwise agreed by both parties and £247,669,000 (2019: £247,669,000) which is unsecured, interest-bearing at LIBOR plus a margin of 2.2% and which is repayable as agreed between the parties in writing, which is anticipated to be not before December 2022.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2020
10. CALLED UP SHARE CAPITAL

	2020 No.	2020 £	2019 No.	2019 £
Authorised:				
A Ordinary shares of £0.00001 each	497,648,995	4,975	497,648,995	4,975
B Ordinary shares of £0.00001 each	33,000,000	330	33,000,000	330
C1 Convertible shares of £0.003 each	450,000	1,350	450,000	1,350
C2 Convertible shares of £0.00001 each	50,000	1	50,000	1
	531,148,995	6,656	531,148,995	6,656
Allotted, called up and full paid:				
A Ordinary shares of £0.00001 each	497,648,995	4,975	497,648,995	4,975
B Ordinary shares of £0.00001 each	33,000,000	330	33,000,000	330
C1 Convertible shares of £0.003 each	450,000	1,350	450,000	1,350
C2 Convertible shares of £0.00001 each	50,000	1	50,000	1
	531,148,995	6,656	531,148,995	6,656

The shares as detailed above were issued on incorporation for a consideration of £530,953,000, thus creating a share premium reserve of £533,946,000.

Holders of A Ordinary shares are entitled to dividends.

On a return of capital, on a winding up or otherwise, the surplus assets of the company available for distribution to shareholders shall be distributed such that the holders of the A Ordinary and B Ordinary shares rank pari passu and shall receive, pro rata to their respective shareholdings, the remainder of the surplus assets after distribution to the holders of the C1 Convertible and C2 Convertible shares.

In such an event the holders of unconverted C1 Convertible and C2 Convertible shares shall receive an amount calculated by reference to the return which the holders of A Ordinary shares would otherwise have received on their investment in the Company and the period of time between the date of such investment and the winding up or otherwise of the Company.

11. RELATED PARTY TRANSACTIONS

There were no related transactions in the current period or prior period.

The company holds no obligations and has received no services in respect of these share issues and these are fully disclosed and accounted for in other group companies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

12. PARENT UNDERTAKINGS

The immediate parent undertaking is Life UK Holdco Limited and ultimate parent undertaking is Life Healthcare Group Holdings Limited. The largest and smallest group, are drawn up and which include this company is Life Healthcare Group Holdings Limited, registered in South Africa. The financial statements can be obtained by writing to the Company Secretary at Oxford Manor, 21 Chaplin Road, Illovo, Guateng, South Africa, 2196, its registered address.

13. POST BALANCE SHEET EVENTS

The Covid pandemic is considered to remain a significant event after the balance sheet date, even though it has also impacted the group in this financial year. The impact of Covid is still being felt across the globe within the healthcare industry, including the countries that Alliance Medical Group operate in. Following the balance sheet date, a number of European Countries, including the UK, has entered second national lock down. The effects of Covid are still felt around the business, however volumes are almost back to 100% of pre-Covid levels and systems and protocols put in place during wave 1 of the pandemic now mean that the business can continue to operate at a more effective level during the ongoing Covid impacts. This is as well as opportunities taken as a result of the pandemic, have meant that the directors do not believe that the effects of Covid post the balance sheet date lead to a material misstatement in the numbers presented and therefore no adjustments are required.

As well as the above there are ongoing discussions between the UK and the EU in relation to a trade deal following the UKs exit from the EU effective from 1 January 2021. Currently there are no details regarding the likelihood or the contents of such a deal. As a result it cannot be estimated what impacts Brexit will have on the Company and therefore no changes have been made to these financial statements.