

# **Alliance Medical Holdings Limited**

**Annual Report &  
Financial Statements**

**For the year ended 30 September 2020**

**Company number 04113112**

## Alliance Holdings Medical Limited

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### **DIRECTORS**

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

### **INDEPENDENT AUDITORS**

Deloitte LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

### **BANKERS**

NatWest Bank plc  
1 Town Hall Building  
Banbury  
Oxon  
OX16 8JS

### **REGISTERED OFFICE**

Iceni Centre  
Warwick Technology Park  
Warwick  
Warwickshire  
CV34 6DA  
United Kingdom

## Alliance Medical Holdings Limited

### STRATEGIC REPORT

#### PRINCIPAL ACTIVITY AND REVIEW OF THE YEAR

The principal activity of the Company during the year was that of strategic management services.

#### REVIEW OF THE BUSINESS

The Company provides strategic management services to fellow Group companies and transfers the costs of these services across the Group.

The key performance indicators of the Company are:

	Year to 30 September 2020	Year to 30 September 2019
	£000	£000
Turnover	134	118
EBITDA	(3,829)	(3,793)
Net liabilities	(12,999)	(10,009)

EBITDA is made up of Turnover less Admin expenses (excluding amortisation of £65,000 (2019: £65,000)).

The directors deem the success of this company to be measured on the success of the Alliance Medical Group as a whole, as that is what this company aims to support.

This company does not consider there to be any other key performance indicators relevant to the business.

#### RESULTS AND DIVIDENDS

The loss for the financial year after taxation amounted to £2,990,000 (2019: £3,959,000) and was funded from reserves. The loss is as a result of the costs being incurred by the management team that have not then been recovered by recharging to the regions.

Dividends totalling £nil were paid in the period (2019: £nil), and the directors have not proposed a dividend since year end.

## Alliance Medical Holdings Limited

### STRATEGIC REPORT (continued)

#### MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company 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
Liquidity risk	Withdrawal of funding	Liquidity risk is managed at the Group level and includes regular monitoring of, and reporting compliance with, bank covenants both prospectively and retrospectively; Applying cash collection targets throughout the Group; Regular cash flow forecasting, with action taken if needed to re-time flows.
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.
Economic risk following referendum decision to leave the European Union	Reduced profitability as a result of instability in the Sterling	Hedging via a portion of a parent undertaking's borrowings being denominated in Euros.

## Alliance Medical Holdings Limited

### STRATEGIC REPORT (continued)

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#### SECTION 172(1) STATEMENT

In performing their duties under section 172, the directors of Alliance Medical Holdings 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.

## Alliance Medical Holdings Limited

### STRATEGIC REPORT (continued)

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#### 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.

#### 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.

## Alliance Medical Holdings Limited

### STRATEGIC REPORT (continued)

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#### 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.

### **FUTURE DEVELOPMENTS**

The Directors continue to seek new territories and technologies to expand the opportunities to enhance shareholder value across the Group.

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



H A D Marsh  
Director

Iceni Centre  
Warwick Technology Park  
Warwick  
CV34 6DA  
United Kingdom

## Alliance Medical Holdings Limited

### DIRECTORS' REPORT

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

#### FUTURE DEVELOPMENTS

The Directors continue to seek new territories and technologies to expand the opportunities to enhance shareholder value across the Group.

#### 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:

H A D Marsh  
M D Chapman  
P P Van Der Westhuizen  
S B Viranna (resigned 17 January 2020)

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 (2019: £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.



## Alliance Medical Holdings Limited

### DIRECTORS' REPORT (continued)

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The external debt used to provide funding for the Alliance Medical Group companies (of which this company is a subsidiary) sit 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 consolidated 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.

## Alliance Medical Holdings 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 impact 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.

#### 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:



H A D Marsh  
Director

Iceni Centre  
Warwick technology Park  
Warwick  
CV34 6DA  
United Kingdom

## Alliance Medical Holdings Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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.

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**Independent auditor's report to the members of Alliance Medical Holdings Limited**  
**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Alliance Medical Holdings 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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; 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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.

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**Independent auditor's report to the members of Alliance Medical Holdings Limited**  
**Report on the audit of the financial statements (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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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**Independent auditor's report to the members of Alliance Medical Holdings Limited**  
**Report on the audit of the financial statements (continued)**

**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.

**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

## Alliance Medical Holdings Limited

### PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2020

	Notes	Year to 30 September 2020 £000	Year to 30 September 2019 £000
<b>TURNOVER</b>	4	<b>134</b>	118
Administrative expenses		<b>(4,028)</b>	(3,976)
<b>OPERATING LOSS</b>	5	<b>(3,894)</b>	(3,858)
Interest receivable/(payable) and similar income	8	<b>904</b>	(101)
<b>LOSS BEFORE TAXATION</b>		<b>(3,388)</b>	(3,959)
Tax on loss	9	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(2,990)</b>	(3,959)

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 before taxation and the loss for the financial periods stated above and their historical cost equivalents.

**Alliance Medical Holdings Limited**
**BALANCE SHEET**  
 As at 30 September 2020

Company registered number: 04113112

	Notes	At 30 September 2020 £000	At 30 September 2019 £000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	10	111	81
		<u>111</u>	<u>81</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	11	37,375	35,092
Cash at bank and in hand		596	130
		<u>37,971</u>	<u>35,222</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	12	(50,628)	(45,220)
<b>NET CURRENT LIABILITIES</b>		<u>(50,628)</u>	<u>(45,220)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(12,546)</u>	<u>(9,917)</u>
<b>NON-CURRENT LIABILITIES</b>			
Creditors: amounts falling due after more than one year	12	(439)	(92)
Provisions for liabilities and charges	13	(14)	-
<b>NET LIABILITIES</b>		<u>(12,999)</u>	<u>(10,009)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	37,517	37,517
Share premium account		4,550	4,550
Profit and loss account		(55,066)	(52,076)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>		<u>(12,999)</u>	<u>(10,009)</u>

The notes on pages 18 to 29 form 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



## Alliance Medical Holdings Limited

### STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2020

	Called up share capital	Share premium account	Profit and loss account	Total Shareholders' deficit
	£000	£000	£000	£000
At 1 October 2018	37,517	4,550	(48,117)	(6,050)
Loss for the year	-	-	(3,959)	(3,959)
At 30 September 2019	37,517	4,550	(52,076)	(10,009)
Loss for the year	-	-	(2,990)	(2,990)
<b>At 30 September 2020</b>	<b>37,517</b>	<b>4,550</b>	<b>(55,066)</b>	<b>(12,999)</b>

## Alliance Medical Holdings Limited

### 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 principle 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, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS 102”) 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.

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.

## Alliance Medical Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 3. ACCOUNTING POLICIES (continued)

The external debt used to provide funding for the Alliance Medical Group companies (of which this company is a subsidiary) sit 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 consolidated financial statements on a going concern basis.

#### Basis of consolidation

Group financial statements have not been prepared as permitted by Section 400 of the Companies Act 2006, as the Company is a wholly owned subsidiary of Alliance Medical Group Limited, a company incorporated in England and Wales, from whose registered office Group financial statements may be obtained (Iceni Centre, Warwick Technology Park, Warwick, CV34 6DA, UK, its registered address). Therefore these financial statements present information about the Company and not about its Group.

#### Exemptions

As a qualifying entity, the company has taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Group Limited, which may be obtained at its registered address at The Iceni Centre, Warwick Technology Park, Warwick, Cv34 6DA.

The Company has taken advantage of the exemption provided in paragraph 1.12(b) of FRS 102 from preparing a Statement of Cash Flows.

The Company has taken advantage of the exemption provided in paragraph 4.12(a) of FRS 102 from preparing a reconciliation of the numbers of shares outstanding at the beginning and end of the period.

The Company has taken advantage of the exemption provided in paragraph 33.7 of FRS 102 from disclosing key management personnel compensation.

The Company has taken advantage of the exemption provided in paragraphs 11.39-11.48A and 12.26-12.29 of FRS 102 from disclosing certain financial instrument disclosures. The financial instrument disclosures are incorporated into the Group financial statements of the ultimate UK parent undertaking.

The Company has taken advantage of the exemption in paragraph 33.1(a) of FRS 102 from disclosing transactions with related parties that are other wholly owned members of the Alliance Medical Group Limited group.

## Alliance Medical Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 3. ACCOUNTING POLICIES (continued)

##### Revenue recognition

Turnover, which excludes value added tax, represents the value of services supplied, and is recognised according to the value of services supplied in the period.

##### Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

##### Intangible assets

Intangible assets are stated at cost, which is the amount paid, less accumulated amortisation and impairment losses. Purchased technology is amortised over their estimated useful life of 3 to 4 years.

Website development costs are capitalised as intangible assets, as the website generates sales for other regions around the Alliance Medical Group, these regions are then charged for the use of this website which in turn delivers benefits at least as great as the amount capitalised. Therefore the website development expenditure makes an enduring contribution to the development of the revenue-generating capabilities of the website, and an enduring asset is thus created. Website development costs are amortised over their useful economic life, which the Directors consider to be three years on a straight line basis, the remaining amortisation period for the purchased technology is less than 1 year.

##### Financial instruments

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

Financial liabilities and equity instruments are classified 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.

##### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the company considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

## Alliance Medical Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 3. ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### *(ii) Investments*

Investments in non-derivative instruments that are equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

##### *(iii) Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

##### *(iv) Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

##### 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.

## Alliance Medical Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 3. ACCOUNTING POLICIES (continued)

##### Pensions

The Company operates defined contribution pension plans, administered by a third party, for Directors and employees. Contributions are charged to the profit and loss account as they become payable.

##### Current tax

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

##### 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.

##### Functional and presentation currency

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

##### Critical accounting judgements and sources of estimation uncertainty

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the Company Financial Statements or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. TURNOVER

Turnover represents amounts for the provision of services which fall within the Company's continuing activities, stated net of value added tax. All turnover originates in, and has an ultimate destination of, Europe.

#### 5. OPERATING LOSS

This is stated after charging:

		Year to 30 Sep 2020 £000	Year to 30 Sep 2019 £000
Auditors' remuneration	- audit of these financial statements	25	20
	- tax and other services	-	15
Operating lease rentals	- land and buildings	-	10
		<hr/>	<hr/>

## Alliance Medical Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 6. Directors remuneration

	Year to 30 Sep 2020 £000	Year to 30 Sep 2019 £000
Emoluments	747	754
Company contributions paid to defined contribution pension schemes	11	4
	<u>758</u>	<u>758</u>

Contributions of £11,000 (2019: £4,000) were made to defined contribution pension schemes on behalf of one (2019: one) Director during the period. Three (2019: three) Directors of the Company were also, or have also been, Directors of one or more companies in the Group during the period. 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, hence the full value of their emoluments are shown in this company. Emoluments include £nil (2019: £nil) in respect of payments for loss of office.

Emoluments include £nil (2019: £nil) in respect of payments made for executive directors becoming non-executive.

The amounts in respect of the highest paid director are as follows:

	30 Sep 2020 £000	30 Sep 2019 £000
Emoluments	432	339
Company contributions paid to defined contribution pension schemes	11	-
	<u>443</u>	<u>339</u>

Emoluments include £nil (2019: £nil) in respect of payments made for executive directors becoming non-executive.

## Alliance Medical Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 7. Staff costs

	Year to 30 Sep 2020 £000	Year to 30 Sep 2019 £000
Wages and salaries	1,646	1,505
Social security costs	221	178
Other pension costs	49	74
Redundancy payments	-	-
	<u>1,916</u>	<u>1,757</u>

The average monthly number of employees (including Directors) during the period was 10 (2019: 9). These were all administration staff.

#### 8. INTEREST PAYABLE/RECEIVABLE AND SIMILAR CHARGES/INCOME

	Year to 30 Sep 2020 £000	Year to 30 Sep 2019 £000
Net retranslation of foreign currency loans and receivables	<u>904</u>	<u>(101)</u>



## Alliance Medical Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 9. TAX ON LOSS

##### (a) Tax on loss

There is no taxation in the period (2019: £nil).

##### (b) Factors affecting the tax for the period

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

	Year to 30 Sep 2020 £000	Year to 30 Sep 2019 £000
Loss before tax	<u>(2,990)</u>	<u>(3,959)</u>
Loss at the standard rate of 19% (2019: 19%)	(568)	(752)
Effects of:		
Expenses not deductible for tax purposes	83	-
Utilisation of losses not recognised	-	(4)
Transfer pricing adjustment – imputed interest	(390)	-
Group relief surrendered/(claimed) for no consideration	<u>875</u>	<u>756</u>
<b>Total tax for the year (note 9 (a))</b>	<u>-</u>	<u>-</u>

There are no expiry dates of any timing differences or unused tax losses generated within this company.

##### (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 for the period

The Company has an unrecognised deferred tax asset in relation to accelerated capital allowances and other timing differences of £23,000 (2019: £18,000). There is also unrecognised deferred tax asset in relation to trading losses totalling £71,000 (2019: £63,000).

Deferred tax is not recognised as the future recovery of the asset is uncertain.

**Alliance Medical Holdings Limited**
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2020

**10. INTANGIBLE ASSETS**

	Purchased technology £000	Total £000
<b>Cost</b>		
At 30 September 2019	195	195
Additions	95	95
<b>At 30 September 2020</b>	<b>290</b>	<b>290</b>
<b>Accumulated depreciation</b>		
At 30 September 2019	(114)	(114)
Amortisation	(65)	(65)
<b>Closing net book value</b>	<b>(179)</b>	<b>(179)</b>
<b>NBV as at 30 September 2020</b>	<b>111</b>	<b>111</b>
<b>NBV as at 30 September 2019</b>	<b>81</b>	<b>81</b>

**11. DEBTORS**

	At 30 Sep 2020 £000	At 30 Sep 2019 £000
Amounts owed by Group undertakings	37,361	34,919
Prepayments and accrued income	14	173
	<b>37,375</b>	<b>35,092</b>

Amounts owed by Group undertakings are unsecured, interest free, and are repayable on demand.

**Alliance Medical Holdings Limited**
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2020

**12. CREDITORS**

<b>Amounts falling due within one year</b>	<b>At 30 Sep 2020 £000</b>	<b>At 30 Sep 2019 £000</b>
Amounts owed to Group undertakings	<b>49,251</b>	<b>44,230</b>
Employee payables	<b>534</b>	<b>181</b>
Other taxation and social security	<b>57</b>	<b>50</b>
Accruals and deferred income	<b>786</b>	<b>759</b>
	<b><u>50,628</u></b>	<b><u>45,220</u></b>

Amounts owed to Group undertakings, which are all UK-based, are unsecured, are repayable on demand and are interest free.

<b>Amounts falling due after more than one year</b>	<b>At 30 Sep 2020 £000</b>	<b>At 30 Sep 2019 £000</b>
Employee payables	<b>439</b>	<b>92</b>
	<b><u>439</u></b>	<b><u>92</u></b>

**13. PROVISIONS FOR LIABILITIES**

	<b>Onerous lease provision £000</b>
<b>At 1 October 2018</b>	<b>94</b>
Charged to the income statement	-
Utilised in the period	(94)
<b>At 30 September 2019</b>	<b>-</b>
Charged to the income statement	14
Utilised in the year	-
<b>At 30 September 2020</b>	<b><u>14</u></b>

Of the total onerous lease provision, £14,000 is due within one year (2019: £nil).

## Alliance Medical Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 14. CAPITAL AND OTHER COMMITMENTS

The Company's total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	At 30 Sep 2020 £000	At 30 Sep 2019 £000
Within one year	14	-
Between two and five years	-	-
	<u>14</u>	<u>-</u>

#### 15. CALLED UP SHARE CAPITAL AND RESERVES

	At 30 Sep 2020 No.	At 30 Sep 2020 £000	At 30 Sep 2019 No.	At 30 Sep 2019 £000
Ordinary shares of 1p each				
Authorised	<u>3,751,707,950</u>	<u>37,517</u>	<u>3,751,707,950</u>	<u>37,517</u>
Allotted, called up and fully paid	<u>3,751,707,950</u>	<u>37,517</u>	<u>3,751,707,950</u>	<u>37,517</u>

There are no restrictions on the payment of dividends and the repayment of capital.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the re-measurement of investment properties, net of dividends paid and other adjustments.

#### 16. RELATED PARTY TRANSACTIONS

There have been no related party transactions other than transactions with fellow subsidiaries of the Life Healthcare Group Holdings Limited group.

In accordance with FRS 102, the company has taken advantage of the exemption available not to disclose transactions with other group undertakings.

## Alliance Medical Holdings Limited

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

#### 17. PARENT UNDERTAKINGS

The immediate parent company is Alliance Medical Acquisitionco Limited and the ultimate parent undertaking is Life Healthcare Group Holdings Limited. The smallest group for which group financial statements are drawn up and which include this company is Alliance Medical Group Limited, registered in England and Wales. The financial statements can be obtained by writing to the Secretary at Icen Centre, Warwick Technology Park, Warwick, CV34 6DA, the company's registered address. The largest group for which group financial statements are drawn up is Life Healthcare Group Holdings Limited, registered in South Africa. The financial statements can be obtained by writing to the Secretary at Oxford Manor, 21 Chaplin Road, Illovo, Guateng, South Africa, 2196, the company's registered address.

#### 18. POST EMPLOYMENT BENEFITS

The Company participates in defined contribution pension schemes, the assets of which are held separately from those of the Company and are invested with an insurance company and external fund managers. The total charged to the profit and loss account during the period was £49,000 (2019: £74,000).

#### 19. 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 impact 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.