

Company Registration No. 01754990 (England and Wales)

SYSTEM C HEALTHCARE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



SYSTEM C HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	M Bolton I Denley
Secretary	J Conner
Company number	01754990
Registered office	The Maidstone Studios Vinters Business Park New Cut Road Maidstone Kent United Kingdom ME14 5NZ
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

SYSTEM C HEALTHCARE LIMITED

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SYSTEM C HEALTHCARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business

System C Healthcare Limited specialises in the provision of a wide-range of IT products and services to health and social care providers. The offering includes patient administration systems, advanced clinical systems, immunisation systems which are currently managing vaccinations for about 50% of English children, shared records, PHRs and remote patient engagement, and BI to enable population health management.

For System C Healthcare Limited revenues in the financial year were £33.3m (2019 : £29.5m), profit before taxation were £6.2m (2019 : £1.7m) and net assets were £15.1m (2019 : £9.4m).

The company has three wholly owned subsidiaries, Liquidlogic Limited (Social care and education solutions), The Learning Clinic Limited (supplier of mobile real-time patient observations) and Careflow Connect Limited (integrated communication platform). For the year ended 31 March 2020, the group had a combined turnover of £65.8m, gross profit of £39.0m (59%) and EBITDA of £11.7m (18%), average number of employees of 525 and a closing cash balance of £29.5m. Working together, System C Healthcare Limited, The Learning Clinic Limited, Careflow Connect Limited and Liquidlogic Limited are in a strong position to offer integrated solutions across health and social care in line with Government policy.

Approach to risk management

As with any business, System C Healthcare Limited faces a range of risks and uncertainties in the course of its business. It is essential that we identify and manage these risks effectively in order to deliver on our strategic objectives. The board continually reviews and identifies risk and through its own systems and controls, where possible mitigates the risks that may impact our business, prospects, people and financial results.

Market risk

The company operates in the healthcare market and funding for IT projects is dependent on overall funding in the NHS, which can impact performance. The major political parties have made commitments to increase funding for the NHS and it is expected that the need for transformation will continue to drive growth.

Product delivery risk

The company has built a strong reputation for the successful delivery of its software and services to the UK health and social care market. However, product development and successful implementation and support pose substantial continuing challenges. Failure to deliver on time to the required quality can result in financial penalties and reputational injury as well as potential implications for patient safety.

To mitigate this risk, we continuously monitor our performance against contracted commitments and expectations, and deploy a wide range of experienced personnel to evaluate performance. We appoint a project board for any high risk projects utilising a combination of expertise as appropriate from technical delivery, finance and commercial resources.

Accreditation

Much of our work relies on maintaining accreditations to international standards, we have ISO/IEC 27001:2013 and ISO/IEC 9001:2015 certifications.

SYSTEM C HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Section 172

This is the statement by the directors about their performance of their statutory duties under section 172(1) of the Companies Act 2006.

The Group Companies are information technology companies operating in the health and social care sectors in the UK and their customers are NHS organisations or Local Authorities who provide social services. The directors' decisions will have long term consequences for the companies within their individual sectors and thus are important to the long term success of the Group. The directors view meeting, and where possible exceeding, the expectations of its customers the key to such success.

The success of the Company, and by extension the ability to grow the Company's headcount, is dependent on promoting the interests of its employees, by paying fair remuneration and providing appropriate benefits to its employees. The success of the Company also means it is able to provide market leading IT systems for use by NHS hospitals and Local Authority Social Care Departments for use in the provision of care to patients and citizens in the UK, and enhances value for its shareholders. The directors believe the interests of its employees, customers and owners are aligned.


The directors believe that success of the Company also requires good relationships with its suppliers as well as with its customers and employees, its reputation for fair and reliable dealing enhances its chance of success in its markets. As the Company is involved in IT, its impact on the environment is generally light, however, the directors have encouraged a reduction in the amount of employee travel through the use of video conferencing and calls.

Over the relevant period the directors have, in making their decisions, had regard to the factors and approach set out above and have prioritised the development of new products and improvements in the quality of the Company's products and services, believing that this was appropriate to achieve the Company's success in its market sectors. In the final weeks of the relevant period the directors took the necessary decisions to ensure the safety of all employees and to enable the full continuation of the Company's operations, following the start of the COVID-19 pandemic.

Modern Slavery

The company is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-slavery policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. The full statement is published on the System C Healthcare Limited website.

By order of the board



J Conner
Secretary

31st March 2021

SYSTEM C HEALTHCARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of software and associated services for healthcare providers in the UK. Through the effective use of technology, we help our customers reduce the costs and improve the quality of the healthcare services they provide.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Haines (Resigned 10 February 2021)

M Bolton

I Denley

Q Fang (Resigned 10 February 2021)

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2019:nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

Cash flow risk

The Company is exposed to minimal translation and transaction foreign exchange risk. The Company regularly reviews its exposure to translation risk and where appropriate minimises this risk by use of the forward hedge market.

Liquidity risk

The Company remains confident that it has adequately financed its business operations and that the levels of liquidity in place are sufficient to meet its foreseeable requirements.

Credit risk

The company's principal financial assets are bank balances, and cash, trade and other receivables, and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Research and development

The Company continues to heavily invest in its product portfolio. Research and development costs were £9.3m during the year (2019: £10.2m).

SYSTEM C HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Post reporting date events

On the 10 February 2021, CVC Capital Partners (Fund VII) acquired 100% of the System C group through its parent company H&SC Technologies Limited.

On the 26 November 2020 a new 100% subsidiary was incorporated in New South Wales called Liquidlogic (Australia) Pty Limited.

SECR

Operational scopes, energy usage and emissions

System C group does not produce any scope 1 emissions, our scope 2 energy usage (KWh) is 612,343 and our emissions (tonnes CO₂e) are 106.6. Scope 2 emissions are limited to our UK energy use (grid sourced electricity and gas consumption in UK offices). Scope 3 emissions energy usage (KWh) is 1,578,113 and our emissions (tonnes CO₂e) are 373.3, they are limited to energy use and related emissions from business travel in rental cars or employee-owned vehicles where they are responsible for purchasing the fuel.

Intensity Measurement

We have chosen the metric gross global scope 1 and 2 emissions in tonnes of CO₂e per employee as best representing our business operations since most of System C's emissions are related to employee activities. For consistency with financial reporting, we use the number of UK FTEs reported at year end.

Energy Efficiency Actions

System C has taken only limited energy efficiency actions in the period, comprising replacement of single-glazed windows in certain of its offices. The Directors expect to implement a comprehensive energy efficiency plan in FY22.

Independent Auditor

PricewaterhouseCoopers LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosures to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

SYSTEM C HEALTHCARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020


Going Concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the directors have considered the company's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the company as at 31 March 2020 and at the approval date of these financial statements, its cash flows and liquidity position. The company operates in the health and social care sectors in the UK and their customers are NHS organisations or local authorities who provide social services. The company has continued to win new contracts and has operated normally under Covid-19, the staff have been moved to remote working and none of the staff are furloughed.

The directors have prepared forecasts up to 31 March 2023, which take into account the resilient performance of the company in dealing with the challenges from Covid-19 to date in the financial year ended 31 March 2021. These forecasts show that the company is expected to remain profitable and even in a severe but plausible downside scenario the company is still able to meet its obligations as they fall due.

The directors have a high level of confidence that despite the current economic uncertainty and the ongoing Covid-19 pandemic the company has access to the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus, the directors believe there is no material uncertainty in the use of the going concern assumption.

By order of the board



J Conner
Secretary

31st March 2021

SYSTEM C HEALTHCARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 United Kingdom Accounting Standards, comprising FRS 102, 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 auditors' report to the members of System C Healthcare Limited

Report on the audit of the financial statements

Opinion

In our opinion, System C Healthcare Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2020; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 March 2021

SYSTEM C HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	3	33,319,817	29,519,388
Cost of sales		(13,367,397)	(12,187,359)
Gross profit		19,952,420	17,332,029
Administrative expenses		(14,531,277)	(16,544,521)
Other operating income		321,044	299,463
Operating profit	4	5,742,187	1,086,971
Income from shares in group undertakings	7	2,500,000	2,500,000
Interest payable and similar expenses	8	(2,053,256)	(1,873,793)
Profit before taxation		6,188,931	1,713,178
Tax on profit	9	(442,776)	2,057,151
Profit for the financial year		5,746,155	3,770,329
Total comprehensive income for the year		5,746,155	3,770,329

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SYSTEM C HEALTHCARE LIMITED

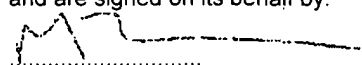
BALANCE SHEET

AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets			
Goodwill	10		33,827
Other intangible assets	10	107,086	87,257
Total intangible assets		107,086	121,084
Tangible assets	11	425,517	400,999
Investments	12	25,113,044	25,113,044
		25,645,647	25,635,127
Current assets			
Debtors	13	32,830,448	22,244,827
Cash at bank and in hand		10,344,378	6,454,318
		43,174,826	28,699,145
Creditors: amounts falling due within one year	14	(27,214,094)	(21,236,684)
Net current assets		15,960,732	7,462,461
Total assets less current liabilities		41,606,379	33,097,588
Creditors: amounts falling due after more than one year	15	(26,397,308)	(23,634,672)
Provisions for liabilities	17	(71,666)	(71,666)
Net assets		15,137,405	9,391,250
Capital and reserves			
Called up share capital	19	1,247,733	1,247,733
Share premium account		24,236,357	24,236,357
Other reserves		3,339,460	3,339,460
Capital redemption reserve		3,127,024	3,127,024
Profit and loss account		(16,813,169)	(22,559,324)
Total equity		15,137,405	9,391,250

The notes are on pages 12 to 29.

The financial statements were approved by the board of directors and authorised for issue on 31st March 2021 and are signed on its behalf by:



M Bolton
Director

Company Registration No. 01754990

SYSTEM C HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Called up Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total Equity £
Balance at 1 April 2018	1,247,733	24,236,357	3,127,024	3,339,460	(26,329,653)	5,620,921
Year ended 31 March 2019:						
Total comprehensive income for the financial year	-	-	-	-	3,770,329	3,770,329
Balance at 31 March 2019	1,247,733	24,236,357	3,127,024	3,339,460	(22,559,324)	9,391,250
Year ended 31 March 2020:						
Total comprehensive income for the financial year	-	-	-	-	5,746,155	5,746,155
Balance at 31 March 2020	1,247,733	24,236,357	3,127,024	3,339,460	(16,813,169)	15,137,405

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

System C Healthcare Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Maidstone Studios, Vinters Business Park, New Cut Road, Maidstone, Kent, United Kingdom, ME14 5NZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

Research and development costs are included within administration costs (prior year represented).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options; how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of H&SC Technologies Limited. These consolidated financial statements are available from its registered office, The Maidstone Studios, Vinters Business Park, New Cut Road, Maidstone, Kent, United Kingdom, ME14 5NZ.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

System C Healthcare Limited is a wholly owned subsidiary of H&SC Technologies Limited and the results of System C Healthcare Limited are included in the consolidated financial statements of H&SC Technologies Limited which are available from The Maidstone Studios, Vinters Business Park, New Cut Road, Maidstone, Kent, ME14 5NZ.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.2 Going concern

The companies business activities, together with the factors likely to affect its future development, performance and position have been set out in the directors' report.

The financial position of the company, its liquidity have been described in the directors' report.

The company continues to win new business and is well placed to operate in the current market despite the economic uncertainty that has been presented by Covid 19, the company has continued to trade successfully with staff working remotely. Following the change in control to CVC, the same management team which remains in place assesses the change in control does not change the going concern assumption of the business.

The company borrowings with H&SC Technologies Limited are being settled in March 2021 by cash. This has no impact of the going concern of the business.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to meet its financial liabilities as they fall due for at least 12 months from the date of signing these financial statements.

1.3 Turnover

The turnover shown in the profit and loss account represents the contract value of goods and services provided up to the period end date, exclusive of Value Added Tax.

Turnover from implementation is recognised over the implementation period as those services are provided. Where a contract spans the period end, an estimate of the stage of completion is made and that proportion of the contract value is recognised as turnover in the profit and loss account. The costs relating to each contract are recognised in the same proportion of the estimated total costs as the proportion of turnover recognised.

Turnover from maintenance, support and other services is recognised on a straight line basis over the contracted term of supply.

Turnover from consultancy services is recognised when the service is delivered and accepted by the customer.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that it is probable will be recovered.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Own & contract software	3 to 5 years
R&D	3 to 5 years
Customer Lists	Fully amortised

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	5 years/over term of lease for leasehold improvements
Computer equipment	3 years/over term of customer contract

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.18 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

1.19 Research and development

Expenditure on research and development is written off in the period in which it is incurred.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical Judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Useful economic life of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of tangible fixed assets and note 1 for the useful economic lives for each class of asset.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors.

Revenue

The company assesses the elements of a customer contract for fair value revenue recognition purposes, management considers these elements on a contract by contract basis.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover		
Software & hardware	4,172,983	4,585,446
Services	7,094,793	5,343,618
Support and maintenance	22,052,041	19,590,324
	<u>33,319,817</u>	<u>29,519,388</u>

	2020 £	2019 £
Other significant income		
Dividends received	<u>2,500,000</u>	<u>2,500,000</u>

Turnover analysed by geographical market

	2020 £	2019 £
United Kingdom	<u>33,319,817</u>	<u>29,519,388</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging:		
Exchange losses	1,468	2,041
Fees payable to the company's auditors for the audit of the company's financial statements	125,000	98,750
Depreciation of owned tangible assets	316,522	350,651
(Profit)/loss on disposal of tangible assets	-	111
Amortisation of intangible assets	61,176	176,437
Operating lease charges	<u>1,137,067</u>	<u>1,070,753</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £1,468 (2019 - £2,041).

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Employees

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

	2020 Number	2019 Number
Developers and Deployment Services	233	207
Sales, Marketing and Admin	82	74
	<u>315</u>	<u>281</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	16,896,220	16,317,136
Social security costs	1,712,988	1,639,658
Other pension costs	1,201,675	963,313
	<u>19,810,883</u>	<u>18,920,107</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	638,704	531,626
Company pension contributions to defined contribution schemes	3,416	8,684
	<u>642,120</u>	<u>540,310</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	290,586	265,813
Company pension contributions to defined contribution schemes	1,708	4,341
	<u>292,294</u>	<u>270,154</u>

7 Income from shares in group undertakings

	2020 £	2019 £
Income from fixed asset investments		
Income from shares in group undertakings	<u>2,500,000</u>	<u>2,500,000</u>

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Interest payable and similar expenses

	2020 £	2019 £
Loan interest	2,053,256	1,873,793
	<u>2,053,256</u>	<u>1,873,793</u>

9 Tax on profit

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	488,080	(2,057,151)
Changes in tax rates	(45,304)	-
Total deferred tax	<u>442,776</u>	<u>(2,057,151)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>6,188,930</u>	<u>1,713,178</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,175,897	325,504
Tax effect of expenses that are not deductible in determining taxable profit	1,787	1,610
Tax effect of income not taxable in determining taxable profit	(475,000)	(475,000)
Tax effect of utilisation of tax losses not previously recognised	(660,868)	(164,759)
Other permanent differences	4,087	286,446
Deferred tax adjustments in respect of tax losses	442,776	(2,057,151)
Other short term timing differences	(45,903)	26,199
Tax expense/(credit) for the year	<u>442,776</u>	<u>(2,057,151)</u>

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. A further reduction to 17% for the year starting 1 April 2020 was announced at Budget 2016.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10. Intangible assets

	Goodwill	Own & contract software	R&D	Customer Lists	Total
	£	£	£	£	£
Cost					
At 1 April 2019	1,493,516	202,683	5,683,010	1,205,334	8,584,543
Additions	-	47,178	-	-	47,178
At 31 March 2020	1,493,516	249,861	5,683,010	1,205,334	8,631,721
Accumulated Amortisation					
At 1 April 2019	1,459,689	115,426	5,683,010	1,205,334	8,463,459
Amortisation charged for the year	33,827	27,349	-	-	61,176
At 31 March 2020	1,493,516	142,775	5,683,010	1,205,334	8,524,635
Carrying amount					
At 31 March 2020	-	107,086	-	-	107,086
At 31 March 2019	33,827	87,257	-	-	121,084

11. Tangible assets

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 April 2019	929,516	3,083,089	4,012,605
Additions	772	340,268	341,040
Disposals	-	(98,838)	(98,838)
At 31 March 2020	930,288	3,324,519	4,254,807
Accumulated Depreciation			
At 1 April 2019	785,358	2,826,248	3,611,606
Depreciation charged in the year	100,277	216,245	316,522
Disposals	-	(98,838)	(98,838)
At 31 March 2020	885,635	2,943,655	3,829,290
Carrying amount			
At 31 March 2020	44,653	380,864	425,517
At 31 March 2019	144,158	256,841	400,999

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Investments

	2020 £	2019 £
Investments in subsidiaries	25,113,044	25,113,044

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 & 31 March 2020	26,620,654
Accumulated impairment	
At 1 April 2019 & 31 March 2020	1,507,610
Carrying amount	
At 31 March 2020	25,113,044
At 31 March 2019	25,113,044

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	8,913,990	7,060,377
Corporation tax recoverable	666,639	463,490
Amounts owed by group undertakings	5,991,785	2,105,259
Prepayments and accrued income	12,823,819	10,350,486
	28,396,233	19,979,612
Deferred tax asset (note 18)	175,702	200,516
	28,571,935	20,180,128

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Debtors (Continued)

	2020 £	2019 £
Amounts falling due after more than one year:		
Other debtors	2,611,776	-
Deferred tax asset (note 18)	1,646,737	2,064,699
	<u>4,258,513</u>	<u>2,064,699</u>
Total debtors	<u><u>32,830,448</u></u>	<u><u>22,244,827</u></u>

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,983,816	855,749
Amounts owed to group undertakings	4,309,198	6,204,420
Taxation and social security	3,426,050	2,145,148
Accruals and deferred income	17,495,030	12,031,367
	<u>27,214,094</u>	<u>21,236,684</u>

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

15 Creditors: amounts falling due after more than one year

	Note	2020 £	2019 £
Other borrowings	16	24,669,104	22,615,848
Accruals and deferred income		1,728,204	1,018,824
		<u>26,397,308</u>	<u>23,634,672</u>

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Loans and overdrafts

	2020 £	2019 £
Loans from group undertakings	24,669,104	22,615,848
Payable after one year	24,669,104	22,615,848

Unless paid sooner the entire principal balance of the loan note, plus accrued and unpaid interest, shall be due and payable on 18 September 2021. The intercompany loan may be prepaid in full or in part at any time without penalty.

17 Provisions for liabilities

	2020 £	2019 £
Risk provision	71,666	71,666

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2020 £	Assets 2019 £
Balances:		
Accelerated capital allowances	155,779	186,347
Tax losses	1,646,737	2,064,699
Provisions	19,923	14,169
	1,822,439	2,265,215

Movements in the year:

	£
Asset at 1 April 2019	2,265,215
Charge to profit or loss	(488,080)
Effect of change in tax rate - profit or loss	45,304
Asset at 31 March 2020	1,822,439

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Deferred taxation

(Continued)

Deferred tax has been recognised on tax losses based on the forecast utilisation of those tax losses in the forthcoming accounting years.

The company has losses carried forward of £8,988,081 (2019: £12,145,289) which are available to carry forward indefinitely for future offset against taxable profits.

19 Called up share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
124,773,299 Ordinary of 1p each (2019: 124,773,299 Ordinary)	1,247,733	1,247,733

20 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,201,675	963,313

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Services/Goods Received		Services/Goods Supplied	
	Services/ Goods Received		Services/ Goods Supplied	
	2020 £	2019 £	2020 £	2019 £
Symphony Technology	9,767	14,644	-	-
Shearwater Systems Limited	800,113	801,191	130,293	63,908
Shearwater Ventures Limited	368,157	482,449	-	9,002
Graphnet Health Limited	3,808,938	1,691,252	2,019,224	1,040,773
	<u>4,986,975</u>	<u>2,989,536</u>	<u>2,149,517</u>	<u>1,113,683</u>

Symphony Technology Group LLC, Shearwater Systems Limited and Graphnet Health Limited are related parties by virtue of them being in the same group. Shearwater Ventures Limited are related parties due to three of the officers of Shearwater Ventures Limited also being officers of System C Healthcare Limited.

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2020 £	2019 £
Shearwater Systems Limited	-	213,203
Shearwater Ventures Limited	-	37,574
	-	250,777

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties			Amounts owed by related parties		
	2020			2019		
	Balance £	Provision £	Net £	Balance £	Provision £	Net £
Graphnet Health Limited	532,422	-	532,422	96,413	-	96,413
Shearwater Systems Limited	25,936	-	25,936	-	-	-
	558,358	-	558,358	96,413	-	96,413

No guarantees have been given or received.

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	340,162	377,582
Between two and five years	690,510	507,447
In over five years	27,051	-
	1,057,723	885,029

SYSTEM C HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Ultimate controlling party

The company's immediate parent undertaking is System C Holding Limited. The Company's ultimate parent undertaking is Asclepius Holdings Jersey Limited.

The Company's controlling party is CVC Fund VII (Jersey) which consists of the following entities: CVC Capital Partners VII Limited acting in its capacity as general partner of CVC Capital Partners VII (A) L.P., CVC Capital Partners VII Associates L.P. and CVC Partners Investment Europe VII L.P.

The smallest group of which System C Healthcare Limited is a member and for which group financial statements are prepared is that headed by H&SC Technologies Limited, a Company incorporated in England. The largest group is headed by Isle Holdco (UK), Limited.

The consolidated financial statements for H&SC Technologies Limited & Isle Holdco (UK), Limited are available to the public and may be obtained from Companies House.

24 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
Careflow Connect Limited UK	Software and Services provider	Ordinary	100.00
Liquidlogic Limited UK	Software and Services provider	Ordinary	100.00
The Learning Clinic Limited UK	Software and Services provider	Ordinary	100.00

The registered office address of all the above subsidiaries is The Maidstone Studios, Vinters Business Park, New Cut Road, Maidstone, Kent, United Kingdom, ME14 5N7.

25 Post balance sheet events

On the 10 February 2021, CVC Capital Partners (Fund VII) acquired 100% of the System C group through its parent company H&SC Technologies Limited.

On the 26 November 2020 a new 100% subsidiary was incorporated in New South Wales called Liquidlogic (Australia) Pty Limited.