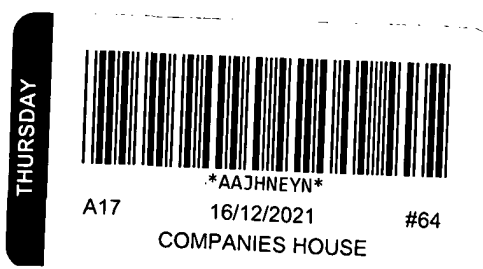


Registered No. 05017933

BACKLOGS LIMITED

Report and Financial Statements

31 December 2020



Backlogs Limited

Registered No. 05017933

COMPANY INFORMATION

DIRECTORS

J M Reay

C M J Vickery

SECRETARY

C M J Vickery

AUDITOR

Ernst & Young LLP

1 More London Place

London

SE1 2AF

BANKER

Barclays Bank PLC

St John's Wood & Swiss Cottage Branch

P.O. Box 2764

London

NW3 6JD

REGISTERED OFFICE

2 Cavendish Square

London

W1G 0PU

Backlogs Limited

Registered No. 05017933

STRATEGIC REPORT

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

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is the provision of specialist and efficient pathology services.

The company's key financial and other performance indicators during the year were as follows:

	2020 £000	2019 £000	Change %
Revenue	3,242	5,712	(43.2%)
Operating profit	600	1,883	(68.1%)
Cases	51,713	145,197	(64.4%)

2020 saw a decrease in revenue by 43.2% compared with that of 2019. This is because of the reduced number of cases by 64.4% due to the impact of Covid-19, offset by NHS income of £464,000 (2019: £nil) as part of an arrangement with the NHS during the year.

Operating profit has decreased by 68.1% in 2020 due to the decrease in revenue.

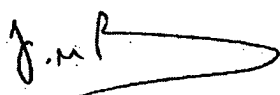
The business continues to have the full support of its directors and its parent and is expected to continue to generate profits over the long term as it becomes more established.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to the company are the recoverability of debtors. Management assess the position of the debtors on an annual basis to ensure that provisions are made where necessary. The company also has in place policies to mitigate the risk of bad debt arising.

The principal risk arising from the company's business is the uncertainty of medical indemnities. However, the company's exposure in this area is borne by HCA International Limited and has been mitigated by insurance and reviewed independently by external professional actuaries.

On behalf of the board



J M Reay
Director

10 December 2021

Backlogs Limited

Registered No. 05017933

DIRECTORS' REPORT

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

REVIEW OF THE BUSINESS

A review of business has been detailed within the Strategic Report.

DIVIDENDS

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

DIRECTORS

The directors of the company who served during the year ended 31 December 2020 were as follows:

J M Reay
C M J Vickery

DIRECTORS INDEMNITY

The company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the directors' report.

FUTURE DEVELOPMENTS

There are no plans to change the activities of the company.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No material events have occurred since the statement of financial position date which would affect the financial statements of the company.

GOING CONCERN

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

HCA UK Holdings Limited ('HCA UK') as an organisation manages its cash position centrally, providing access to funding for all its subsidiaries as and when required. The availability of cash is central to the groups survival and management has considered cash flow forecasts to be a key component of their assessment. Backlogs Limited falls within the HCA UK group.

HCA UK has prepared a detailed monthly cash flow forecast until December 2022, in which a steady cash flow is expected for the foreseeable future as detailed in note 1. The Directors have also considered a range of downside scenarios and despite the continued positive performance of the HCA UK Group, the Directors acknowledge that there is a level of uncertainty caused by the continued impact of the COVID-19 pandemic. As a result, HCA Healthcare Inc., the ultimate parent company, have confirmed, via a letter of support, their intention to provide financial support, if necessary, to the HCA UK Group for the period through to the end of December 2022.

In turn, the company has received assurances, in the form of a letter of support, that HCA UK will continue to provide sufficient cash resources as required to enable the company to meet its liabilities as they fall due for the period through to the end of December 2022.

On the basis of the above and their assessment of the company's financial prospects and position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

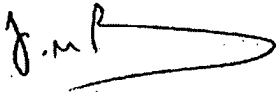
The directors who were members of the board at the time of approving the Directors' Report are listed on page 1.

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP were appointed and will continue as auditor of the Company.

On behalf of the board

A handwritten signature in black ink, appearing to read 'J. M. Reay', followed by a long horizontal flourish.

J M Reay
Director

10 December 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements are required by law to 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF BACKLOGS LIMITED

Opinion

We have audited the financial statements of Backlogs Limited for the year ended 31 December 2020 which comprise, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The comparative figures have not been audited.

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 below. 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period through to the end of December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF BACKLOGS LIMITED (CONTINUED)

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its domestic operations, including regulations specific to the healthcare sector, namely The Health and Social Care Act 2008 and the Regulated Activities Regulations 2014, health and safety, employees, data protection and anti-bribery and corruption legislation.

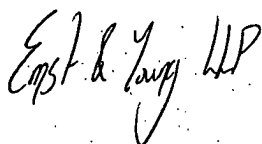
INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF BACKLOGS LIMITED (CONTINUED)

- We understood how The Company is complying with those frameworks by making inquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our inquiries through review of Board minutes and papers provided by management as well as considering the results of our audit procedures. There was no contrary evidence noted in our review of this evidence. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by performing a fraud risk assessment over The Company's revenue stream. We considered the risk of fraud through management override, and in response, we incorporated data analytics across manual journal entries into our audit approach. We performed data analytics over the revenue stream in the Group and where instances of risk behaviour patterns were identified performed additional audit procedures over each risk. These procedures included testing of transactions back to underlying source information.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing in relation to the identified fraud risk with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business. Our procedures also involved enquiries of Company management and those charged with governance. We also leveraged our data analytics platform in performing our work on the order to cash processes to assist in identifying higher risk transactions for testing.

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

Use of our report

This report is made solely to the company's directors, 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 directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.



James Lovegrove (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

10 December 2021

Backlogs Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2020

	<i>Notes</i>	<i>2020</i> <i>£000</i>	<i>2019</i> <i>£000</i>
REVENUE	2	3,242	5,712
Administrative expenses		<u>(2,642)</u>	<u>(3,829)</u>
OPERATING PROFIT	3	600	1,883
Interest payable and other financial expenditure		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>600</u>	<u>1,883</u>
Tax on profit on ordinary activities	6	245	188
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>845</u>	<u>2,071</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>845</u>	<u>2,071</u>

All activities relate to continuing operations.

Backlogs Limited

STATEMENT OF FINANCIAL POSITION at 31 December 2020

	Notes	2020 £000	2019 £000
CURRENT ASSETS			
Debtors	7	5,048	4,095
Cash at bank and in hand		397	688
		<u>5,445</u>	<u>4,783</u>
CREDITORS: amounts falling due within one year	8	<u>(186)</u>	<u>(369)</u>
NET CURRENT ASSETS		5,259	4,414
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,259</u>	<u>4,414</u>
NET ASSETS		<u>5,259</u>	<u>4,414</u>
CAPITAL AND RESERVES			
Share capital	12	-	-
Profit and loss account		5,259	4,414
EQUITY SHAREHOLDERS' FUNDS		<u>5,259</u>	<u>4,414</u>

These financial statements were approved by the board of directors on 10 December 2021 and signed on its behalf by:



J M Reay
Director
Registered No. 05017933

Backlogs Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2020

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 2019	-	2,343	2,343
Profit for the year	-	2,071	2,071
At 1 January 2020	-	4,414	4,414
Profit for the year	-	845	845
At 31 December 2020	-	5,259	5,259

Backlogs Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2020

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the company are set out below and are consistent with the previous year.

Statement of compliance

Backlogs Limited is a company incorporated in England.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2020.

The results of Backlogs Limited are included in the consolidated financial statements of HCA Healthcare Inc., a company incorporated in the United States of America.

Basis of preparation

The financial statements were authorised for issue by the Board of Directors on 10 December 2021.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company, and rounded to the nearest £'000.

The company has taken advantage of the following exemptions under FRS 102:

- (a) the requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d)
- (b) the requirements of *Basic Financial Instruments* paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), and 11.48(c); and *Other Financial Instruments Issues* paragraphs 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A
- (c) the requirement of Section 33 *Related Party Disclosures* paragraph 33.7

Going concern

HCA UK Holdings Limited ('HCA UK') as an organisation manages its cash position centrally, providing access to funding for all its subsidiaries as and when required. Backlogs Limited is a subsidiary within the HCA UK group. The availability of cash is central to the group's survival and management has considered cash flow forecasts to be a key component of their assessment. Backlogs Limited has received assurances that HCA UK will continue to provide sufficient cash resources to meet liabilities as they fall due for the period through to the end of December 2022. A letter of support has been obtained from HCA UK, confirming it will continue to support the company for the period through to the end of December 2022.

As cash is managed centrally, the directors have considered the going concern assessment for the HCA UK group of companies collectively. The following sets out how they have assessed this and its relevance for Backlogs Limited.

HCA UK group has seen very strong cash flow throughout 2020 and has no external debt within the UK group. A detailed monthly cash flow forecast has been prepared until December 2022, in which a steady cash inflow is expected which is expected to leave HCA UK with a positive cash balance by December 2022. The HCA UK cash flow is dependent on the following factors and assumptions:

- Cash collections which will arise from the collection of our outstanding accounts receivables from our three main sectors: Private Medical Insurance, Embassy and Self Pay. Projected cash collections are linked to estimated net revenues and linked to the age of outstanding accounts receivable and how they crystallize into cash.
- Revenue has been earned consistently in the group. This is forecast to continue into 2022.
- The projection for accounts payable based on a sample of weekly accounts payable payments batches to determine how long, on average it takes for HCA to settle its third-party creditors. The output of this calculation is then applied to the cash expenses already incurred.
- Other costs were based on the recent projection of earnings and an analysis of invoices and standing orders.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

Based on management's detailed cash flow forecasting and assessment of severe downside scenarios, HCA UK has enough liquidity to continue in operational existence for the foreseeable future. On the basis of HCA UK's assessment of the group's financial position and their commitment to provide financial support if and when needed to Backlogs Limited, the directors have a reasonable expectation that the entity will be able to continue in operational existence for the foreseeable future. Thus, no material uncertainties that cast significant doubt about the ability of the entity to continue as a going concern have been identified by the directors. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the statement of financial position date:

Impairment

Where there are indicators of impairment of trade and other receivables, the company performs an impairment review based on the aging of the individual balances outstanding and taking into account the probability of non-payment by the debtors.

Revenue recognition

During 2020, the company entered into an agreement with the National Health Service ('NHS') to deliver time-critical care to NHS-funded patients. The agreement between HCA and the NHS included a range of cost and income recharges, across a number of HCA UK Holdings subsidiaries, that are inherently complex to calculate and allocate due to the complexity of the care delivered across a number of facilities. For the FY20 financial statements the HCA UK Group has calculated their best estimate of the amount reimbursed by the NHS due to the company which was collected on its behalf by HCA International Limited. This amount has been recognised in the company's financial statements.

Significant accounting policies

Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Rendering of services

Revenue consists primarily of net healthcare service revenues that are recorded based upon established billing rates less allowances for contractual adjustments. Estimates of contractual allowances under managed healthcare plans are based upon terms specified in the related contractual agreement.

Revenue is recorded during the period the services are provided.

Taxation

Current tax is provided as amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantively enacted by the statement of financial position date.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of 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 statement of financial position 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 statement of financial position date.

Deferred tax assets are recognised only to the extent 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 time difference can be deducted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
at 31 December 2020

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Taxation (continued)

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Financial Assets

Initial recognition and measurement

The company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the statement of comprehensive income. The losses arising from impairment are recognised in the income statement in administrative expenses.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit and loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Pension costs

The contributions to the HCA International Limited Staff Retirements Benefits Scheme, a defined contribution scheme, are charged to the statement of comprehensive income as they become payable within the rules of the scheme, as the company is only required to make contributions for the regular cost and therefore accounts for its contributions on a defined contribution basis.

Backlogs Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 31 December 2020

2. REVENUE

The revenue was derived from one principal activity, the provision of outpatient ultrasound diagnostics and treatment in the speciality of urology within the United Kingdom.

	2020 £000	2019 £000
Rendering of services	3,242	5,712

3. OPERATING PROFIT

Operating profit is stated after charging the following:

	2020 £000	2019 £000
Operating lease costs - buildings	50	50

The auditors of the company are also the auditors of HCA International Limited and are remunerated in respect of their services to the company by HCA International Limited. The audit fee for the company was £19,000 (2019: £18,600).

4. DIRECTORS' REMUNERATION

The remaining directors are also directors of the holding company and fellow subsidiaries. The directors not employed directly by the company received total remuneration for the year ended 31 December 2020 of £1,017,000 (2019: £1,373,000), all of which was paid by the holding company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

5. STAFF COSTS

The average number of persons employed by the company during the year was 14 (2019: 16).

Employment costs of all employees comprised:

	2020 £000	2019 £000
Wages and salaries	564	496
Social security costs	62	54
Other pensions costs	31	19
	657	569

Backlogs Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2020

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax in the year:

	2020 £000	2019 £000
UK current tax:		
UK corporation tax	114	-
Tax over provided in previous years	(359)	(187)
Total current tax	<u>(245)</u>	<u>(187)</u>
UK deferred tax:		
Origination and reversal of timing differences	-	(1)
Total deferred tax	<u>-</u>	<u>-</u>
Tax credit on profit on ordinary activities	<u>(245)</u>	<u>(188)</u>

b) Factors affecting current tax:

The tax assessed on the profit on ordinary activities for the year is higher/lower than the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%). The differences are reconciled below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	600	1,883
Profit on ordinary activities multiplied by standard/blended rate of corporation tax in the UK of 19% (2019: 19%)	114	358
Effect of:		
Group relief	-	(359)
Tax over provided in previous years	(359)	(187)
Total current tax for the period	<u>(245)</u>	<u>(188)</u>

c) Factors that may affect future tax charges:

A change to the main UK Corporation tax rate, announced in the budget on 11 March 2020, was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 remains at 19%, rather than previously enacted reductions.

In 2021 budget, the Chancellor of the Exchequer proposed to increase the standard rate of corporation tax from the current rate of 19% to 25%, effective 1 April 2023. The change was substantively enacted on 24 May 2021, after the balance sheet date, and therefore does not impact on the carrying value of deferred tax assets and liabilities in the financial statements.

Had the change been substantively enacted at the year end, deferred tax assets would have increased from £4,233 to £5,570. The net increase of £1,337 would have resulted in a credit to the profit and loss.

d) Deferred tax asset in the statement of financial position:

	2020 £000	2019 £000
Accelerated capital allowances	<u>4</u>	<u>4</u>
	<u>4</u>	<u>4</u>

Backlogs Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2020

7. DEBTORS

	2020 £000	2019 £000
Trade debtors	1,147	2,760
Other debtors	5	5
Deferred tax asset	4	4
UK corporation tax	267	21
Amounts due from affiliate companies - trading	3,625	1,287
Prepayments and accrued income	-	18
	<u>5,048</u>	<u>4,095</u>

8. CREDITORS: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	143	339
Accruals and deferred income	43	30
	<u>186</u>	<u>369</u>

9. RELATED PARTY TRANSACTIONS

During the year, the company entered into transactions, in the ordinary course of business, as follows:

<i>Related Party (Relationship)</i>	<i>Closing balance at year end</i>	2020 £000	2019 £000
HCA International Limited	Amounts due from affiliate companies - trading	<u>3,625</u>	<u>1,287</u>

10. FINANCIAL INSTRUMENTS

	2020 £000	2019 £000
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	1,147	2,760
Amounts due from affiliate companies - trading	3,625	1,287
Other debtors	5	5
	<u>4,777</u>	<u>4,052</u>

	2020 £000	2019 £000
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	143	339
	<u>143</u>	<u>339</u>

Backlogs Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) at 31 December 2020

11. OBLIGATIONS UNDER LEASES

Future minimum rentals payable under non-cancellable operating leases where the company is a lessee are as follows:

	2020 £000	2019 £000
Not later than one year	25	50
	<u>25</u>	<u>50</u>

12. SHARE CAPITAL

	2020 No.	2020 £	2019 No.	2019 £
<i>Allotted, called up, and fully paid:</i>				
100 Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is HCA International Limited, a company incorporated in the UK.

The company's ultimate parent undertaking and controlling party is HCA Healthcare Inc., which is incorporated in the United States of America. HCA Healthcare Inc. is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the parent's consolidated accounts may be obtained from HCA, Investor Relations, One Park Plaza, I-4W, Nashville, TN 37203, USA.