

Company registered number: 05153608

Circle Nottingham Limited

**Annual Report and Financial Statements
for the year ended 31 December 2021**



Circle Nottingham Limited

Annual Report and Financial Statements

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**Annual Report and Financial Statements
Officers**

Directors

Shane Cobb
Henry Davies

Registered office

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

**Strategic report
for the year ended 31 December 2021**

The directors present their Strategic report on the affairs of Circle Nottingham Limited ("the Company") for the year ended 31 December 2021. The Company is a direct subsidiary of Nations Healthcare Limited. Until July 2021, the Company's ultimate parent company in the United Kingdom was Circle Health Holdings Limited (together with its subsidiaries "Circle Group"). On 1 July 2021, there was a change in shareholding with MH Services International (UK) Limited becoming the ultimate parent in the United Kingdom, with the ultimate parent being Centene Corporation.

This Strategic report has been prepared for the Circle Group, so as to emphasise those matters significant to the Circle Group and its affiliate undertakings as a whole, which have a significant impact on the Company. Given that the Company's operations form the substantial part of the Circle Group, however, the disclosures made in this report are relevant to the Company except where indicated. are relevant to the Company except where indicated.

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

Review of business performance and key performance indicators (KPIs)

The directors do not consider it necessary to include any further key performance indicators, other than the current period results and financial position shown below, in order to understand the business. This is as a result of there being no contract under which it operates during all of 2021, since the prior contract expired in July 2019.

Financial performance

The Company's profit after taxation for the year ended 31 December 2021 was £4,000 (2020: £0.9 million loss). During the period the directors did not pay a dividend (2020: £nil). No dividend has been proposed or paid after the year end.

Financial position

The Company's balance sheet as at 31 December 2021 showed net assets of £24.0 million, compared with £24.0 million as at 31 December 2020.

Covid-19 pandemic

The operating performance of the Company during 2021 continued to be affected by the Covid-19 pandemic, with the Company continuing to support the wider UK health system in its response to the pandemic as well as returning to previous commissioning and operating arrangements with its major customers. As there is no active contract for which the Company operates under, there was no impact on the Company from Covid.

Outlook

The Group's large hospital network, capacity and geographical footprint, including its intensive care facilities, means that the Company is well placed to serve diagnostic, surgical and other treatment demand from patients, on private pay and NHS pathways. This demand may however be disrupted in the event of resurgence of the pandemic, including amongst other things through higher levels of patient cancellations. The cost of providing care has increased as a result of the pandemic with considerable pressure on clinical staff availability and cost.

**Strategic report
for the year ended 31 December 2021 (continued)**

Financing and treasury transactions

The Company's cash flows and liquidity are managed as part of the Group's overall treasury operations. In the ordinary course of business, in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Circle Group uses a mixture of long-term and short-term debt facilities. The Circle Group manages liquidity risk by monitoring forecast and actual cash flows, and ensuring that adequate unutilised borrowing facilities are maintained to cover any short-term liquidity requirements.

On 25 May 2022 the Circle Group refinanced its senior borrowing facilities with a new £250 million, three year, revolving facility. An initial £180 million of this facility was drawn on this date and this, along with £38 million of cash on hand, was used to repay the existing senior facilities in full. The remaining undrawn amount of £70 million remains available to the Circle Group to draw as required over the remaining term of the facility. The facility is guaranteed by the Circle Group's ultimate parent company, Centene Corporation and all covenants are measured at the consolidated Centene Corporation level. The facilities provide the Circle Group with a flexible facility with a reduced borrowing cost.

Principal risks and uncertainties

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

The Circle Group's activities expose it to a number of non-financial risks including political risk, reputational risk and cyber risk. The Circle Group's activities also expose it to a number of financial risks, including interest rate risk, credit risk, cash flow risk and liquidity risk. Any use of financial derivatives to manage these risks is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Circle Group does not use derivative financial instruments for speculative purposes.

Inflation risk

Given the global economic conditions, and political uncertainty in Europe, there is an increased risk of higher levels of inflation, particularly in energy costs, with consequent additional pressure on staff costs. The impact on the Group may be an increase in direct costs for goods and services, for which not all can be covered by increased pricing. To mitigate this risk, where possible, the Company enters into long term purchase agreements to protect and limit against the full effect of cost inflation. The large majority of the Group's leases include a cap on the annual increases. Further, customer prices are being reasonably increased where possible to reflect the increase in costs.

Interest rate risk

The Bank of England's Monetary Policy Committee has announced a series of interest rate rises during 2022 and further rate rises are widely expected. Interest on the Circle Group's new £250 million revolving credit facility is variable based on the Sterling Overnight Index Average rate (SONIA) and so has exposed to changes in UK interest rates. Based on the current drawn amount under the facility is £180 million, a 100 basis point increase in SONIA would result in a £1.8 million increase in the Circle Group's annual interest cost.

**Strategic report
for the year ended 31 December 2021 (continued)**

Principal risks and uncertainties (continued)***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. An allowance for impairment is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

Cash flow and liquidity risk

In the ordinary course of business, in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt facilities. The Group manages liquidity risk by monitoring forecast and actual cash flows, and ensuring that adequate unutilised borrowing facilities are maintained to cover any short-term liquidity requirements. The maturity of the debt facilities existing as at 31 December 2021 are detailed in note 18.

Data protection and cyber risk

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

Corporate Governance Statement (Section 172(1))

Under section 172 of the Companies Act 2006, directors of a company have a duty to promote the success of the company. Specifically, it requires the director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In performing their duties under section 172, the directors of the Company have had regard to the matters set out in section 172(1) as follows:

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

The Board has set long term strategic objectives for the Company focused on:

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

These pillars form the basis of a five-year plan which is monitored and updated periodically by the Board. The strategy and plan supports decision-making around capital investment and allows the board to forecast funding requirements, debt capacity and financing options that are required to deliver this. As described elsewhere in this report, the debt facilities in place support the Company's investment plans.

Strategic report
for the year ended 31 December 2021 (continued)

Corporate Governance Statement (Section 172(1)) (continued)

The engagement with key stakeholders is described in sections b) to f) below and this forms a key part of the decision making process of the Board and the committees of the Board in determining the future direction and policies for the Company.

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

b) the interests of the company's employees;

The Directors understand the importance of the Company's employees to quality of care provided to patients, and so the long-term success of the business.

There is regular engagement with employees through an Employee Voice Forum, weekly staff newsletters, and an annual employee survey and engagement programme. Pay and benefits are assessed against the wider healthcare sector and regular salary benchmarking and pay review exercises are undertaken to allow clinical and other staff to be paid at competitive levels in the market.

c) the need to foster the company's business relationships with suppliers, customers and others;

The Board regularly reviews how the Circle Group maintains positive relationships with all of its stakeholders including patients, consultants, suppliers and others.

Our patient satisfaction surveys are run by an independent third party and show that 98 percent would recommend our hospitals to their friends and family and 96 percent rated the overall quality of care as 'very good' or 'excellent'. The Company also undertakes consultant surveys to gauge the views of the surgeons and other medical consultants practicing in our hospitals. The Board reviews the results of these surveys.

The Groups principal risks and uncertainties set out risks that can impact the long term success of the Group and how these risks interact with our stakeholders. The directors actively seek information on the interaction with stakeholders to ensure that they have sufficient information to reach appropriate conclusions about the risks faced by the Group and how these are reflected within the long-term plans.

d) the impact of the company's operations on the community and the environment;

The Circle Group has an ongoing capital investment programme to improve the hospital estate and bring new medical and diagnostic equipment in to the hospitals. The capital project process considers the environmental impact and energy efficiency of programmes of work to monitor and improve this over time.

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

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

The Board is committed to high standards of business conduct and details of the governance structures are set out in the annual Quality Account, available on the Circle Health Group website.

f) the need to act fairly between members of the company

The Circle Group holds monthly meetings with shareholders represented. Shareholders have worked effectively together to agree the course for the long term future of the Circle Group and the Company.

The Company and its Board is committed to and has applied the principles of corporate governance contained in the Wates Corporate Governance Principles for large private companies for the year ended 31 December 2021. Further explanation of how each principle has been applied is set out in the Statement of corporate governance arrangements.

Strategic report
for the year ended 31 December 2021 (continued)

Going concern

The Company's net assets were £24.0 million as at 31 December 2021 (31 December 2020: £24.0 million). The Company's net current assets were £0.4 million (31 December 2020: £0.8 million).


Management of the Circle Group have prepared liquidity forecasts for the purpose of the going concern review and have also applied various sensitivities. These forecasts and sensitivities have been reviewed by the directors of the Company together with the underlying assumptions. The forecasts show that the Circle Group has sufficient cash and facilities to provide liquidity through the review period.

The Group's new senior facilities are guaranteed by the Company's ultimate parent company, Centene Corporation, and financial covenants for the facilities are measured at that level. Therefore, the directors of the Company have reviewed the forecast covenant compliance. The forecast show that these covenants will be complied with throughout the forecast period with appropriate headroom.

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

Further details regarding the adoption of the Going Concern basis can be found in the notes to the financial statements.

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



Henry Davies
Director

Date: 31. October 2022

**Directors' report
for the year ended 31 December 2021**

The directors present their report on the affairs of the Company, together with the financial statements, for the year ended 31 December 2021.

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

Principal activity

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

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks, including credit risk, cash flow risk and liquidity risk. Details of this, how it is applicable to the Company, and the risk management framework and policies it works within are included in the Strategic Report.

Dividends

The directors do not propose a dividend for the year (2020: nil).

Events after balance sheet date

Detailed in note 18 of these financial statements are the material events the Directors are aware of which took place after the reporting date and up to the date of the Directors' Report.

Directors

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

Shane Cobb
Henry Davies

Directors' and officers' insurance

The Company has procured qualifying third party indemnity insurance for all Directors and Officers of the Company and all Group companies. The Company has directors' and officers' insurance for the benefit of, amongst others, the directors of the Company, which is in place at the date of this report.

**Directors' report
for the year ended 31 December 2021 (continued)**

Energy and carbon reporting

The Company has taken advantage of the disclosure exemptions available in relation to energy and carbon reporting. Equivalent disclosures are given in the group accounts of Circle Health Holdings Limited.

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



Henry Davies
Director

Date: 31 October 2022

**Directors' responsibilities statement
for the year ended 31 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 FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

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

Statement of comprehensive income
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue		6	10
Cost of sales		-	(55)
Gross profit / (loss)		<u>6</u>	<u>(45)</u>
Administrative expenses		(2)	(1,222)
Profit / (loss) before taxation	3	<u>4</u>	<u>(1,267)</u>
Tax on profit / (loss)	6	-	409
Profit / (loss) and total comprehensive profit / (loss) for the financial year		<u><u>4</u></u>	<u><u>(858)</u></u>

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

The accompanying notes 1 to 13 are an integral part of this statement of comprehensive income.

Balance sheet
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Loans to group companies	7	24,607	24,193
		<u>24,607</u>	<u>24,193</u>
Current assets			
Debtors	8	24	441
Cash at bank and in hand		374	361
		<u>398</u>	<u>802</u>
Creditors: amounts falling due within one year	9	(6)	-
		<u>(6)</u>	<u>-</u>
Net current assets		<u>392</u>	<u>802</u>
Total assets less current liabilities		<u>24,999</u>	<u>24,995</u>
Provisions	10	(1,025)	(1,025)
		<u>-</u>	<u>-</u>
Net assets		<u>23,974</u>	<u>23,970</u>
Capital and reserves			
Called up share capital	11	500	500
Retained earnings		22,372	22,368
Capital contribution reserve		1,102	1,102
		<u>23,974</u>	<u>23,970</u>
Total shareholders' funds		<u>23,974</u>	<u>23,970</u>

For the financial year ended 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Company Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The financial statements were approved by the board of directors and authorised for issue on 31 October 2022.
They were signed on its behalf by:



Director: Henry Davies
Date: 31 October 2022

The Company's registered number is 05153608.

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

The accompanying notes 1 to 13 are an integral part of this balance sheet.

Statement of changes in equity
for the year ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Capital contribution reserve £'000	Total shareholders' funds £'000
Balance as at 31 December 2019	500	23,226	1,102	24,828
Loss and total comprehensive loss for the year	-	(858)	-	(858)
Balance as at 31 December 2020	<u>500</u>	<u>22,368</u>	<u>1,102</u>	<u>23,970</u>
Profit and total comprehensive income for the year	-	4	-	4
Balance as at 31 December 2021	<u>500</u>	<u>22,372</u>	<u>1,102</u>	<u>23,974</u>

The accompanying notes 1 to 13 are an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 December 2021**

1. General information

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

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 6 and the Directors' Report on pages 7 and 8.

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

2. Significant accounting policies

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

Basis of accounting

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

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

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

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

There are no new or revised standards that are applicable to the Company in the year.

Going concern

The Company's net assets were £24.0 million as at 31 December 2021 (31 December 2020: £24.0 million). The Company's net current assets were £0.4 million (31 December 2020: £0.8 million).

Management of the Circle Group has prepared liquidity forecasts for the purpose of the going concern review and have also applied various sensitivities. These forecasts and sensitivities have been reviewed by the directors of the Company together with the underlying assumptions. The forecasts show that the Group has sufficient cash and facilities to provide liquidity through the review period.

The Group's new senior facilities (set out in note 13) are guaranteed by the Company's ultimate parent company, Centene Corporation, and financial covenants for the facilities are measured at that level. Therefore, the directors of the Company have reviewed the covenant compliance reporting and the forecast financial performance. The covenant reporting shows that the covenants have been complied with throughout the period and the forecast financial performance indicates that they will be complied with throughout the forecast period with appropriate headroom.

After making enquiries, including reviewing the forecasts and sensitivities, the directors have concluded that they have a reasonable expectation that the Circle Group and the Company have adequate resources available to them, to continue in operational existence for the foreseeable future, and at least for 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

2. Significant accounting policies (continued)

Revenue recognition

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

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

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

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

Provisions

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

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

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

Taxation

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

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

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

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

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

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

2. Significant accounting policies (continued)**Financial assets and liabilities**

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

Future cash flows

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical accounting judgements

There are no significant judgements that have been made in the process of applying the Company's accounting policies in the financial statements.

Key sources of estimation uncertainty

There are no significant estimates that have been made in the process of applying the Company's accounting policies in the financial statements.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

3. Profit/(loss) before taxation

	2021 £'000	2020 £'000
Profit/(loss) before taxation is stated after charging:		
Staff costs	-	6

There was no audit of the company's accounts for the year and accordingly there was no audit fee. The audit fee for the prior period of £6,000 was borne by another group company.

4. Employees

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

	2021 Number	2020 Number
Clinical staff	-	-
Administrative staff	-	-
	-	-

The aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	-	6
	-	6

5. Directors' emoluments

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

The amounts disclosed in the prior year were the directors' total emoluments as per their employment contracts.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

6. Tax on profit

	2021 £'000	2020 £'000
The tax charge is based on the (loss)/profit for the year and comprises:		
Corporation tax at 19% (2019: 19%)		
- Over provision in prior years	-	(409)
Total tax on (loss)/profit	<u>-</u>	<u>(409)</u>

The tax assessed in 2021 is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are explained below:

	2021 £'000	2020 £'000
(Loss)/profit before tax	<u>4</u>	<u>(1,267)</u>
Tax credit on profit/(loss) at the standard UK corporation tax rate of 19% (2020: 19%)	1	(241)
Effects of:		
Temporary differences for which no deferred tax is recognised	(1)	241
Adjustment to tax charge in respect of previous periods	-	(409)
Total tax charge for year	<u>-</u>	<u>(409)</u>

Factors affecting future tax charges

The tax rate for the current year and prior period is 19.0%. The Finance Act 2021 has increased the rate of corporation tax to 25.0% from 1 April 2023. As this change was substantively enacted at the balance sheet date its effect has been included in these financial statements.

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

Deferred taxation

UK deferred tax has been calculated at the rates of tax at which assets/liabilities are expected to reverse, based on enacted tax rates. Deferred tax has been calculated at a rate of 19.0% (2020: 19.0%).

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

	2021 Tax value £'000	2021 Gross value £'000	2020 Tax value £'000	2020 Gross value £'000
Losses	<u>1,191</u>	<u>4,766</u>	<u>1,101</u>	<u>5,795</u>

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

Notes to the financial statements
for the year ended 31 December 2021 (continued)

7. Loans to group companies

	2021 £'000	2020 £'000
Loans to parent	24,607	24,607
	<u>24,607</u>	<u>24,607</u>

Amounts owed by the parent represents £24.6 million receivable from Nations Healthcare Limited. The loans to the parent are unsecured, interest free and repayable on demand.

8. Current assets

	2021 £'000	2020 £'000
Debtors	-	9
Other debtors	6	-
Prepayments and accrued income	18	18
	<u>24</u>	<u>27</u>

Trade receivables are stated after provisions for impairment of £100k (2020: £105k).

9. Creditors - amounts falling due within one year

	2021 £'000	2020 £'000
Accruals	1	-
Other creditors	5	-
	<u>6</u>	<u>-</u>

10. Provisions

	2021 £'000	2020 £'000
1 January 2020	1,025	-
Charge for year	-	1,025
31 December 2020	<u>1,025</u>	<u>1,025</u>

The provision relates to the estimated value of contractual obligations remaining to be settled in relation to the from previous operations. This is expected to be settled in over one year and therefore is classified as non-current.

11. Called up share capital

	2021 £'000	2020 £'000
Authorised:		
500,000 (2020: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>
Issued and fully paid:		
500,000 (2020: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

Notes to the financial statements
for the year ended 31 December 2021 (continued)

12. Controlling party

The Company is a subsidiary undertaking of Nations Healthcare Limited.

Circle Health Holdings Limited is the parent undertaking of the smallest group for which consolidated financial statements are prepared that include the financial statements of the Company in the United Kingdom. Copies of the group financial statements for Circle Health Holdings Limited may be obtained from 1st Floor 30 Cannon Street, London, EC4M 6XH.

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

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

MH Services International Holdings (UK) Limited is the parent undertaking of the largest UK group for which consolidated financial statements are prepared that include the financial statements of the Company. Copies of the group financial statements for MH Services International Holdings (UK) Limited may be obtained from 108 High Street, Great Missenden, HP16 0BG.

13. Events after the balance sheet date

On 25 May 2022 the Circle Group refinanced its senior borrowing facilities with a new £250 million, three year, revolving facility. An initial £180 million of this facility was drawn on this date and this, along with £38 million of cash on hand, was used to repay the existing senior facilities in full. The remaining undrawn amount of £70 million remains available to the Circle Group to draw as required over the remaining term of the facility. The facility is guaranteed by the Circle Group's ultimate parent company, Centene Corporation and all covenants are measured at the consolidated Centene Corporation level. The facilities provide the Circle Group with a flexible facility with a reduced borrowing cost.

No other subsequent events requiring separate disclosure under IAS 10 were identified after the balance sheet date.