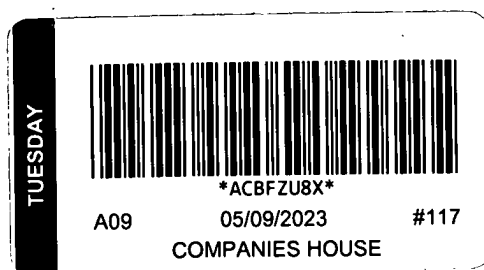


Registered number: 07238700

BERKSHIRE HEALTH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



BERKSHIRE HEALTH LIMITED

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BERKSHIRE HEALTH LIMITED

COMPANY INFORMATION

Directors

R Briggs
J C Hely

Registered number

07238700

Registered office

Wilson House
Waterberry Drive
Waterlooville
Hampshire
PO7 7XX
United Kingdom

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 2022

The Directors present their report and the audited financial statements of Berkshire Health Limited ("the Company") for the year ended 30 June 2022.

The Company was acquired during the prior period by, and operates within, the Genesis Care Pty Limited group ("the Group") of companies. The prior year figures disclosed within these financial statements are not entirely comparable due to the fifteen-month long accounting period from 1 April 2020 to 30 June 2021 (referred to as 'Prior period' or '2021').

This report has been prepared in accordance with the special provisions of section 414b of the Companies Act 2006 relating to small companies. The Directors have taken exemption under this regime not to disclose a strategic report.

Directors of the Company

The Directors, who held office during the year, were as follows:

R Briggs (appointed 22 February 2022)

N C Budden (resigned 1 December 2021)

J C Hely

Company Secretary

N Brookes

Principal activity

The principal activity of the Company is to operate two clinics engaged in diagnostic out-patient consultations and treatment specialising in urology services.

Review of the business

Business review

The total comprehensive expense for the financial year amounted to £325,000 (2021: £313,000).

Net liabilities at 30 June 2022 totalled £381,000 (2021: £56,000).

No dividends were declared or paid during the financial year (2021: £nil).

Financial key performance indicators

The Company uses financial key performance indicators to measure progress against its strategic priorities. The prior year numbers are not comparable due to the 15 month accounting period.

Pro-rated results indicate a decrease in gross profit due to reduced diagnostic activity.

Future developments

The Company is expected to continue its principal activity of providing advanced urologic treatment across the Thames Valley region. As noted in note 21 Genesis Care Finance Pty Limited has decided to sell 100 percent of the shares in the Company.

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 2022 (continued)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties arising from its activities are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the Strategic report of the Genesis Care Pty Limited consolidated financial statements, a copy of which can be obtained from the address in Note 20 of these financial statements.

Financial risk review

The Company's operations expose it to a variety of financial risks that include liquidity risk and credit risk.

Credit risk

The Company is exposed to credit risk due to balances with external parties. The risk is limited as pre-authorisation from insurers is obtained prior to treatment.

Liquidity risk

The Company is exposed to liquidity risk but has access to funding from the Group as required to cover projected operating cash flows.

Going Concern

The Company was in a net liability position as at 30 June 2022 and incurred losses for the years ended 30 June 2022 and 30 June 2021. As mentioned in the 'Future developments' section of the Directors' report and in note 21, Genesis Care Finance Pty Limited has decided to sell 100 percent of the shares in the Company. Several parties have been identified as potential bidders and at the time of signing, a Doctor consortium ("the Consortium") have made a formal offer with a target transfer date of 1 October 2023 ("the Proposed Transaction"). In the circumstance that the Proposed Transaction does not proceed the Directors will consider alternative options which could include the liquidation of the Company.

On the basis that the Proposed Transaction concludes the Directors strongly believe that the Consortium intends to maintain the Company running as a going concern, however the Directors do not have access to the detailed plans and forecasts of the Consortium post completion, and they do not know what financing arrangements will be in place and the related terms and conditions of any such financing.

The two matters described above indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

In addition, as mentioned in note 21, some of the companies in the Group are currently undergoing a financial restructuring pursuant to chapter 11 of the U.S. Bankruptcy Code. The Directors are aware that there is a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and of that of a number of companies affected by the restructuring. However, considering the Company is not subject to any financial restructuring pursuant to chapter 11 and that it holds no significant balances with companies that are subject to restructuring, the Directors consider that the Company is not going to be significantly impacted by the Group's chapter 11 restructuring.

Directors' liabilities

The Directors have the benefit of an indemnity covered by insurance which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The Company has granted this indemnity in favour of the Directors of the Company as is permitted by Section 232-235 of the Companies Act 2006. The indemnity was in force during the full financial year and up to the date of approval of the financial statements

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 2022 (continued)

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 101 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 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 also 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.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

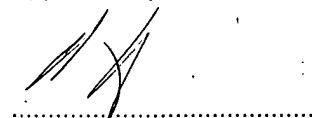
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of independent auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006. Approved by the Board of Directors on 30 August 2023 and signed on its behalf by:



R Briggs
Director

Independent auditors' report to the members of Berkshire Health Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Berkshire Health Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2022; the Statement of Comprehensive Income and 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 qualified opinion

The 31 March 2020 financial statements were unaudited. The balances in those financial statements form the opening balances for the comparative period. We were unable to perform procedures necessary to obtain sufficient appropriate audit evidence regarding the comparative period's opening balances because the accounting records were not available to the Directors or to us. Any adjustments to the comparative period's opening balances would impact on the Statement of Comprehensive Income that is presented as a comparative to the current year statement. Our audit opinion for the period ended 30 June 2021 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the comparative figures. Aside from this limitation of scope and its possible impact on the comparative period's Statement of Comprehensive income, we have obtained sufficient appropriate audit evidence on which to base our qualified opinion on these financial statements.

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 qualified 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.

Material uncertainty related to going concern

Without further modifying our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. Genesis Care Finance Pty Limited has decided to sell 100 percent of the shares in the Company. The Directors do not have access to the detailed plans and forecasts of the expected purchaser post completion, and they do not know what financing arrangements will be in place and the related terms and conditions of any such financing. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a 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.

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

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

BERKSHIRE HEALTH LIMITED

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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2022 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, in doing so increasing overall profitability. Audit procedures performed by the engagement team included:

- to address the risk of non-compliance; discussions with management, including inquiring of known or suspected instances of non-compliance with laws and regulation and fraud, and review of board minutes
- to address the risk of manipulation of financial statements; challenging assumptions made by management when preparing accounting estimates, in particular those that involve the assessment of future events, which are inherently uncertain - the key estimates determined in this respect are those relating to accruals held on the Balance Sheet; and
- identifying and testing unusual journal entries posted; such as those with unexpected account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

In respect solely of the limitation on our work relating to the unaudited opening balances for the comparative period, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the Company.

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

- 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sam Taylor (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Southampton

30 August 2023

BERKSHIRE HEALTH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	Year ended 30 June 2022 £'000	15 month period ended 30 June 2021 £'000
Turnover	4	2,127	2,609
Cost of Sales		(893)	(828)
Gross profit		1,234	1,781
Administrative expenses		(1,419)	(2,169)
Operating loss	5	(185)	(388)
Interest receivable and similar income	8	70	25
Interest payable and similar expenses	9	(148)	(49)
Loss before tax		(263)	(412)
Tax on loss	10	(62)	99
Loss for the year		(325)	(313)
Total comprehensive expense for the year		(325)	(313)

The above results derive from continuing operations.

The notes on pages 13 to 26 form an integral part of these financial statements.

BERKSHIRE HEALTH LIMITED

REGISTERED NUMBER: 07238700

BALANCE SHEET AS AT 30 JUNE 2022	Note	2022 £'000	2021 £'000
Non-current assets			
Tangible assets	11	286	142
Right-of-use assets	12	1,019	1,074
Deferred tax assets	10	-	62
Total non-current assets		1,305	1,278
Current assets			
Debtors	13	1,609	1,652
Cash at bank and in hand	14	32	325
Total current Assets		1,641	1,977
Total assets		2,946	3,255
Creditors: amounts falling due within one year	15	(890)	(825)
Net current assets		751	1,152
Total assets less current liabilities		2,056	2,430
Creditors: amounts falling due after more than one year	16	(2,437)	(2,486)
Net liabilities		(381)	(56)
Capital and reserves			
Called up share capital	17	-	-
Accumulated losses		(381)	(56)
Total shareholders' deficit		(381)	(56)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime as defined by the Companies Act 2006.

The financial statements on pages 10 to 26 were approved by the Board of Directors on 30 August 2023 and signed on its behalf by:


R Briggs Director

BERKSHIRE HEALTH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022**

	Called up share capital	Accumulated losses	Total
	£'000	£'000	£'000
Balance at 31 March 2020 unaudited - accumulated profits	-	257	257
Loss and total comprehensive expense for the financial period	-	(313)	(313)
Balance at 30 June 2021	-	(56)	(56)
Loss and total comprehensive expense for the financial year.	-	(325)	(325)
Balance at 30 June 2022	-	(381)	(381)

The notes on pages 13 to 26 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

1. General information

Berkshire Heath Limited (the "Company") operates two clinics engaged in diagnostic out-patient consultations and treatment specialising in urology services.

The Company is a private company, incorporated and domiciled in England, United Kingdom. The address of its registered office is Wilson House, Waterberry Drive, Waterlooville, Hampshire, PO7 7XX.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006, as applicable to companies using FRS 101. The principal accounting policies are set out below and have been consistently applied to all the years presented.

The prior year figures are not entirely comparable due to the fifteen-month long accounting period from 1 April 2020 to 30 June 2021 (referred to as 'Prior period' or '2021').

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Summary of disclosure exemptions

In these financial statements, the Company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures

Going concern

The Company was in a net liability position as at 30 June 2022 and incurred losses for the years ended 30 June 2022 and 30 June 2021. As mentioned in the 'Future developments' section of the Directors' report and in note 21, Genesis Care Finance Pty Limited has decided to sell 100 percent of the shares in the Company. Several parties have been identified as potential bidders and at the time of signing, a Doctor consortium ("the Consortium") have made a formal offer with a target transfer date of 1 October 2023 ("the Proposed Transaction"). In the circumstance that the Proposed Transaction does not proceed the Directors will consider alternative options which could include the liquidation of the Company.

On the basis that the Proposed Transaction concludes The Directors strongly believe that the Consortium intends to maintain the Company running as a going concern, however the Directors do not have access to the detailed plans and forecasts of the Consortium post completion, and they do not know what financing arrangements will be in place and the related terms and conditions of any such financing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

2. Accounting policies (continued)

Going concern (continued)

The two matters described above indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

In addition, as mentioned in note 21, some of the companies in the Group are currently undergoing a financial restructuring pursuant to chapter 11 of the U.S. Bankruptcy Code. The Directors are aware that there is a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and of that of a number of companies affected by the restructuring. However, considering the Company is not subject to any financial restructuring pursuant to chapter 11 and that it holds no significant balances with companies that are subject to restructuring, the Directors consider that the Company is not going to be significantly impacted by the Group's chapter 11 restructuring.

New standards, amendments and IFRS IC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2022 that have a material impact on the company's financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is generated from the provision of specialist medical care to privately insured, NHS and self-funded patients, stated net of discounts, returns and value added taxes.

The Company recognises revenue when performance obligations have been satisfied day by day as treatment is provided to patients. Patient charges are captured on a daily basis as a record of the services provided and represent an appropriate measure to determine the satisfaction of performance obligations at a point in time under IFRS 15.

Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets in the course of construction are stated at cost less provision for impairment and transferred to completed assets when substantially all of the activities necessary for the assets to be ready for use have occurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

- Clinical equipment - 5-10 years
- Fixtures and fittings - 3-10 years
- Assets in the course of construction - Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

2. Accounting policies (continued)

Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial Instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as amortised cost.

Amortised cost

Financial assets classified as amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g., Debtors), but also incorporate other types of contractual monetary asset.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For debtors, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the debtors will not be collected, the gross carrying value of the asset is written off against the associated provision with any difference being recognised within the Statement of Comprehensive Income.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

Liabilities at amortised cost

Financial liabilities at amortised cost, including bank borrowings, are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

2. Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Initial recognition and measurement

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are presented separately as non-operating costs in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

2. Accounting policies (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease modifications

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Company then accounts for these in line with the accounting policy for new leases.

Short-term and low-value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases). The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value. Lease payments on short-term and low-value leases are accounted for on a straight-line basis over the term of the lease or other systematic basis if considered more appropriate. Short-term and low-value lease payments are included in operating expenses in the income statements.

Subleases

If an underlying asset is re-leased by the Company to a third party and the Company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease). After classification lessor accounting is applied to the sublease. The lease receivable balance within the BHL accounts relates to the sublease of a portion of the operating premises to medical consultancy groups.

Defined contribution pension obligation

The Company participates in a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability on the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

2. Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Interest income/expense

Interest income/expense is recognised in the in the Statement of Comprehensive Income using the effective interest method.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements and estimates about the carrying value and useful life of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant.

The estimates and underlying assumptions are reviewed on an on-going 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 revision and future periods if the revision affects both current and future periods.

There is a material uncertainty over the Company's ability to continue as a going concern, please refer to note 2 for more information.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

4. Turnover

Turnover is attributable to the Company's principal continuing activity. All turnover arose within the United Kingdom and was recognised using the point in time timing method. An analysis of the Company's turnover and revenue is as follows:

	Year ended 30 June 2022	15 months ended 30 June 2021
	£'000	£'000
Provision of medical care	2,127	2,270
Other revenue	-	339
	<u>2,127</u>	<u>2,609</u>

Prior period other revenue includes rental income. There is no comparable amount in the current financial year as the income was generated under agreements that were terminated upon the acquisition of the Company by Genesis Cancer Care UK Limited. The prior period also includes £40,000 relating to the furlough scheme set up by the UK government to support jobs within businesses impacted by the COVID-19 pandemic with no such amounts received in the current year.

5. Operating loss

Operating loss is stated after charging:

	Year ended 30 June 2022	15 month period ended 30 June 2021
	£'000	£'000
Depreciation of tangible assets	72	60
Depreciation of right-of use assets	55	18
Operating lease charges	<u>37</u>	<u>49</u>

The Company paid £43,000 (2021: £45,000) to its auditors in respect of the audit of the financial statements.

6. Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	Year ended 30 June 2022	15 month period ended 30 June 2021
	£'000	£'000
Wages and salaries	622	704
Social security costs	53	53
Other pension costs	<u>27</u>	<u>56</u>
	<u>702</u>	<u>813</u>

The average number of persons employed by the Company (including Directors) during the year was 23 (2021: 20).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

7. Directors' remuneration

No Directors (2021: One Director) received remuneration from the Company during the period (2021: £11,000). All Directors during the financial period (2021: Two) were paid by other Group entities who did not recharge any costs to the Company (2021: nil). For the Directors who were paid by other Group entities, their services to the Company were considered incidental to their services to the Group and therefore no amounts have been included within these financial statements.

8. Interest receivable and similar income

	Year ended 30 June 2022	15 month period ended 30 June 2021
	£'000	£'000
Other finance income	70	25

9. Interest payable and similar expenses

	Year ended 30 June 2022	15 month period ended 30 June 2021
	£'000	£'000
Interest on obligations under finance leases and hire purchase contracts	148	49

10. Tax on loss

Tax charged/(credited) in the Statement of Comprehensive Income:

	Year ended 30 June 2022	15 month period ended 30 June 2021
	£'000	£'000
UK corporation tax at standard rate of 19% (2021: 19%)	(2)	(23)
Adjustments in respect of prior years	2	-
Total current tax charge / (credit)	-	(23)
Deferred tax		
Current period	42	(61)
Adjustment in respect of previous periods	7	-
Effect of tax rate changes	13	(15)
Total deferred taxation	62	(76)
Tax expense/(credit) in the statement of comprehensive income	62	(99)

The tax expense (2021: credit) on loss for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

10. Tax on loss (continued)

The differences are reconciled below:

	Year ended 30 June 2022	15 month period ended 30 June 2021
	£'000	£'000
Loss before tax	(263)	(412)
Loss multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	(50)	(78)
Non-deductible expenses	(2)	4
Other adjustments to tax expense	-	(10)
Adjustment in respect of prior period	9	-
Timing differences not recognised	92	-
Tax rate changes	13	(15)
Tax expense /(credit) for the period	62	(99)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Any deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred taxes at the balance sheet date have been measured using the rates enacted at the balance sheet date and are reflected within these financial statements.

Deferred taxation

	Year ended 30 June 2022	15 month period ended 30 June 2021
	£'000	£'000
At beginning of period	62	(14)
Credited to the Statement of Comprehensive Income	(62)	76
At end of period	-	62

The deferred taxation balance is made up as follows:

	Year ended 30 June 2022	15 month period ended 30 June 2021
	£'000	£'000
Fixed asset temporary differences	-	8
Other timing differences	-	1
Tax losses	-	53
	-	62

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022 (continued)

10. Tax on loss (continued)

As at 30 June 2022 the Company has unrecognised deferred tax assets of £120,148 (2021: none).

As at 30 June 2022, the Company has unutilised tax losses carried forward of £217,665 (2021: £178,599), decelerated capital allowances of £115,332 (2021: £33,527) and timing difference related to property leases of £147,596 (2021: £4,729). The Company has not recognised these assets on the basis it is not considered probable that there will be sufficient taxable profits arising in future years against which to utilise them.

11. Tangible Assets

	Assets under construction £'000	Clinical equipment £'000	Fixtures & fittings £'000	Total £'000
Cost				
At 1 July 2021	-	133	32	165
Additions	51	122	43	216
At 30 June 2022	51	255	75	381
Accumulated depreciation				
At 1 July 2021	-	20	3	23
Charge for the period	-	56	16	72
At 30 June 2022	-	76	19	95
Net book value				
At 30 June 2022	51	179	56	286
At 30 June 2021	-	113	29	142

12. Leases

The Company has lease contracts for two treatment centres used in the operation of the business. The amounts recognised in the financial statements in relation to leases are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022 (continued)

12. Leases (continued)

Amounts recognised in the Balance Sheet.

The Balance Sheet shows the following amounts relating to leases:

	2021 £'000	2021 £'000
Right-of-use assets		
Buildings	1,019	1,074
	<u>1,019</u>	<u>1,074</u>
Leased liabilities		
Current	49	46
Non-current	2,437	2,486
	<u>2,486</u>	<u>2,532</u>

There were no right-of-use asset additions during the 2022 financial year (2021: £1,074,000).

Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Depreciation charge on right-of-use assets		
Buildings	(55)	(18)
Interest received - lease income	70	25
Interest expense	(148)	(49)
Expense relating to short-term and low value leases (included within administrative expenses)	(37)	(160)
	<u>(115)</u>	<u>(184)</u>
	2022 £'000	2021 £'000
Future minimum lease payments:		
Not later than one year	194	194
Later than one year and not later than five years	807	787
Later than five years	3,222	3,436
Total gross payments	<u>4,223</u>	<u>4,417</u>
Impact of finance lease expenses	(1,737)	(1,885)
Carrying amount of liability	<u>2,486</u>	<u>2,532</u>

The total cash outflow for leases in the financial year was £194,000 (2021: £133,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022 (continued)

13. Debtors

Amounts falling due after more than one year

	2022 £'000	2021 £'000
Lease receivables	1,123	1,301
	<u>1,123</u>	<u>1,301</u>

Amounts falling due within one year

	2022 £'000	2021 £'000
Trade debtors	254	154
Amounts due from fellow Group undertakings	14	-
Contract assets	8	-
Prepayments	32	7
Lease receivables	178	190
	<u>486</u>	<u>351</u>

Amounts due from fellow Group undertakings are interest free, unsecured and repayable on demand.

14. Cash at bank and in hand

	2022 £'000	2021 £'000
Cash at bank	32	325

15. Creditors: Amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	153	26
Amounts owed to Group undertakings	12	39
Obligations under finance leases	49	46
Accruals	676	568
Other creditors and contract liabilities	-	146
	<u>890</u>	<u>825</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022 (continued)

16. Creditors: Amounts falling due after more than one year

Amounts falling due after more than one year and less than five years:	2022 £'000	2021 £'000
Obligations under finance leases	257	223
Amounts falling due after more than five years:	2022 £'000	2021 £'000
Obligations under finance leases	2,180	2,263

17. Called up share capital

Shares classified as equity	2022	2021
Allotted, called up and fully paid	£'000	£'000
10,000 (2021:10,000) Ordinary shares of £0.01 each	-	-

All ordinary shares rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held. Each share ranks equally for any dividend declared. Each share ranks equally for any distribution made on a winding up. The shares are not redeemable.

18. Pension commitments

Defined contribution pension scheme

The Company participates in a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £27,000 (2021: £56,000). Contributions totalling £nil (2021: £4,000) were payable to the scheme at the end of the period and are included in creditors.

19. Related party transactions

The Company has taken advantage of the exemption in FRS 101 from disclosing transactions with members of a group, provided that all subsidiaries which are party to the transactions are wholly owned by the same group.

20. Parent undertakings and ultimate controlling party

The immediate parent of the Company is Genesis Cancer Care UK Limited, a company incorporated in England, United Kingdom. Copies of the financial statements can be obtained from the Company Secretary at Wilson House, Waterberry Drive, Waterlooville, Hampshire, PO7 7XX, England, United Kingdom.

The ultimate parent undertaking of the Company is Genesis Care Pty Limited, a company incorporated in Australia which is the largest and smallest Group to consolidate these financial statements. Copies of the Genesis Care Pty Limited consolidated financial statements can be obtained from the Company Secretary at Building 1 & 11, The Mill, 41 – 43 Bourke Rd, Alexandria, New South Wales, Australia 2015 or from www.asic.gov.au.

Genesis Care Pty Limited has 2 large institutional shareholders - Asia Pacific Healthcare Investments Limited and Asia GCMIV holdings II PTE. Limited – which together hold 66% of its issued ordinary shares, with the balance held by Doctor and Management shareholders. The Genesis Care Group results are not consolidated with any other party as no shareholder has control of the Group. As such there is no ultimate controlling party of the company above Genesis Care Pty Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022 (continued)

21. Post balance sheet events

On 1 June 2023 some of the companies in the Genesis Care Group (the Group) filed voluntary petitions for reorganisation under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "Court").

The Group has secured commitments for a debtor-in-possession (DIP) financing facility providing US\$200 million in new money from existing lenders to support its business operations. This facility will allow the Group to continue meeting its obligations across the entire enterprise, while financially restructuring and reorganising the business.

This comprehensive transformation process is intended to position the business for long-term growth. During the restructuring, the Company intends to operate in the ordinary course without disruption to patient care.

Given that the Company is not undergoing any financial restructuring pursuant to chapter 11 and given the imminent sale of the shares as mentioned in the 'Future developments' section of the Directors' report, the Directors consider that the Company is not going to be significantly impacted by the Group's chapter 11 restructuring, nor the sales process in respect of the U.S. business.