

Company registration number 11265465 (England and Wales)

MEDICALS DIRECT SCREENINGS SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company is that of providing health screening information for the life insurance industry.

The company is a wholly owned subsidiary of Medicals Direct Screenings Limited.

Directors

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

Mr B Gray
Mr G Sampson
Mr J Warner

Auditor

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

Statement of disclosure to auditor

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

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr G Sampson
Director

23 December 2022

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEDICALS DIRECT SCREENINGS SERVICES LIMITED

Opinion

We have audited the financial statements of Medicals Direct Screenings Services Limited (the 'company') for the year ended 31 December 2021 which comprise Profit and Loss Account, Balance Sheet and related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021, and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MEDICALS DIRECT SCREENINGS SERVICES LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of the Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, tax legislation and distributable profits. The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit.

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MEDICALS DIRECT SCREENINGS SERVICES LIMITED

We carried out specific procedures to address the risks identified. These included the following:

- Reviewing minutes of meetings of those charged with governance;
- Enquiring of management including those responsible for the key regulations;
- Reviewing the key accounting policies and estimates;
- Agreeing the financial statement disclosures to underlying supporting documentation

To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision-making processes for any unusual or one-off transactions. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or the opinions we have formed.

Darren Amott (Senior Statutory Auditor)
For and on behalf of Price Bailey LLP

23 December 2022

Chartered Accountants
Statutory Auditors

3rd Floor, 24 Old Bond Street
London
W1S 4AP

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year	18 month period
	ended	ended
	31 December	31 December
	2021	2020
	£	£
Turnover	488,509	-
Cost of sales	(170,508)	-
Gross profit	318,001	-
Administrative expenses	(118,383)	-
Profit before taxation	199,618	-
Tax on profit	(37,927)	-
Profit for the financial year	161,691	-

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

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	4	223,217		1,000	
Cash at bank and in hand		87		-	
		<u>223,304</u>		<u>1,000</u>	
Creditors: amounts falling due within one year	5	<u>(60,613)</u>		<u>-</u>	
Net current assets			162,691		1,000
			<u><u>162,691</u></u>		<u><u>1,000</u></u>
Capital and reserves					
Called up share capital	6		1,000		1,000
Profit and loss reserves			161,691		-
			<u>161,691</u>		<u>-</u>
Total equity			<u><u>162,691</u></u>		<u><u>1,000</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 23 December 2022 and are signed on its behalf by:

Mr G Sampson
Director

Company Registration No. 11265465

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Medicals Direct Screenings Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is 5th Floor, Elstree Way, Borehamwood, WD6 1JH.

1.1 Reporting period

The prior period financial statements were for an 18 month period. The prior financial period was extended to its maximum length to try and encompass the effect of Covid -19 pandemic within one accounting period. The comparatives figures including related notes are therefore for 18 months.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2021 are the first financial statements of Medicals Direct Screenings Services Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2019. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The financial statements of the company are consolidated in the financial statements of Kuro Health Limited. These consolidated financial statements are available from its registered office, 4th Floor, Park Gate, 161-163 Preston Road, Brighton, East Sussex, BN1 6AF.

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis. Forecasts have been prepared that show the Company and the wider Group will have sufficient liquidity to meet its financial obligations for a period of at least 12 months from the date of this financial report.

This assessment undertaken by the Directors has been predominantly considered from a cash-flow perspective, as the group remains profitable and with a strong balance sheet. The Directors have considered the implications of the Coronavirus Pandemic within the going concern assumption along with current rates of inflation and wider market conditions. The Directors have continued to monitor and assess the legacy impact on the business resulting from varying travel restrictions and national lockdowns over the last two years. New ways of processing cases have been developed to ensure continuation of service to customers. To ensure the Business continues to operate as a going concern, the Group continually monitor the longer-term impacts of the pandemic on key stakeholders caused by issues such as court delays and availability of medical experts, which have extended case life cycles.

The Directors have also considered the impact of the new Official Injury Claims portal, implemented on the 31st May 2021. The Directors monitor both internal and external key performance indicators for the work generated via the new portal, including volume of cases, instructions received and case cycle times. However, there is currently uncertainty on the impact the portal will have on collection profiles, and this has an impact on Group's cash flows. The Directors remain of the opinion that any change in collection profile in the short term will reverse in the long term as the services provided support access to justice for individual claimants. However, there remains a level of uncertainty around collections, due to limited number of cases that have settled during the 18 months of operation for the new portal.

The Directors are reviewing and implementing a number of strategies to mitigate the impact of the changes discussed above. These strategies include a review of all commercial arrangements, operational processes and associated costs and have the aim to increase the profitability of the Company in both the short and long term.

The Company along with the wider Group, have a long-term and close working relationship with its bankers. The Group's facilities have been renegotiated post year-end with a temporary increase invoice discounting facility from £14 million to £15.275 million until August 2023, as well as drawing on other short-term finance that has been made available. The Group and the shareholders have confirmed they will continue to support the working capital requirements as necessary via loans and personal guarantees.

The Directors have prepared forecasts for a period of more than 12 months from the date of approval of these financial statements and are confident that the sources of funding available, together with the mitigation strategies that are in place, will provide sufficient liquidity. The Company and Group is well funded and capitalised, and despite the uncertainty above, the Directors believe that it is appropriate to prepare the accounts on a going concern basis.

1.4 Turnover

Turnover is recorded at the fair value of the consideration receivable in the normal course of business, net of VAT, other sales related taxes and discounts.

The company provides services in the medical legal sector. Medical work is contracted for delivery over an agreed period, typically ending at the settlement of the legal medical claim. Requests for payments are issued at predetermined points in the process according to contract and are recorded as turnover. At the balance sheet date, the company accrues for turnover in respect of services performed but un-invoiced, accrued income is included within other debtors. Any associated expected costs of services provided are accrued and included in other creditors.

1.5 Cash and cash equivalents

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

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.6 Financial instruments

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

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

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

Basic financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

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

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

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

1.7 Equity instruments

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

1.8 Taxation

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

Current tax

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

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

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

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Employees

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

	2021 Number	2020 Number
Total	-	-

4 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	115,600	-
Amounts owed by group undertakings	107,617	1,000
	223,217	1,000

MEDICALS DIRECT SCREENINGS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Creditors: amounts falling due within one year

	2021 £	2020 £
Corporation tax	37,927	-
Other creditors	22,686	-
	<u>60,613</u>	<u>-</u>

6 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

7 Parent company

The company's ultimate parent company is Kuro Health Limited, a company incorporated in England and Wales. The financial statements of Kuro Health Limited are available from the registered office at 4th Floor, Park Gate, 161-163 Preston Road, Brighton, East Sussex, United Kingdom, BN1 6AF.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.