

Registered no: 05153608

**Circle Nottingham Limited**

**Annual report and financial statements  
For the year ended 31 December 2014**

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# Circle Nottingham Limited

## Annual report and financial statements

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# Circle Nottingham Limited

## Company Information

### Directors

Helen Tait  
Paul Manning  
Steve Melton

### Company secretary

Shane Cobb

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

### Bankers

Barclays plc  
Level 27  
1 Churchill Place  
London  
E14 5HP

### Solicitors

Capsticks  
77-83 Upper Richmond Road  
London  
SW15 2TT

### Registered office

32 Welbeck Street  
London  
W1G 8EU

# Circle Nottingham Limited

## Strategic report for the year ended 31 December 2014

### Principal activities and review of the business

The principal activity of the Company during the year was the provision of medical services. The Company operates a Treatment Centre in Nottingham which opened in July 2008.

Circle's Nottingham NHS Treatment Centre is one of the biggest independent treatment centres in Europe, providing services including Orthopaedic Surgery, General Surgery, Endoscopy, Digestive Diseases, Gynaecology and Dermatology.

The year ended 31 December 2014 was the first full year of operations for Circle's Nottingham NHS Treatment Centre in its new Payment by Result contract. Patient volumes continued to grow with daycase and inpatients up 6% to 30,416 (2013: 28,729\*) and outpatient procedures up 7% to 181,275 (2013: 169,724\*). At the same time, patient recommendations averaged 98% (2013: 99%).

Despite the increase in volumes, revenue has decreased this year by 10.9% to £46,056,000 (2013: £51,675,000) as the renewed Nottingham NHS Treatment Centre contract rebased the price per episode to national tariff from July 2013. Profit on ordinary activities before taxation has decreased by 62.4% to £2,014,000 (2013: £5,351,000).

### Key performance indicators (KPIs)

The Directors of the Company manage Circle's Nottingham NHS Treatment Centre's operations based on KPIs such as patient volumes and customer feedback rating, revenues and losses for the year, all of which are summarised above.

### Results and dividends

The profit for the financial year amounted to £2,082,000 (2013: £16,763,000). The Directors do not recommend the payment of any dividends (2013: £nil).

The Company has net assets of £12,136,000 as at 31 December 2014 (2013: net assets of £10,054,000).

\*Patient volumes for 2013 have been restated so that the results are comparable to the volumes under the new Nottingham contract. For year ended 31 December 2013, volumes for the first half of the year was measured under the previous contract method. The revised comparatives is consistent with the new contract volumes.

# Circle Nottingham Limited

## Strategic report for the year ended 31 December 2014 (continued)

### Principal risks and uncertainties

#### Medical service risk

As with all medical providers, clinical risk is a major consideration due to the consequences to the individuals concerned where processes break down or procedures are found to be negligent. The Circle Health Limited group, of which the Company is a subsidiary, has an Integrated Corporate Governance structure which is chaired by the Medical Director, Massoud Fouladi. This Integrated Corporate Governance structure includes senior staff across the operational, clinical and central support teams. The clinic has its own local governance structure, whilst a team of clinical care quality specialists is dedicated to developing up to date and consistent policies across all sites.

Local governance committees work to a rigorous assurance framework, manage day to day clinical risks through a risk register, provide appropriate training to staff and consultants and report their findings to the Circle Health Limited group's Integrated Governance Committee. A summary of the relevant findings is in turn presented to the principal shareholders of Circle Health Limited, Circle Holdings plc.

#### Business growth risk

The immediate key focus of the Directors is to continue to grow Circle's Nottingham NHS Treatment Centre into a world class care facility which will include revenue streams from private patients and community care services. This will also involve improving patient care quality and increasing efficiency. The Company was selected as the preferred bidder by NHS commissioners to provide renewed services at the Nottingham Treatment Centre for a further five years from July 2013, when the previous contract expired.

#### Government policy and regulatory risk

The risk that the new ISTC contract is not renewed, along with political and other risks associated with the NHS (e.g. a change in government policy), are partially mitigated by the fact that the capital structure of the business, with the exception of an insignificant operating lease (note 20), is coterminous with the length of the ISTC contract.

#### Risk to reputation

Reputational risk is the risk that the Company provides medical care that is not of a sufficiently high quality, resulting in patient or customer dissatisfaction and negative publicity. This is mitigated by the fact that Company provides high quality medical care that is backed up by clinical governance.

Approved by the board and signed on behalf of the board



Steve Melton, Director

30 September 2015

# Circle Nottingham Limited

## Directors' report for the year ended 31 December 2014

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2014 for Circle Nottingham Limited (the 'Company' or 'Circle's Nottingham NHS Treatment Centre'). The Company forms part of a group whose ultimate parent company is Circle Holdings plc (the 'Circle Holdings group').

### Dividends

The Directors do not recommend the payment of any dividends (2013: £nil).

### Future developments

In February 2013 the Company was selected as the preferred bidder by NHS commissioners to provide renewed services at the Nottingham Treatment Centre for a further five years until July 2018.

The renewed Nottingham NHS Treatment Centre contract rebased the price per episode to National tariff from July 2013, although patient volumes for the first five months of operations under the new contract were ahead of expectations.

### Financial risk management

The Company's operations expose it to a variety of financial risks. The ultimate parent undertaking of the Company, Circle Holdings plc has in place a group risk management programme that seeks to limit the adverse effects on the financial performance of the Circle Holdings group by monitoring levels of debt finance and the related finance costs. Details of the risk management policy are included on pages 28 to 29 of the Circle Holdings group financial statements.

### Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Company is a member of the group of companies whose ultimate parent is Circle Holdings plc. The Directors have assessed whether the going concern basis of preparation is appropriate by reference to the position of the entire Circle Holdings group, as the Company is reliant on financial support from Circle Holdings plc.

The Directors of Circle Holdings plc have prepared cash flow forecasts for a period of not less than 12 months from the date of signing these financial statements for the year ended 31 December 2014. The Board believes that, following the completion of the fundraising in January 2014, the Group will have sufficient funding to carry out its current business plans. Based on this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

As such, the Directors of Circle Nottingham Limited consider it appropriate for these financial statements to be prepared on a going concern basis.

### Events after the balance sheet date

There have been no events subsequent to balance sheet date which would have a material effect on the Company's financial statements at 31 December 2014.

# Circle Nottingham Limited

## Directors' report for the year ended 31 December 2014 (continued)

### Directors

The Directors who served during the year and up to the date of approval of these financial statements were as follows:

Rachael Magnani	(resigned 11 December 2014)
Paul Manning	
Steve Melton	
Helen Tait	(appointed 11 December 2014)

In its Articles, the Company has granted an indemnity to its Directors in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. There are no outstanding claims or provisions as at the balance sheet date.

### Donations

The Company made charitable donations totalling £100 (2013: £1,000) during the year to charitable organisations within the UK.

The Company did not make any donations in either year to any political party registered in the UK under the Political Parties, Elections and Referendums Act 2000.

### Disabled employees

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

### Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its. The ultimate parent company, Circle Holdings plc, also encourage the involvement of all employees within the Group, further details of this can be found in the Circle Holdings plc annual report.

# Circle Nottingham Limited

## Directors' report for the year ended 31 December 2014 (continued)

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 disclosure of information to auditors

So far as each of the Directors in office at the date of approval of these financial statements 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 Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Board meeting.

On behalf of the Board



Steve Melton, Director

30 September

2015



# Circle Nottingham Limited

## Independent auditors' report to the members of Circle Nottingham Limited

### Report on the financial statements

#### Our opinion

In our opinion, Circle Nottingham Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### What we have audited

Circle Nottingham Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Other matters on which we are required to report by exception

##### Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

##### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### Responsibilities for the financial statements and the audit

##### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

# Circle Nottingham Limited

## Independent auditors' report to the members of Circle Nottingham Limited (continued)

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Simon O'Brien  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 September 2015

# Circle Nottingham Limited

## Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	46,056	51,675
Cost of sales		(31,420)	(33,959)
<b>Gross profit</b>		<b>14,636</b>	<b>17,716</b>
Administrative expenses		(12,610)	(12,875)
<b>Operating profit</b>	3	<b>2,026</b>	<b>4,841</b>
Interest receivable and similar income	6	4	1,976
Interest payable and similar charges	7	(16)	(1,466)
<b>Profit on ordinary activities before taxation</b>		<b>2,014</b>	<b>5,351</b>
Tax on profit on ordinary activities	8	68	11,412
<b>Profit / (loss) for the financial year</b>	18	<b>2,082</b>	<b>16,763</b>

The activities of the Company relate to continuing operations.

The Company has no recognised gains and losses (2013: none) other than those above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit / (loss) for the financial year stated above (2013: no difference) and their historical cost equivalents.

# Circle Nottingham Limited

## Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Tangible assets	9	2,214	1,293
<b>Current assets</b>			
Stocks	10	395	395
Debtors – amounts falling due within one year	11	8,236	8,599
Debtors – amounts falling due after more than one year	11	1,717	1,649
<b>Total debtors</b>		<b>9,953</b>	<b>10,248</b>
Cash at bank and in hand	12	4,377	3,810
		<b>14,725</b>	<b>14,453</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(4,208)</b>	<b>(5,642)</b>
<b>Net current assets</b>		<b>10,517</b>	<b>8,811</b>
<b>Total assets less current liabilities</b>		<b>12,731</b>	<b>10,104</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(595)</b>	<b>(50)</b>
<b>Net assets</b>		<b>12,136</b>	<b>10,054</b>
<b>Capital and reserves</b>			
Called up share capital	17	500	500
Profit and loss account	18	11,636	9,554
<b>Total shareholders' funds / (deficit)</b>	19	<b>12,136</b>	<b>10,054</b>

The financial statements on pages 16 to 23 were approved by the Board of Directors on 30 Sept 2015 and were signed on its behalf by:



Steve Melton, Director  
Circle Nottingham Limited

Registered no: 05153608

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014

### 1 Accounting policies

#### Basis of preparation

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### Going concern

The Directors consider it to be appropriate for the financial statements to be prepared on a Going Concern basis based on the assumptions considered in the Directors' report on page 6.

#### Cash flow statement

The Directors have taken advantage of the exemption in FRS 1 (revised 1996) 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its ultimate parent, Circle Holdings plc, publishes consolidated financial statements.

#### Related party transactions

The Directors have taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with other members of the Circle Holdings plc group with which the Company is a constituent of a 100.0% group.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Such costs include costs directly attributable to making assets capable of operating as intended.

Depreciation is provided on a straight line basis at rates calculated to write off the cost or valuation, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	– shorter of lease life or expected useful life (5 - 10 years)
Clinical equipment	– 3 to 5 years straight line
Fixtures, fittings and office equipment	– 3 to 5 years straight line
Computer software	– 3 to 5 years straight line

Residual values, if material, and useful lives are reviewed at the end of each reporting year. The carrying values of tangible fixed assets are reviewed for impairment when events or changes of circumstances indicate the carrying value may not be recoverable.

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 1 Accounting policies (continued)

#### Operating leases

Where the Company does not retain substantially all the risks and rewards of ownership of the asset, leases are classified as operating leases. Rentals under operating leases are charged on a straight line basis over the lease term and lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

#### Stock

Consumable stock is stated at the lower of cost and net realisable value. Cost comprises purchase price less trade discounts and is determined on a first-in, first-out basis. Net realisable value means estimated selling price (net of trade discounts), less all costs incurred in marketing, selling and distribution. Obsolete stock is provided for through the profit and loss account.

#### Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Trade debtors are measured at cost, less provision for impairment.

#### Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks and restricted cash balances.

#### 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 recognised at cost.

#### Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the Directors consider there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on the tax rates or laws enacted or substantively enacted at the balance sheet date.

#### Provisions for liabilities

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 1 Accounting policies (continued)

#### Pensions

The Company participates in a group personal defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

#### Turnover

Turnover represents the total amount earned by the Company in the ordinary course of business for services rendered for the provision of healthcare services. Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and is measured at the fair value of the consideration received, for activity performed. Revenue from the provision of medical services is recognised once the patient has been discharged, subject to certain claw-back clauses included within the PCT contracts which require an element of the revenue to be deferred until certain contractual obligations have been met.

The Nottingham ISTC contract offers guaranteed payments. The Company receive guaranteed payments each month from the contracted Clinical Commissioning Groups ('CCGs'), which amount to 1/12th of the overall 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 accrued or deferred where treatment takes place ahead or behind contractual activity levels.

#### Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired as well as through the amortisation process.

### 2 Turnover

All turnover arises from the same principal activity in the United Kingdom.

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 3 Operating profit

Operating profit is stated after charging:	2014	2013
	£'000	£'000
Depreciation of tangible fixed assets	503	332
Amortisation of pre contract costs	-	1,168
Operating lease charges		
- plant and machinery	693	1,572
- other	1,864	1,154

The auditors' remuneration of £41,000 payable to PricewaterhouseCoopers LLP (2013: £44,400) in relation to the provision of audit services was borne by Circle Health Limited. No non-audit fees were incurred by the Company (2013: none).

### 4 Employee Information

Staff costs were as follows:	2014	2013
	£'000	£'000
Wages and salaries	9,563	7,356
Social security costs	795	594
Other pension costs (note 21)	612	326

In 2013 and 2014, all staff costs were incurred by the Company.

The average monthly number of employees, including the Directors, during the year was as follows:

	2014	2013
	Number	Number
Clinical staff	304	153
Administrative staff	199	172

### 5 Directors' emoluments

	2014	2013
	£'000	£'000
Aggregate emoluments	746	888
Highest paid Director	345	348



# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 5 Directors' emoluments (continued)

The Directors of the Company are also Directors or officers of a number of other companies within the ultimate parent group (Circle Holdings group), and are remunerated in respect of services provided to the Circle Holdings group. The Directors do not consider the time spent on dealing with the Company's matters to be material and therefore have not sought to separate out their costs in respect of services to each individual company in the Circle Holdings group. The amounts disclosed above are the Directors' total emoluments as per their employment contracts. Details of the Directors' aggregate emoluments are disclosed in the Circle Holdings plc financial statements.

Directors' emoluments in 2014 and 2013 were paid and expensed in Circle Health Limited, Nations Healthcare Limited and Circle Nottingham Limited.

The Directors had retirement benefit contributions during the year of £30,000 (2013: £81,000).

### 6 Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest receivable	4	6
Interest on PFI financial assets	-	1,970
	<u>4</u>	<u>1,976</u>

### 7 Interest payable and similar charges

	2014 £'000	2013 £'000
Loan interest payable on Barclays plc ('Barclays') loan	-	1,427
Loan issue cost amortisation on Barclays loan	-	39
Finance lease interest	16	-
	<u>16</u>	<u>1,466</u>

### 8 Tax on profit on ordinary activities

#### (a) Tax on profit on ordinary activities

	2014 £'000	2013 £'000
The tax credit is made up as follows:		
<b>Current tax</b>		
UK corporation tax	-	-
<b>Deferred tax</b>		
Origination and reversal timing differences	(75)	(11,668)
Adjustments in respect of previous years	7	(10)
Effect of decreased tax rate	-	266
<b>Tax (credit) on profit on ordinary activities</b>	<u>(68)</u>	<u>(11,412)</u>

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 8 Tax on profit on ordinary activities (continued)

#### (b) Factors affecting current tax for the year

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.3%). The differences are explained below:

	2014 £'000	2013 £'000
<b>Profit on ordinary activities before taxation</b>	<b>2,014</b>	<b>5,351</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.3%)	<b>433</b>	<b>1,244</b>
Effects of:		
Expenses not deductible for tax purposes	10	24
Capital allowances in excess of depreciation	80	(256)
Short-term timing differences	-	9,371
Losses utilised	-	(6,550)
Group relief claimed for nil payment	(523)	(3,833)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

#### (c) Factors affecting future tax charges

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014.

Legislation was enacted to reduce the main rate of corporation tax from 21% to 20% with effect from 1 April 2015. As this rate change was substantively enacted at the balance sheet date, its effect has been included in these financial statements.

On July 8 2015, further reductions in the rate of corporation tax were announced. The rate of corporation tax will be reduced from 20% to 19%, with effect from 1 April 2017 and from 19% to 18% with effect from 1 April 2020. Legislation will be introduced to enact these changes. As these rate changes had not been substantively enacted at the balance sheet date, their effects have not been included in these financial statements.

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 8 Tax on profit on ordinary activities (continued)

#### (d) Deferred taxation

The deferred tax is as follows:

	Unrecognised		Recognised	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
The deferred tax consists of:				
Depreciation in excess of capital allowances	-	-	(1,709)	(1,646)
Short term timing differences	-	-	(8)	(3)
(Asset) / liability	-	-	(1,717)	(1,649)

A deferred tax asset has been recognised for timing differences which are regarded as recoverable. This is on the basis that it is more likely than not there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

### 9 Tangible assets

	Leasehold improve- ments £'000	Clinical equipment £'000	Fixtures, fittings and office equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	895	840	1,008	2,743
Additions	137	1,102	185	1,424
<b>At 31 December 2014</b>	<b>1,032</b>	<b>1,942</b>	<b>1,193</b>	<b>4,167</b>
<b>Accumulated Depreciation</b>				
At 1 January 2014	99	517	834	1,450
Depreciation charge for the year	103	309	91	503
<b>At 31 December 2014</b>	<b>202</b>	<b>826</b>	<b>925</b>	<b>1,953</b>
<b>Net book value</b>				
<b>At 31 December 2014</b>	<b>830</b>	<b>1,116</b>	<b>268</b>	<b>2,214</b>
At 31 December 2013	796	323	174	1,293

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 9 Tangible assets (continued)

Assets held under finance leases have the following net book amounts:

	2014 £'000	2013 £'000
Clinical equipment	<u>738</u>	<u>-</u>
	<u>738</u>	<u>-</u>

### 10 Stocks

	2014 £'000	2013 £'000
Consumables	<u>395</u>	<u>395</u>
	<u>395</u>	<u>395</u>

### 11 Debtors

	Current		Non-current	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	331	401	-	-
Amounts owed by group undertakings	7,246	7,463	-	-
Other debtors	253	450	-	-
Deferred tax asset	-	-	1,717	1,649
Prepayments and accrued income	406	285	-	-
	<u>8,236</u>	<u>8,599</u>	<u>1,717</u>	<u>1,649</u>

Amounts owed by group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 12 Cash at bank and in hand

	2014 £'000	2013 £'000
Cash at bank and in hand	4,377	3,810
Unrestricted cash at bank and in hand	<u>4,377</u>	<u>3,810</u>

### 13 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	424	1,865
Amounts owed to group undertakings	258	169
Other creditors	314	305
Secured finance lease creditor	202	-
Accruals and deferred income	3,010	3,303
	<u>4,208</u>	<u>5,642</u>

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

### 14 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Provision for liabilities	50	50
Secured finance lease creditor	545	-
	<u>595</u>	<u>50</u>

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 15 Provisions for liabilities

	Dilapidations provision £'000	Total £'000
At 1 January 2014	50	50
<b>At 31 December 2014</b>	<b><u>50</u></b>	<b><u>50</u></b>

### 16 Finance leases

	2014 £'000	2013 £'000
Gross finance lease liabilities - minimum lease		
No later than 1 year	243	-
Later than 1 year and no later than 5 years	589	-
	<b><u>832</u></b>	<b><u>-</u></b>
Future finance charges on finance leases	(85)	-
Present value of finance lease liabilities	<b><u>747</u></b>	<b><u>-</u></b>

The maturity profile of the carrying amount of the Company's secured finance lease creditor is as follows:

	2014 £'000	2013 £'000
Secured finance lease creditor:		
- Less than one year	202	-
- In more than one year but no more than two years	545	-
	<b><u>747</u></b>	<b><u>-</u></b>

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 17 Called up share capital

	2014 £'000	2013 £'000
<b>Authorised</b>		
500,000 (2013: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>
<b>Allotted and fully paid</b>		
500,000 (2013: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

### 18 Profit and loss account

	£'000
At 1 January 2014	9,554
Profit for the financial year	2,082
At 31 December 2014	<u>11,636</u>

### 19 Reconciliation of movements in shareholders' funds / (deficit)

	2014 £'000	2013 £'000
Opening shareholders' funds / (deficit)	10,054	(6,709)
Profit for the financial year	2,082	16,763
Closing shareholders' funds	<u>12,136</u>	<u>10,054</u>

### 20 Capital commitments

At 31 December 2014, the Company had capital commitments of £nil (2013: £97,000).

### 21 Pension commitments

The Company participates in a group personal defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions for the year were £612,000 (2013: £326,000). There were £nil in outstanding contributions as at 31 December 2014 (2013: £nil).

# Circle Nottingham Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 22 Operating lease commitments

At 31 December 2014, the Company had annual commitments under non cancellable operating leases as follows:

Expiry date:	Land and buildings		Other	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Within one year	-	-	183	-
During years two to five	2,205	2,161	357	672
	<u>2,205</u>	<u>2,161</u>	<u>540</u>	<u>672</u>

#### Land and buildings

On 28 July 2013, the Company entered into an operating lease in respect of the Circle Nottingham Treatment Centre for an initial annual rent of £2,064,000 per year. The lease is for five years and is set to expire on 27 July 2018.

#### Other

The Company entered into an operating lease agreement with GE to lease equipment for the purpose of providing healthcare services contracted with the NHS on commencement of the initial contract. The lease was for a minimum period of 5 years from June 2008. New leases were entered into in July 2013 for the provision of clinical equipment for a period of five years until July 2018.

### 23 Related party transactions

The Company has taken advantage of the exemptions conferred by FRS 8 'Related Party Disclosures' from the requirement to make disclosures concerning transactions with members of wholly owned group companies.

During 2014, a loan of £10,000 was made to Rachael Magnani, a former company Director. As at 31 December 2014, £7,200 of this loan was outstanding. This balance will be payable over 2015 on a monthly basis. No other related party transactions noted.

### 24 Events after the balance sheet date

There have been no other events subsequent to balance sheet date which would have a material effect on the Company's financial statements at 31 December 2014.

### 25 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Circle Health Limited, a company registered in England and Wales.

Circle Holdings plc is the parent company for which consolidated financial statements are prepared that include the financial statements of the Company. Copies of the group financial statements for Circle Holdings plc may be obtained from 12 Castle Street, St Helier, JE2 3RT, Jersey.

At 31 December 2014, Circle Holdings plc, a company registered in Jersey, is the Company's ultimate parent undertaking and controlling party.