

In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

OS AA01

Statement of details of parent law and other information for an overseas company

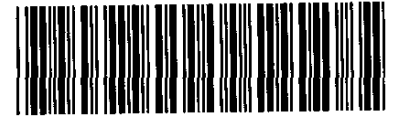


Companies House

What this form is for
You may use this form to accompany your accounts disclosed under parent law.

What this form is NOT for
You cannot use this form to request an alteration of manner of incorporation with accounting requirements.

FRIDAY



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COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ①

CIRCLE HOLDINGS (OS) LIMITED

UK establishment number

B R 0 1 5 3 3 2

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *
① This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.

Legislation ②

FRS 101

② This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

No. Go to Section A3.

Yes. Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3.

③ Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ③

FINANCIAL REPORTING COUNCIL

A3 Accounts

Accounts


Have the accounts been audited? Please tick the appropriate box.

No. Go to Section A5.

Yes. Go to Section A4.

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Statement of details of parent law and other information for an overseas company

A4 Audited accounts	
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature' . <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature' .
Name of organisation or body ¹	FINANCIAL REPORTING COUNCIL
A5 Unaudited accounts	
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.
Part 3 Signature	
I am signing this form on behalf of the overseas company.	
Signature	Signature <input checked="" type="checkbox"/>  <input checked="" type="checkbox"/>
This form may be signed by: Director, Secretary, Permanent representative.	

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **DOMINIC FERGUSON**

Company name **CIRCLE HEALTH**

Address **32 WELBECK STREET**

Post town **LONDON**

County/Region **LONDON**

Postcode **W1G 8EU**

Country **UK**

DX

Telephone **0207 034 5250**

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and, if appropriate, the registered number, match the information held on the public Register.
- You have completed all sections of the form, if appropriate.
- You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Registered No. 100016 (Jersey)
UK registered No. FC030337

Circle Holdings (OS) Limited
(formerly Circle Holdings plc)
Annual Report and Financial Statements
for the year ended 31 December 2017

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

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Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Company Information

Directors

Massoud Fouladi
Paolo Pieri

Company Secretary

Shane Cobb

Independent auditors

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

Bankers

Barclays Bank Plc
13 Library Place
St Helier
Jersey
JE4 8NE

Solicitors

Ogier LLP
Whiteley Chambers
Don Street
St. Helier
Jersey
JE4 9WG

Gowling WLG
4 More London Riverside
London
SE1 2AU

Registered Office

12 Castle Street
St Helier
Jersey
JE2 3RT

Administrative Office

32 Welbeck St
London
W1G 8EU

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Strategic Report for the year ended 31 December 2017

The Directors present the Strategic Report and financial statements for Circle Holdings (OS) Limited (formerly Circle Holdings plc) (the 'Company') for the year ended 31 December 2017. The Company is a private limited company and is incorporated in Jersey, however it is a resident in the UK for tax purposes. The address of the registered office is given on page 3. The Company's parent company and the group's ultimate parent company is Circle Health Holdings Limited.

Principal activities and review of business

The principal activity of the Company during the year continued to be that of a holding company to a group of companies that provide medical practice services.

On 26 April 2017, 100% of the share capital of the Company was acquired by Circle Health Holdings Limited and the Company de-listed from the London Stock Exchange.

Circle Health Holdings Limited is the parent to a group of companies (the 'Group'), including the Company, that provide healthcare services in the UK, treating privately insured, self-pay and NHS-funded patients. The Group operates a network of modern and high-quality hospitals and clinics.

Results and dividends

The loss for the financial year after taxation amounted to £5,731,000 (2016: loss £3,521,000). £1,354,000 of this amount is an exceptional item relating to costs of share sale. There were costs of £4,073,000 relating to the shared based payment charge for share options issued.

An interim dividend of £5,986,000 (2016: £nil) was paid on 21 September 2017. The directors do not recommend the payment of a final dividend (2016: £nil).

The Company had net assets at 31 December 2017 of £5,647,000 (2016: £7,247,000).

Principal risks and uncertainties

The major financial risk faced by the Company is funding risk. The Company remains dependent on the continuing financial support of its ultimate parent undertaking, Circle Health Holdings Limited.

This strategic report has been approved by the board.

On behalf of the board:



Paolo Pieri

Director

21 December 2018

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Directors' Report for the year ended 31 December 2017 (continued)

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2017 for Circle Holdings Limited (formerly Circle Holdings plc) (the 'Company'). The Company forms part of a group whose ultimate parent company is Circle Health Holdings Limited (the 'Group').

Change of name

On 24 January 2018 the Company changed its name to Circle Holdings (OS) Limited.

Future developments

The Company plans to continue to support its' subsidiaries' business plans, growing revenues in existing businesses and commissioning new hospitals.

Dividends

An interim dividend of £5,986,000 (2016: £nil) was paid on 21 September 2017. The directors do not recommend the payment of a final dividend (2016: £nil).

Financial risk management

The Group's operations expose it to a variety of financial risks that include working capital and funding risk. The Group has implemented a comprehensive strategic planning and budgeting system to monitor and limit the adverse effects of the below risks, the results of which are presented to and approved by the Board. Management and the Board monitor performance against budget and key financial benchmarks through monthly reporting routines, detailed business reviews and variance analysis.

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 Health Holdings Limited. The Directors have assessed whether the going concern basis of preparation is appropriate by reference to the position of the Group, as the Company is reliant on financial support from Circle Health Holdings Limited.

The Directors of Circle Health Holdings Limited have prepared cash flow forecasts for a period of not less than 12 months from the date of signing the company financial statements for the year ended 31 December 2017. The ultimate parent, Circle Health Holdings Limited, has provided a letter of support to the Company.

Accordingly, the Directors of Circle Health Limited have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and conclude that it is appropriate for these financial statements to be prepared on a going concern basis.

Events after balance sheet date

The directors are not aware of any material event which has taken place after the reporting period and up to the date of this report.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Directors' Report for the year ended 31 December 2017 (continued)

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Massoud Fouladi
Paolo Pieri
Michael Kirkwood (resigned 17 July 2017)
Lorraine Baldry (resigned 01 July 2017)
Andrew Shilston (resigned 01 July 2017)
Lord Hutton of Furness (resigned 17 July 2017)
Justin Jewitt (resigned 01 July 2017)

Directors' indemnity

In its Articles of Association, the Company has granted an indemnity to its directors in respect of proceedings brought by third parties. The Company has procured third party liability insurance for all directors and officers of the Company during the financial year and as at the date of approval of the financial statements. There are no outstanding claims or provisions as at the balance sheet date.

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 for 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 is considered to be of the utmost importance. The ultimate parent company, Circle Health Holdings Limited, also encourages the involvement of all employees within the Group, further details of this can be found in the Circle Health Holdings Limited annual report.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Directors' Report for the year ended 31 December 2017 (continued)

Statement of Directors' responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey law and United Kingdom Accounting Standards, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 (Jersey) Law, 1991. 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.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP has indicated its willingness to continue in office. A resolution concerning its reappointment will be proposed at the board meeting.

On behalf of the board:



Paolo Pieri

Director

21 December 2018

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Independent Auditors report to the Members of Circle Holdings (OS) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Circle Holdings (OS) Limited (formerly Circle Holdings plc)'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2017; the Statement of Comprehensive Income and the 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 opinion

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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Independent Auditors report to the Members of Circle Holdings (OS) Limited (continued)

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 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 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.

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 set out on page 7, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council'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 Article 113A of the Companies (Jersey) Law 1991 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.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Independent Auditors report to the Members of Circle Holdings (OS) Limited (continued)

Other required reporting

Companies Act 2006 exception warning

Under the Companies (Jersey) Law 1991 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
- proper accounting records have not been kept; or
- proper returns adequate for our audit have not been received from branches not visited by us; or

We have no exceptions to report arising from this responsibility.



Simon O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 December 2018

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Statement of Comprehensive Income for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Revenue	4	20	78
Cost of sales		-	-
Gross profit		20	78
Administrative expenses		(4,397)	(3,599)
Operating loss before exceptional items	5	(4,377)	(3,521)
Exceptional items	6	(1,354)	-
Operating loss		(5,731)	(3,521)
Finance income	8	-	-
Finance costs	9	-	-
Loss before taxation		(5,731)	(3,521)
Corporation tax	10	-	-
Loss and total comprehensive loss for the financial year		(5,731)	(3,521)

The activities of the company are all derived from continuing operations.

There is no other comprehensive income arising in the Company (2016: £nil) and therefore no separate statement of comprehensive income has been prepared.

The notes on pages 14 to 24 form part of these financial statements.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Statement of Financial Position as at 31 December 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Investments	10	-	-
Current assets			
Debtors	11	13,694	9,620
Cash at bank and in hand		1,965	724
		15,659	10,344
Creditors - amounts falling due within one year	12	(10,012)	(3,097)
Net current assets		5,647	7,247
Total assets less current liabilities		5,647	7,247
Net assets		5,647	7,247
Capital and reserves			
Called up share capital	13	5,014	4,956
Share premium	14	230,809	236,795
Other reserves	14	11,303	11,303
Warrant reserve	14,16	-	22,703
Share-based charges reserve	14,17	-	7,288
Treasury share reserve	14	-	(9,587)
Profit and loss account	14	(241,479)	(266,211)
Total shareholders' funds	15	5,647	7,247

The financial statements on pages 11 to 24 were approved by the board of directors on 21 December 2018 and were signed on its behalf by:



Paolo Pieri
Director
Circle Holdings (OS) Limited

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Statement of Changes in Equity for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Other reserves £'000	Warrant reserve £'000	Treasury share reserve £'000	Share-based charges reserve £'000	Retained deficit £'000	Total equity £'000
At 1 January 2016	4,956	236,795	11,303	22,703	(9,587)	4,535	(262,690)	8,015
Loss and total comprehensive loss for the year	-	-	-	-	-	-	(3,521)	(3,521)
Transactions with owners:								
Share-based charges (note 17)	-	-	-	-	-	2,753	-	2,753
At 1 January 2017	4,956	236,795	11,303	22,703	(9,587)	7,288	(266,211)	7,247
Loss and total comprehensive loss for the year	-	-	-	-	-	-	(5,731)	(5,731)
Issue of share capital	58	-	-	-	-	-	-	58
Transactions with owners:								
Share-based charges (note 17)	-	-	-	-	-	4,073	-	4,073
Dividends (note 14)	-	(5,986)	-	-	-	-	-	(5,986)
Repayment	-	-	-	-	5,986	-	-	5,986
Write off of treasury shares	-	-	-	-	3,601	-	(3,601)	-
Transfer of reserves	-	-	-	(22,703)	-	(11,361)	34,064	-
At 31 December 2017	5,014	230,809	11,303	-	-	-	(241,479)	5,647

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

1. General information

Circle Holdings (OS) Limited (formerly Circle Holdings plc) (the 'Company') is part of a group that provide healthcare services in the UK.

The Company is a private limited company and is incorporated in Jersey, however it is a resident in the UK for tax purposes. The address of the registered office is given on page 3. The Company's parent company and the Group's ultimate parent company is Circle Health Holdings Limited. The Company is a private company limited by shares.

2. Significant accounting policies

Basis of preparation

These financial statements are prepared for the Company for the year ended 31 December 2017. The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements are prepared under the historical cost convention and in accordance with the Companies Jersey Law 1991 and applicable accounting standards in the United Kingdom.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods and services received was determined)
- IAS 7, 'Statement of cash flows' and paragraph 10(d) of IAS 1 (statement of cash flows)
- The requirement in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The principal accounting policies, which have been applied consistently for both years presented, are set out below.

Accounting convention

These financial statements have been prepared on a historical cost basis in accordance with the Companies (Jersey) Law 1991 and applicable UK accounting standards.

Going concern

The Directors' consider it to be appropriate for the company financial statements to be prepared on a Going Concern basis based on the assumptions considered in the Directors' Report on page 5.

Investments

Investments in subsidiaries are valued at cost less provision for impairment. The carrying value of fixed asset investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred tax

Deferred tax is provided in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in the future except as otherwise required by FRS 101.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

Warrants

A warrant is an instrument issued by a company which gives the holder the right to purchase shares in that company at a specific price at a future date. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. A warrant is treated as a financial liability if:

- it is a non-derivative and the entity is obliged to deliver a variable number of the company's own shares; or
- it is a derivative that will be settled other than by a fixed amount of cash or other assets for a fixed number of the company's own shares.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

i Equity warrants

The proceeds on issue of equity warrants are included within shareholders' equity, net of transaction costs. The fair value of the equity component is not remeasured in subsequent years. The fair value of warrants is credited to equity with the debit being charged to the profit and loss account or taken to non-current liabilities where the warrants are linked to a loan.

Equity warrants are valued using an appropriate valuation methodology on a diluted pricing basis, based on the relevant share price at the time of issue or based on an assessment of the market price at the time of issue.

Capital contributions

Share-based incentive schemes for employees are operated by subsidiary undertakings that are settled by equity instruments in the Company. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised over the vesting period, which ends on the date on which relevant employees become fully entitled to the warrants in the Company.

The grant of these warrants in the Company to the employee of the subsidiary undertaking is treated as a capital contribution. The fair value is recognised over the vesting period as an increase to the investment in subsidiary undertaking, with a corresponding credit to equity.

Share capital and share premium

Ordinary shares are classified as equity. Proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

Treasury shares

Following Project Reset, the Circle Partnership Benefit Trust was issued with shares in the Company. The Trust is consolidated in the financial statements and accordingly shares held by the Trust are recognised at cost as a debit to equity in the Treasury share reserve.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Taxation

The recognition of deferred tax assets is dependent upon an estimation of future taxable profits that will be available against which deductible temporary differences can be utilised. In the event that actual taxable profits are different, such differences may impact the carrying value of such deferred tax assets in future years.

(b) Share-based charges

Share-based charges are based on the share and warrant valuations calculated using several assumptions (for example share price volatility and time constraints) included within an option pricing model. In the event that estimates are wrong, this may impact the charge in future years.

Critical judgements in applying the entity's accounting policies

The Company has not made any critical judgements in applying the accounting policies.

4 Revenue

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

5 Operating loss

The auditors' remuneration of £10,000 payable to PricewaterhouseCoopers LLP (2016: £29,000) in relation to the provision of audit services was borne by Circle Health Holdings Limited, the ultimate Parent of the Company. Non-audit services of £85,000 were provided during the year (2016: none).

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

6 Exceptional items

	2017 £'000	2016 £'000
Costs of share sale	1,354	-
	<u>1,354</u>	<u>-</u>

The costs of share sale relates to 100% of the share capital of the Company being acquired by Circle Health Holdings Limited and the Company de-listing from the London Stock Exchange in 2017.

7 Directors' emoluments

The directors' emoluments were as follows:

	2017 £'000	2016 £'000
Total salary and other benefits	678	379
Share-based payments	2,384	-
Company pension contributions to defined contribution scheme	40	45
Aggregate emoluments	<u>3,102</u>	<u>424</u>

Post-employment benefits are accruing for two (2016: two) directors under a defined benefit scheme.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2017 £'000
Total salary and other benefits	379
Share based payments	1,438
Company pension contributions to defined contribution scheme	17
Highest Director aggregate emoluments	<u>1,834</u>

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

7 Directors emoluments (continued)

The Director of the Company was also a Director or officer of a number of other companies within the ultimate parent group (Circle Holdings group), and is remunerated in respect of services provided to the Circle Holdings group. The Director does not consider the time spent on dealing with the Company's matters to be material and therefore has not sought to separate out his costs in respect of services to each individual company in the Circle Holdings group. The amounts disclosed above are the Director's total emoluments as per his employment contract.

Directors' emoluments for the year ending 31 December 2016 were paid and expensed in Circle Health Limited.

8 Taxation

	2017 £'000	2016 £'000
Current tax		
UK Corporation tax on loss for the year	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Tax on loss	<u>-</u>	<u>(298)</u>
	2017 £'000	2016 £'000
Loss before taxation	<u>(5,731)</u>	<u>(3,521)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	<u>(1,103)</u>	<u>(704)</u>
Effects of:		
Expenses not deductible for tax purposes	1,014	567
Income not taxable	(23)	-
Amounts for which no deferred tax recognised	112	137
Tax credit for the year	<u>-</u>	<u>-</u>

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

8 Taxation (continued)

(c) Factors affecting future tax charges

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

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

	2017	2017	2016
	Tax Value	Gross Value	Gross Value
	£'000	£'000	£'000
Tax losses carried forward	267	1,569	1,032
Deductible temporary differences	-	-	425
	<u>267</u>	<u>1,569</u>	<u>1,458</u>

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

9 Dividends

Amounts recognised as distributions to equity holders in the year:

Name of company	2017	2016
Interim dividend for the year ended 31 December 2017	<u>5,986</u>	<u>-</u>

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

10 Investments

Company

	2017	2016
Cost	£'000	£'000
At 1 January	85,277	82,446
Additions - capital contributions (note 17)	4,073	2,831
At 31 December	89,350	85,277
	2017	2016
Provision for impairment	£'000	£'000
At 1 January	85,277	82,446
Provision in the year	4,073	2,831
At 31 December	89,350	85,277
Net book amount at 31 December	-	-

The Directors consider that the value of the company's fixed asset investments, which are listed below, is supported by their underlying assets:

Name of company	Holding	Nature of business	Proportion of voting rights held	Country of incorporation	Address
Circle International Plc	Ordinary shares	Holding and management	100.0%	United Kingdom	32 Welbeck Street, London, W1G 8EU
Health Properties Limited	Ordinary shares	Holding and management	100.0%	Jersey	12 Castle Street, St. Helier, Jersey, Channel Islands, JE2 3RT
Circle Partnership Limited	Ordinary shares	Sub-holding company	100.0%	British Virgin Islands	Nemours Chambers PO BOX 3170, Road Town, Tortola, Virgin Islands, British

Amounts owed by Group undertakings are a combination of interest-bearing and interest-free amounts, unsecured and receivable on demand.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

11 Debtors

	2017 £'000	2016 £'000
Prepayments and accrued income	-	19
Other debtors	11	11
Amounts owed by Group undertakings	13,683	9,590
	<u>13,694</u>	<u>9,620</u>

Amounts owed by Group undertakings are a combination of interest-bearing and interest-free amounts, unsecured and repayable on demand.

12 Creditors - amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	13	48
Amounts owed to Group undertakings	9,659	2,774
Accruals and deferred income	340	275
	<u>10,012</u>	<u>3,097</u>

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

13 Called up share capital

Authorised	2017 £'000	2016 £'000
Ordinary shares of £0.02 each	6,500	6,500
Convertible shares (18 months) of £0.02 each	250	250
Convertible shares (36 months) of £0.02 each	250	250
	<u>7,000</u>	<u>7,000</u>
	Number	Number
Ordinary shares of £0.02 each	325,000,000	325,000,000
Convertible shares (18 months) of £0.02 each	12,500,000	12,500,000
Convertible shares (36 months) of £0.02 each	12,500,000	12,500,000
	<u>350,000,000</u>	<u>350,000,000</u>

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

13 Called up share capital (continued)

Allotted and fully paid up

	Shares (number)	Called up share capital £'000	Share premium £'000	Other reserve s £'000	Total £'000
Ordinary shares:					
At 1 January 2016	247,797,188	4,956	236,795	11,303	253,054
At 31 December 2016	247,797,188	4,956	236,795	11,303	253,054
Shares issued on 26 April 2017	2,905,181	58	-	-	58
Dividend	-	-	(5,986)	-	(5,986)
At 31 December 2017	250,702,369	5,014	230,809	11,303	247,126

14 Reserves

	Share premium £'000	Warrant reserve £'000	Other reserves £'000	Treasury share reserve £'000	Share- based charges reserve £'000	Profit and loss account £'000
At 1 January 2017	236,795	22,703	11,303	(9,587)	7,288	(266,211)
Loss for the financial year	-	-	-	-	-	(5,731)
Share based payment charge	-	-	-	-	4,073	-
Dividend	(5,986)	-	-	-	-	-
Repayment	-	-	-	5,986	-	-
Write off of treasury shares	-	-	-	3,601	-	(3,601)
Transfer of reserves	-	(22,703)	-	-	(11,361)	34,064
At 31 December 2017	230,809	-	11,303	-	-	(241,479)

During 2017 £4,073,000 (2016: £2,753,000) was the IFRS 2 share based payment charge for share options issued to Circle employees, Directors and Partners. This charge has been passed on to the subsidiary companies in which the services are being provided, by way of capital contribution.

An interim dividend was paid on 21 September 2017. The distribution was made out of the share premium account.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

15 Reconciliation of movements in shareholders' funds

	2017 £'000	2016 £'000
Loss for the financial year	(5,731)	(3,521)
Issue of share options (note 17)	4,073	2,753
Issue of ordinary shares (note 13)	58	-
Net addition to shareholders' funds	(1,600)	(768)
Opening shareholders' funds	7,247	8,015
Closing shareholders' funds	5,647	7,247

16 Warrants

In April 2017, the entire share capital of the Company was acquired by Circle Health Holdings Limited, a private limited company.

The Company had previously issued warrants which gave the holders the right to purchase shares for a specific price at a future date. The warrants are treated either as equity instruments and recorded in the warrant reserve, or as financial liabilities and recorded in liabilities, depending on certain criteria, as outlined in the Company's accounting policies. On acquisition the strike price of the warrants was higher than the acquisition price, and the warrants were cancelled.

17 Capital Contribution and Share Based Charges

In April 2017, the entire share capital of the Company was acquired by Circle Health Holdings Limited, a private limited company. Shares, shares options and share warrants of the Company had previously been issued by the Group to directors, employees, clinicians and external investors who contributed to the success and growth in value of the Group. The issuance of these warrants and shares, including the issue of shares to scheme participants and employees, qualified as equity-settled share-based payment transactions and fell within the scope of IFRS 2 'Share-based payment'. Note there was no charge associated with the transaction where the employees subscribed for the shares at full market value.

All share options that were outstanding and at an exercise price below the acquisition price of 30p at the time of the acquisition by Circle Health Holdings Limited became exercisable. The Company has recognised a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution. During 2017, £4,073,000 was the IFRS 2 share based payment charge for share options issued to Circle Health Limited directors, employees and partners (2016: £2,753,000).

Following the acquisition of the shares by Circle Health Holdings Limited the share scheme was closed and there were no share options outstanding at the end of the year. As such, the treasury share reserve has been reduced to nil.

Circle Holdings (OS) Limited (formerly Circle Holdings plc)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

18 Related party transactions

The Company has taken advantage of the exemptions allowed under FRS 101, not to disclose the transactions entered into between two or more members of a group.

As at 31 December 2017, there were no transactions entered into, or trading balances outstanding with related parties outside the Group.

19 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Circle Health Holdings Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Circle Health Holdings Limited. Copies of the Circle Health Holdings Limited consolidated financial statements may be obtained from 32 Welbeck Street, London, W1G 8EU.

The ultimate controlling party is Circle Health Holdings Limited.

20 Events after the balance sheet date

There are no post balance sheet date events to report.