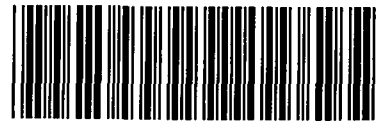


Registered no: 05153608

**Circle Nottingham Limited (formerly
Nations Healthcare (Nottingham) Limited)**

**Annual report and financial statements
For the year ended 31 December 2013**

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Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Annual report and financial statements

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Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Company Information

Directors

Rachael Magnani
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 (formerly Nations Healthcare (Nottingham) Limited)

Strategic report for the year ended 31 December 2013

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. During the year, the Company won the retender to provide renewed services at the Nottingham NHS Treatment Centre for a further five years until July 2018.

In 2005, the Company was awarded an Independent Sector Treatment Centre ('ISTC') contract to construct the Nottingham Treatment Centre and perform NHS medical procedures for 5 years. The construction costs were financed under a Private Finance Initiative ('PFI') agreement with Barclays plc, underwritten by the Department of Health ('DoH'). 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 2013 was the fifth full year of operations for Circle's Nottingham NHS Treatment Centre. Patient volumes continued to grow with daycase patients up 3.7% to 28,718 (2012: 27,700) and outpatient procedures up 2.9% to 62,144 (2012: 60,364). At the same time, patient recommendations averaged 99% (2012: 99%).

Despite the increase in volumes, revenue has decreased this year by 3.1% to £51,675,000 (2012: £53,317,000) 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 increased by 38.0% to £5,351,000 (2012: £3,877,000).

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 £16,763,000 (2012: loss of £4,086,000). The Directors do not recommend the payment of any dividends (2012: £nil).

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Strategic report for the year ended 31 December 2013 (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 two principal shareholders of Circle Health Limited, Circle Holdings plc (50.1%) and Circle Partnership Limited (49.9%).

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. This renewed contract will run until July 2018 and has rebased the price per episode to national tariff.

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
9 May 2014

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Director's report for the year ended 31 December 2013

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2013 for Circle Nottingham Limited (formerly Nations Healthcare (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'). The company changed its name on 18 July 2014.

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 11 to 12 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 the financial statements for the year ended 31 December 2013. 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. The ultimate parent, Circle Holdings plc, has provided a letter of support accordingly.

As such, the Directors of Circle Nottingham Limited (formerly Nations Healthcare (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 2013.

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Director's report for the year ended 31 December 2013 (continued)

Directors

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

Patrick Butterworth	(resigned 13 March 2013)
Massoud Fouladi	(resigned 14 June 2013)
Rachael Magnani	
Paul Manning	(appointed 25 November 2013)
Steve Melton	
Jonathan Nash	(appointed 14 June 2013, resigned 30 September 2013)

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 £1,000 (2012: £nil) 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.

Statement of Directors' responsibilities

The Directors are responsible for preparing 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

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Director's report for the year ended 31 December 2013 (continued)

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
9 May 2014**

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Independent auditors' report to the members of Circle Nottingham Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Circle Nottingham Limited, comprise:

- the balance sheet as at 31 December 2013;
- 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 their preparation 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

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.

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.

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

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

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.

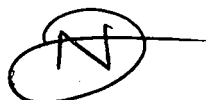
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 May 2014

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	51,675	53,317
Cost of sales		(33,959)	(37,554)
Gross profit		17,716	15,763
Administrative expenses		(12,875)	(13,034)
Operating profit	3	4,841	2,729
Interest receivable and similar income	6	1,976	3,384
Interest payable and similar charges	7	(1,466)	(2,236)
Profit on ordinary activities before taxation		5,351	3,877
Tax on profit on ordinary activities	8	11,412	(7,963)
Profit / (loss) for the financial year	16	16,763	(4,086)

The activities of the Company relate to continuing operations.

The Company has no recognised gains and losses (2012: 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 (2012: no difference) and their historical cost equivalents.

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible fixed assets	9	1,293	870
Current assets			
Stocks	10	395	1,504
Debtors – amounts falling due within one year	11	8,599	45,464
Debtors – amounts falling due after more than one year	8,14	1,649	-
Total debtors		<u>10,248</u>	<u>45,464</u>
Cash at bank and in hand	12	3,810	6,307
		<u>14,453</u>	<u>53,275</u>
Creditors amounts falling due within one year	13	<u>(5,642)</u>	<u>(51,041)</u>
Net current assets		<u>8,811</u>	<u>2,234</u>
Total assets less current liabilities		<u>10,104</u>	<u>3,104</u>
Creditors amounts falling due after more than one year		-	-
Provisions for liabilities	14	(50)	(9,813)
Net assets / (liabilities)		<u><u>10,054</u></u>	<u><u>(6,709)</u></u>
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account	16	9,554	(7,209)
Total shareholders' funds / (deficit)	17	<u><u>10,054</u></u>	<u><u>(6,709)</u></u>

The financial statements on pages 11 to 23 were approved by the Board of Directors on 9 May 2014 and were signed on its behalf by:



Steve Melton, Director
Circle Nottingham Limited

Registered no: 05153608

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013

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 intermediate parent, Circle Health Limited, 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.

Operating financial asset

An element of the Nottingham ISTC income is attributable to construction services and is therefore recognised in accordance with SSAP 9 'Stock and long-term contracts', using the percentage of completion method. An element of income is allocated between interest receivable and the operating financial asset using the contracted rate of return. The group have now received the fixed payment for the financial asset in July 2013 and this is no longer applicable.

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 period. 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 (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (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 (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (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 new 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. Under the old contract, the CCG offered guaranteed payments, based on medical procedures performed, subject to various contractual provisions. Profit was taken on the contract as the appointment was completed but adjusted to reflect the contractual terms in relation to underutilisation within contract quarters and years. Revenue was also accrued or deferred where the treatment took 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 (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (continued)

3 Operating profit

Operating profit is stated after charging / (crediting):	2013	2012
	£'000	£'000
Gain on disposal of tangible assets	-	(11)
Depreciation of tangible fixed assets	332	291
Amortisation of pre contract costs	1,168	2,003
Operating lease charges		
- plant and machinery	1,572	2,202
- other	1,154	259
	<u>1,572</u>	<u>2,202</u>
	<u>1,154</u>	<u>259</u>

The auditors' remuneration of £44,400 payable to PricewaterhouseCoopers LLP (2012: £38,000) in relation to the provision of audit services was borne by Circle Health Limited. No non-audit fees were incurred by the Company (2012: none).

4 Employee Information

Staff costs were as follows:	2013	2012
	£'000	£'000
Wages and salaries	7,356	5,403
Social security costs	594	443
Other pension costs (note 19)	326	170
	<u>8,276</u>	<u>6,016</u>

In 2012 and 2013, all staff costs were incurred by the Company.

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

	2013	2012
	Number	Number
Clinical staff	153	101
Administrative staff	172	139
	<u>325</u>	<u>240</u>

5 Directors' emoluments

	2013	2012
	£'000	£'000
Aggregate emoluments	<u>888</u>	<u>718</u>
Highest paid Director	<u>348</u>	<u>286</u>

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (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.

Directors' emoluments in 2013 and 2012 were paid and expensed in Circle Health Limited, Nations Healthcare Limited and Nations Healthcare (Nottingham) Limited.

Circle Hospital (Reading) Limited made contributions on behalf of the Directors during the year to a defined contribution pension scheme of £81,000.

6 Interest receivable and similar income

	2013 £'000	2012 £'000
Bank interest receivable	6	7
Interest on PFI financial assets	1,970	3,377
	<u>1,976</u>	<u>3,384</u>

7 Interest payable and similar charges

	2013 £'000	2012 £'000
Loan interest payable on Barclays plc ("Barclays") loan	1,427	2,169
Loan issue cost amortisation on Barclays loan	39	67
	<u>1,466</u>	<u>2,236</u>

8 Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

	2013 £'000	2012 £'000
The tax (credit) / charge is made up as follows:		
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal timing differences	(11,668)	8,585
Adjustments in respect of previous years	(10)	(63)
Effect of decreased tax rate	266	(559)
Tax (credit) / charge on profit on ordinary activities	<u>(11,412)</u>	<u>7,963</u>

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (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 (2012: lower) than the standard rate of corporation tax in the UK 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£'000	£'000
Profit on ordinary activities before tax	5,351	3,877
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	1,244	950
Effects of:		
Expenses not deductible for tax purposes	24	37
Capital allowances in excess of depreciation	(256)	(282)
Short-term timing differences	9,371	(469)
Losses utilised	(6,550)	(234)
Group relief claimed for nil payment	(3,833)	(2)
Current tax charge for the year	-	-

(c) Factors affecting future tax charges

The standard rate of corporation tax in the UK changed from 24.0% to 23.0% with effect from 1 April 2013. Legislation was enacted to reduce the main rate of corporation tax from 23.0% to 21.0% with effect from 1 April 2014.

The main rate will reduce further to 20% (and will become unified with the small companies rate) from 1 April 2015. The reductions in tax rate to 21% and subsequently to 20% were substantively enacted for the purposes of FRS19 - 'Deferred tax', on 2 July 2013.

As these rate changes have been substantively enacted at the balance sheet date, their effects have been included in these financial statements.

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (continued)

8 Tax on profit on ordinary activities (continued)

(d) Deferred taxation

The deferred tax is as follows:

	Unrecognised		Recognised	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Included in provisions for liabilities (note 14)	-	-	(1,649)	9,763
The deferred tax consists of:	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Depreciation in excess of capital allowances	-	(2,150)	(1,646)	-
Short term timing differences	-	(390)	(3)	9,763
Unrelieved tax losses	-	(6,470)	-	-
(Asset) / liability	-	(9,010)	(1,649)	9,763

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 fixed assets

	Leasehold improve- ments £'000	Clinical equipment £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost				
At 1 January 2013	385	698	905	1,988
Additions	510	142	103	755
At 31 December 2013	895	840	1,008	2,743
Accumulated Depreciation				
At 1 January 2013	56	299	763	1,118
Depreciation charge for the year	43	218	71	332
At 31 December 2013	99	517	834	1,450
Net book value				
At 31 December 2013	796	323	174	1,293
At 31 December 2012	329	399	142	870

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (continued)

10 Stocks

	2013 £'000	2012 £'000
Consumables	395	336
Long term contract balances	-	1,168
	<u>395</u>	<u>1,504</u>

11 Debtors

	Current		Non-current	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	401	668	-	-
PFI financial asset	-	41,990	-	-
Amounts owed by group undertakings	7,463	20	-	-
Other debtors	450	84	-	-
Prepayments and accrued income	285	2,702	-	-
Deferred tax asset	-	-	1,649	-
	<u>8,599</u>	<u>45,464</u>	<u>1,649</u>	<u>-</u>

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

Operating financial assets are recognised to the extent that there is an unconditional right to receive cash from the construction of Circle's Nottingham NHS Treatment Centre through which the Company provides healthcare services. This property was handed to the Department of Health and the liability owed to Barclays has been fully discharged when the Company exited the old contract on 28 July 2013 and the asset has been derecognised from the Balance Sheet.

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (continued)

12 Cash at bank and in hand

	2013 £'000	2012 £'000
Cash at bank and in hand	3,810	6,307
Less restricted cash balances:		
Minimum balance	-	(1,300)
Unrestricted cash at bank and in hand	<u>3,810</u>	<u>5,007</u>

A condition of the ISTC contracts with the DoH and GE, who leased the medical equipment, was that a minimum balance of £1,300,000 for Nations Healthcare (Nottingham) Limited was maintained at each month end. This was released in July 2013 when the lease expired.

13 Creditors – amounts falling due within one year

	2013 £'000	2012 £'000
Barclays loan	-	41,768
Trade creditors	1,865	5,596
Amounts owed to group undertakings	169	1,226
Other creditors	305	203
Accruals and deferred income	3,303	2,248
	<u>5,642</u>	<u>51,041</u>

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

The Barclays PFI loan of £41,768,000 was extinguished in full on 1 July 2013 when the Company exercised their unconditional right to receive cash from the construction of Circle's Nottingham NHS Treatment Centre and the PFI operating asset was handed to the Department of Health. At this point the interest rate swap also expired. The Private Finance Initiative ('PFI') loan was secured by way of a fixed and floating charge over the assets of Circle's Nottingham NHS Treatment Centre.

14 Provisions for liabilities

	Deferred tax £'000	Dilapidations provision £'000	Total £'000
At 1 January 2013	9,763	50	9,813
Released during the year	(9,763)	-	(9,763)
At 31 December 2013	<u>-</u>	<u>50</u>	<u>50</u>

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (continued)

15 Called up share capital

	2013 £'000	2012 £'000
Authorised		
500,000 (2012: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>
Allotted and fully paid		
500,000 (2012: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

16 Profit and loss account

	£'000
At 1 January 2013	(7,209)
Profit for the financial year	16,763
At 31 December 2013	<u>9,554</u>

17 Reconciliation of movement in shareholders' funds / (deficit)

	2013 £'000	2012 £'000
Opening shareholders' deficit	(6,709)	(2,623)
Profit / (loss) for the financial year	16,763	(4,086)
Closing shareholders' funds / (deficit)	<u>10,054</u>	<u>(6,709)</u>

18 Capital commitments

At 31 December 2013, the Company had capital commitments of £97,000 (2012: £nil).

19 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 £326,000 (2012: £170,000). There were £nil in outstanding contributions as at 31 December 2013 (2012: £16,000).

Circle Nottingham Limited (formerly Nations Healthcare (Nottingham) Limited)

Notes to the financial statements for the year ended 31 December 2013 (continued)

20 Operating lease commitments

At 31 December 2013, the Company had annual commitments under non cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Expiry date:				
Within one year	-	-	-	1,051
During years two to five	2,161	206	672	-
	<u>2,161</u>	<u>206</u>	<u>672</u>	<u>1,051</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.

21 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. There were no other related party transactions.

22 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 2013.

23 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Circle Health Limited, a company registered in England and Wales and is the smallest group for which consolidated financial statements are prepared that include the financial statements of the Company. Copies of the Circle Health Limited group financial statements may be obtained from the Company Secretary of Circle Health Limited at 32 Welbeck Street, London, W1G 8EU, United Kingdom.

Circle Holdings plc is the parent company of the largest group 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 2013, the Directors regard Circle Holdings plc, a company registered in Jersey, as the Company's ultimate parent undertaking and controlling party.