Registered number: 08841773

THE DOCTORS CLINIC GROUP LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

Directors	P J Corfield (appointed 16 December 2022) H Samra (appointed 16 December 2022) D M Farrell (appointed 9 May 2024)
Registered number	08841773
Registered office	3 Dorset Rise London EC4Y 8EN
Independent auditors	Ernst & Young 1 More London Place London SE1 2AF

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present the strategic report for the year ended 31 December 2022.

Section 172 statement
In accordance with Section 172(1) the Directors act in a way they consider in good faith would be the most likely to promote the success of The Doctors Clinic Group Ltd (the "Company") for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) The likely consequences of any decisions in the long term
b) The interest of the Company's employees
c) The need to foster the Company's business relationships with suppliers, customers and others
d) The impact of the Company's operations on the community and the environment
e) The desirability of the Company to maintain a reputation for high standards of business conduct and
f) The need to act fairly as between members of the Company.

The Directors meet at least quarterly and are collectively responsible for ensuring that the Company's operations are aligned to its internal values, as well as to focus on the short and long term strategically important decisions and activities of the Company, including considering how the Company will act fairly with all key stakeholders. These stakeholders include the interests and views of our patients, consultants, employees and our relationship with regulators such as the Care Quality Commission ("CQC"). By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the Directors aim to make sure that our decisions are consistent and predictable.

Principal Decisions
During 2022, the principal decisions of the Board that impacted on the future success of the Company and its stakeholders are set out below:

a. Updated purpose and strategy
A strategy that focuses on quality and safety at its core, champions sustainability throughout the organisation, recognises the vital role our people play in all of this, and delivers a strong financial performance for shareholders while generating value.

Further information is provided in the 2022 Annual Report and Accounts of Spire Healthcare Group plc, which is available at www.spirehealthcare.com.

Business review

This year saw continued change in UK healthcare, with even more people seeking prompt and safe private care, and the Company slightly behind expectations against a particularly challenging operating background. This was due to inflationary pressures, raised sickness levels and workforce pressure. The Directors of the business decided that it was in the best interest of the Company to explore a sale of the company to a trade buyer. A competitive process was undertaken and the Company was ultimately sold to Spire Healthcare Limited in December 2022.

Principal risks and uncertainties

Climate Change

Our climate-related risks include severe storm weather events which has the potential to cause major damage and disruption to our sites and buildings, prolonged spells of extreme ambient temperatures, energy price fluctuation as providing healthcare is a relatively energy intensive business and changes in laws and regulations including failure to meet net zero targets and obligations.

COVID-19 new variants

Repeated waves of infection occur from current or future variants of COVID-19 resulting in high levels of patient and colleague sickness in all areas of healthcare in the UK. Further waves of infection could adversely impact the Group's operations and our profitability by reducing the amount of elective procedures hospitals can carry out because of cancellations from patient illness and colleague absence.

Antimicrobial resistance

Antimicrobial resistance (AMR) is a global health and development threat. The World Health Organization has declared that AMR is one of the top 10 global public health threats facing humanity. Misuse and overuse of antimicrobials are the main drivers in the development of drug-resistant pathogens. The cost of AMR to the economy is significant. In addition to death and disability, prolonged illness results in longer hospital stays, the need for more expensive medicines and financial challenges for those impacted. Without effective antimicrobials, the success of modern medicine in treating infections, including during major surgery and cancer chemotherapy, would be at increased risk. Source: World Health Organization.

Macroeconomic risk – change in inherent risk level

Inflation continues to fall in the UK (now at 4% vs a peak of +11%), but still higher than the Bank of England target of 2%. Base lending rate is 5.25%. It had been forecast to increase further but with the fall in inflation in Q4 2024, our expectations are that base rates remain c5% for much of 2024 with falls possibly in Q3-Q4 2024 to c4.25% (source: National Westminster Bank). There is still risk of further energy price shocks and food price shocks from increased geopolitical tensions in Ukraine and the Middle East. Wage inflation (excluding bonuses) is 6.6% (September-November 2023).

Despite these inflationary headwinds the expectation is that the primary growth drivers for healthcare will remain medium term, namely record NHS waiting listsand a self-pay market which is larger than pre-pandemic.

Competitor challenge

We operate in a competitive market. New or existing competitors may enter the market of one or more of our existing clinics and/or offer new services. In the current economic environment, there is a risk that the pressures on competitors results in irrational market behaviour manifesting itself in low pricing on tenders or self-pay.

Supply chain disruption

Disruption in the global and UK supply chains because of a variety of factors could lead to shortages of critical components or products within: medicines, consumables and green energy supply.

Major infrastructure failure
There is a risk that there is a failure of national infrastructure from a variety of causes including lack of resilience in national infrastructure, strike action, terrorist activity and action by state governments wishing to harm the UK eg: the national electricity grid, import channels for our UK-based suppliers, fuel distribution and access to NHS.

Brand reputation
Following the acquisition by Spire Healthcare Limited, our brand reputation is interconnected with a number of other principal risks, eg clinical quality and patient safety, information governance and security.

Our future growth depends upon our ability to maintain, and continue to enhance, our reputation amongst patients, clinicians and other stakeholders.

As our brand presence grows, the risk increases that adverse events such as: Patient notifications and recalls, Mishandling of patient data, A breach of law or regulation will have a more material impact on us.

Information Governance and Security
We have to maintain and manage a range of physical and digital data assets including patient records, commercial information and staff data. Personal data has to be managed in compliance with the principles set out in the Data Protection Act 2018 and the General Data Protection Regulations (GDPR).

The level of risk to Company IT architecture and systems continues to grow as the volume of cyber security threats are increasing and becoming more sophisticated. Healthcare and pharmaceutical organisations saw increased hostile cyber activity in 2020-21 because of the COVID-19 pandemic. We anticipate that the Healthcare sector will remain a higher risk sector from cyber-attacks.

Workforce
There is a UK and global shortage of nursing, healthcare practitioners and GPs. As a private healthcare provider, we are subject to competition for staff from the NHS, other independent healthcare providers, and international demand.

Our ability to attract and retain clinical and non-clinical colleagues has been affected recently by:
- Growth of NHS waiting lists requiring more clinicians in the NHS/independent sector. The NHS has targeted securing the available flexible resource, reducing our access to bank and agency workers
- Increasingly, permanent colleagues are looking for more flexibility in their work environment
- The cost-of-living increase is affecting all our employees. Those on the lower salary levels are more sensitive to inflationary pressures and may move to marginally higher payers, both within or outside of healthcare
- Short-term sickness absence is higher than historical norms
- During the pandemic, employees have accrued substantial unused annual leave balances that can result in staff shortages at key holiday periods

Government policy
There is a risk that wider government policy is unfavourable to the healthcare sector as a whole, eg future economic or employment policy.

Diversification and disintermediation
There is a risk that we will not be able to launch and scale new propositions or services at sufficient pace to diversify and mitigate the risk of disintermediation from new service providers or new technologies. In addition, new digital healthcare services deliver lower margins and therefore contribution to existing services.

Patient safety and clinical quality
There is a risk to the provision of high-quality patient care due to:

- A shortage of skilled workforce
- Clinical and non-clinical staff and consultants failing to follow guidelines, standards and policies, resulting in avoidable patient harm
- Failing to learn from incidents, complaints, mortality reviews, patient feedback and patient notification exercises in a timely manner which may result in further patient harm.
- Failure to act on findings from audits, clinical outcome measures (including registry data), peer reviews and external inspections

Credit risk
Credit risk arises principally from receivables from customers and cash deposits. Exposure to credit risk from trade receivables is considered to be low because of the nature of the Company's customers. The credit risk relating to bank deposits is managed by Group Treasury by only investing with major financial institutions, which under the Spire Healthcare Group's policy, must be at least Investment Grade by key rating agencies.

Liquidity risk
The Company ensured that it had sufficient cash on demand to meet operational expenses for a period of 90 days, including the servicing of financial obligations. The Group maintains a financing credit facility, comprising a £100 million revolving credit facility at the period end (2021: £100 million) of which £100 million (2021: £100 million undrawn) remained unutilised.

Overall risk management
Overall risk is managed with reference to the Group and the principal risks and uncertainties facing the Company are therefore integrated with those facing the Group as a whole. Further information is provided in the 2022 Annual Report and Accounts of Spire Healthcare Group plc, which is available at www.spirehealthcare.com.

Development and future outlook
In 2023 appointments with patients were improved on prior year, with good growth in both self-pay and PMI patient levels.

We believe this sets us up well for 2024, and we anticipate seeing growth in revenue and profit during the year, with further margin improvement. Nonetheless, our margins remain susceptible to inflationary pressures, workforce challenges, agency costs and the continued presence of COVID and flu in society, which impact on our sickness absence and cancellation levels. To address this, we will deliver further efficiencies and savings. We will continue with pricing management as and where appropriate. We will also continue to respond to and to drive demand, including expanding the range of services we offer.

In the medium to long term, we remain committed to help meet the high demand for healthcare. We retain our focus on improving margins. Inflation and wage pressures notwithstanding, we are confident of continuing progress this year and beyond. In particular, the pricing management from 2023 has extended into 2024 when certain cost pressures are expected to ease.

We are continuing investment in our clinic network as well as supporting expansion of our service offering. We are as committed as ever to delivering the highest quality patient care which will underpin our success, as well as making our business carbon zero by 2030 and more sustainable in every sense.

Overall in 2024, we expect to make good progress and continued delivery of the Spire Healthcare Group's strategy.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Other key performance indicators

The Company's key financial and other performance indicators going forward are as follows:

	2022	*2021*
	£	£
Revenue	**6,730,997**	*7,411,443*
Operating loss	**(3,000,926)**	*(2,246,982)*

This report was approved by the board on 28 June 2024 and signed on its behalf.

H Samra
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of The Doctors Clinic Group Ltd is that of a healthcare provider.

Business review

The Doctors Clinic Group was set up to deliver convenient access to affordable GPs. It has expanded into a leading innovative, integrated health services platform that offers primary, diagnostic and secondary services through face to face and video consultations. Services expanded to include occupational health during 2019 following the acquisition of Spire Occupational Health Limited (formerly known as Maitland Medical Services Limited) and further boosted by the acquisition of Soma Health Limited in March 2022.

The Doctors Clinic Group was sold to Spire Healthcare Limited in December 2022.

Results and dividends

The loss for the year, after taxation, amounted to £2,803,317 *(2021: £1,987,253).*

The directors do not recommend payment of a final dividend.

Directors

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

P J Corfield (appointed 16 December 2022)
P W Davies (appointed 16 December 2022, resigned 9 May 2024)
H Samra (appointed 16 December 2022)
A Bezugly (resigned 16 December 2022)
M D Golding (resigned 31 July 2023)
D R Mezher (resigned 26 April 2023)
M J Patton (resigned 16 December 2022)
C Barlow (appointed 24 July 2023, resigned 18 April 2024)
D M Farrell (appointed 9 May 2024)

Future developments

The directors are of the opinion that following the change of ownership, the Company is in a position to continue to develop and expand its continuing activities as part of the wider Spire group and that all principal activities will continue to grow and develop during 2024.

Going concern

The Company operates as part of the Spire Healthcare Group. The day-to-day liquidity requirements of the Company are sourced either from within the Company or, where necessary, from the continued support of certain other entities within the Spire Healthcare Group, such support having been confirmed in writing by Spire Healthcare Group plc as available until 30 June 2025.

The Group assessed going concern risk for the period through to 30 June 2025. As at 31 December 2023 the Group had cash of £49.6 million, a Senior Loan Facility of £325 million and an undrawn Revolving Credit Facility of £60 million. An RCF drawing of £50 million was used for the October 2023 acquisition of Vita Health Group with £10 million of this being repaid by the end of the year. On 3 March 2023, the Group exercised the option to extend the senior loan facility by a further year. The financial covenants relating to this new agreement are materially unchanged and there have been no modifications to the agreement terms.

The Group has undertaken extensive activity to identify plausible risks which may arise and mitigating actions, which in the first instance would include management of working capital and constrained levels of capital investment. Based on the current assessment of the likelihood of these risks arising by 30 June 2025, together with their assessment of the planned mitigating actions being successful, the directors have concluded it is appropriate to prepare the accounts on a going concern basis. In arriving at their conclusion, the directors have also noted that, were these risks to arise in combination, it could result in a liquidity constraint or breach of covenant, however, the risk of this is considered remote.

The Group has also assessed, as part of its reverse stress testing, what degree of downturn in trading it could sustain before it breaches its financial covenant. This stress testing was based on flexing revenue downwards with a consistent percentage decline in variable costs, whilst maintaining the forecast of fixed costs. The testing did not allow for the benefit of any action that could be taken by management to preserve cash. This testing suggested that there would have to be at least a 21% fall in annual forecast revenue before the Group breaches its financial covenant, we believe that the risk of an event giving rise to this size of reduction in revenue is remote.

It should be noted that we are in a period of material geopolitical and macroeconomic uncertainty. Whilst the directors continue to closely monitor these risks and their plausible impact, their severity is hard to predict and is dependent upon many external factors. Accordingly, the actual financial impact of these risks may materially vary against the current view of their plausible impact.

Directors' responsibilities statement

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There are no reportable events.

Auditors

On 15 December 2022, Haysmacintyre LLP resigned as the Company's auditor in accordance with section 519A of the Companies Act 2006. On 16 December 2022, Ernst & Young LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

This report was approved by the board on 28 June 2024 and signed on its behalf.

H Samra
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOCTORS CLINIC GROUP

Opinion

We have audited the financial statements of Doctors Clinic Group for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 June 2025.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOCTORS CLINIC GROUP (Continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the jurisdictions in which the Company operates and the General Data Protection Regulations (GDPR).
- We understood how the Company is complying with those frameworks by making enquiries of management and directors, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through meetings with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of stakeholders. We considered the internal processes that the Company has established to address the risk identified, or that otherwise prevent, deter and detect fraud; and how senior management monitor those internal processes. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of board minutes to identify noncompliance with such laws and regulations; enquires with management; testing of manual journals identified by specific risk criteria.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOCTORS CLINIC GROUP (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Through these procedures we determined there to be a risk of management override and the fraud risk around revenue recognition through either manipulation of revenue by changes to the sales data or posting fraudulent manual journal entries to revenue. We have agreed a sample of the billing data to the underlying signed agreement or, in instances where no current contract or correspondence was available, we traced the settlement of the invoice directly to cash. In addition, we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria. We tested specific transactions back to source documentation ensuring appropriate support and authorisation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Stephney Dallmann (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 28 June 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	4	**6,730,997**	*7,411,443*
Cost of sales		**(4,387,958)**	*(4,375,719)*
Gross profit		**2,343,039**	*3,035,724*
Administrative expenses		**(5,343,965)**	*(5,325,368)*
Other operating income	5	**-**	*42,662*
Operating loss	6	**(3,000,926)**	*(2,246,982)*
Dividends received	7	**250,000**	*400,000*
Interest receivable and similar income	11	**420,912**	*11*
Interest payable and similar expenses	12	**(473,303)**	*(160,000)*
Loss before tax		**(2,803,317)**	*(2,006,971)*
Tax on loss	13	**-**	*19,718*
Loss for the financial year		**(2,803,317)**	*(1,987,253)*
Other comprehensive income for the year			
Total comprehensive loss for the year		**(2,803,317)**	*(1,987,253)*

The notes on pages 17 to 37 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes		2022 £		2021 (restated) £
Fixed assets					
Intangible assets	14		**196,302**		*291,756*
Tangible fixed assets	15		**295,750**		*424,171*
Investments	16		**2,955,216**		*2,955,216*
			3,447,268		*3,671,143*
Current assets					
Stocks	17	**24,749**		*46,479*	
Debtors (including £nil (2021: £40,415) due after more than one year)	18	**1,840,410**		*423,958*	
Cash and cash equivalents	19	**128,502**		*544,824*	
		1,993,661		*1,015,261*	
Creditors: amounts falling due within one year	20	**(4,477,448)**		*(4,733,396)*	
Net current liabilities			**(2,483,787)**		*(3,718,135)*
Total assets less current liabilities			**963,481**		*(46,992)*
Creditors: amounts falling due after more than one year	21		**-**		*-*
Net assets / (liabilities)			**963,481**		*(46,992)*
Capital and reserves					
Called up share capital	23		**214,217**		*190,253*
Share premium account	24		**13,177,118**		*9,387,292*
Profit and loss account			**(12,427,854)**		*(9,624,537)*
			963,481		*(46,992)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2024.

H Samra
Director

The notes on pages 17 to 37 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	**190,253**	**9,387,292**	**(7,137,284)**	**2,440,261**
Prior year adjustment (note 28)	-	-	(500,000)	(500,000)
At 1 January 2021 (as restated)	**190,253**	**9,387,292**	**(7,637,284)**	**1,940,261**
Comprehensive income for the year				
Loss for the year	-	-	(1,987,253)	(1,987,253)
Total comprehensive loss for the year	**-**	**-**	**(1,987,253)**	**(1,987,253)**
At 1 January 2022	**190,253**	**9,387,292**	**(9,624,537)**	**(46,992)**
Comprehensive income for the year				
Loss for the year	-	-	**(2,803,317)**	**(2,803,317)**
Total comprehensive loss for the year	**-**	**-**	**(2,803,317)**	**(2,803,317)**
Contributions by and distributions to owners				
Shares issued during the year (notes 23 and 24)	23,964	3,789,826	-	3,813,790
At 31 December 2022	**214,217**	**13,177,118**	**(12,427,854)**	**963,481**

The notes on pages 17 to 37 form part of these financial statements.

1. General information

The Doctors Clinic Group Ltd is a private company limited by shares and incorporated in England and Wales. The registered office address and principal place of business is 3 Dorset Rise, London, EC4Y 8EN.

The principal activity of The Doctors Clinic Group Ltd is that of a healthcare provider.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

In the prior financial year, the financial statements were prepared in accordance with the provisions applicable to companies subject to the small companies regime however in the current financial year, the small companies regime does not apply to The Doctors Clinic Group Ltd as the company forms part of Spire Healthcare Group plc.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The principal accounting policies adopted are set out below.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
- he requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c)
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The financial statements of the Company are consolidated in the financial statements of Spire Healthcare Group plc. The consolidated financial statements are available from www.spirehealthcare.com.

2. Accounting policies (continued)

2.3 Going concern

The Company operates as part of the Spire Healthcare Group. The day-to-day liquidity requirements of the Company are sourced either from within the Company or, where necessary, from the continued support of certain other entities within the Spire Healthcare Group, such support having been confirmed in writing by Spire Healthcare Group plc as available until 30 June 2025.

The Group assessed going concern risk for the period through to 30 June 2025. As at 31 December 2023 the Group had cash of £49.6 million, a Senior Loan Facility of £325 million and an undrawn Revolving Credit Facility of £60 million. An RCF drawing of £50 million was used for the October 2023 acquisition of Vita Health Group with £10 million of this being repaid by the end of the year. On 3 March 2023, the Group exercised the option to extend the senior loan facility by a further year. The financial covenants relating to this new agreement are materially unchanged and there have been no modifications to the agreement terms.

The Group has undertaken extensive activity to identify plausible risks which may arise and mitigating actions, which in the first instance would include management of working capital and constrained levels of capital investment. Based on the current assessment of the likelihood of these risks arising by 30 June 2025, together with their assessment of the planned mitigating actions being successful, the directors have concluded it is appropriate to prepare the accounts on a going concern basis. In arriving at their conclusion, the directors have also noted that, were these risks to arise in combination, it could result in a liquidity constraint or breach of covenant, however, the risk of this is considered remote.

The Group has also assessed, as part of its reverse stress testing, what degree of downturn in trading it could sustain before it breaches its financial covenant. This stress testing was based on flexing revenue downwards with a consistent percentage decline in variable costs, whilst maintaining the forecast of fixed costs. The testing did not allow for the benefit of any action that could be taken by management to preserve cash. This testing suggested that there would have to be at least a 21% fall in annual forecast revenue before the Group breaches its financial covenant, we believe that the risk of an event giving rise to this size of reduction in revenue is remote.

It should be noted that we are in a period of material geopolitical and macroeconomic uncertainty. Whilst the directors continue to closely monitor these risks and their plausible impact, their severity is hard to predict and is dependent upon many external factors. Accordingly, the actual financial impact of these risks may materially vary against the current view of their plausible impact.

2. Accounting policies (continued)

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Intangible assets

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	4	years
Computer software	-	4	years

2. Accounting policies (continued)

2.11 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	20% straight line
Office equipment	-	12.5% - 20% straight line
Computer equipment	-	20% - 25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

2.13 Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. Accounting policies (continued)

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.16 Financial instruments

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

Financial instruments are recognised in the company's Statement of financial position when the company becomes party to contractual provisions of the instrument.

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

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

Other financial assets
Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

2. Accounting policies (continued)

2.16 Financial instruments (continued)

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

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

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

Other financial liabilities
Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

The estimates are assumptions which have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Estimation on useful lives and residual value

Tangible fixed assets are depreciated over their useful lives, taking into accounts residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposal values. The estimate useful life of tangible fixed assets are set out in note 15.

Fixed assets investments

Assessing whether or not investments in subsidiary entities remain unimpaired required the exercising of judgement, particularly during a period of change in the underlying business and as a strategy of growth and performance improvements is pursued. In undertaking this assessment directors have regards to estimates of future profitability, discount rates and/ or multiples of value that might be realised on sale. Each of these elements is subject to estimation uncertainty that may be subject to future revision and such uncertainty is heightened by the relatively early stage of the Company's development in its present form. Having undertaken a review as at 31 December 2022, the directors do not consider that any material impairment has arisen.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£	£
Healthcare services	**6,730,997**	*7,411,443*

All turnover arose within the United Kingdom.

5. Other operating income

	2022	2021
	£	£
Income receivable from subsidiary undertakings	-	42,662

Income receivable from subsidiary undertakings relate to income from the sale of COVID-19 test kits to the company's subsidiary undertakings. This was discontinued in 2022.

6. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Amortisation of intangible assets	124,749	52,640
Depreciation of tangible fixed assets	181,265	123,865
Other operating lease rentals	681,092	759,016

7. Dividends received

	2022	2021
	£	£
Dividends received from subsidiary undertakings	250,000	400,000

8. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	65,000	30,000

The audit fee for the Company was borne by another Group company, and no recharge was made to the Company in respect of these costs in the current or comparative year.

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	3,096,428	3,246,006
Social security costs	350,319	354,475
Cost of defined contribution scheme (note 25)	77,513	78,015
	3,524,260	3,678,496

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

	2022 No.	2021 No.
Employees	79	80

10. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	297,000	315,920
Company contributions to defined contribution pension schemes	8,910	9,478
	305,910	325,398

Emoluments of the highest paid director were £195,000 (2021: £228,540). Company pension contributions of £5,850 (2021: £6,856) were made to a pension scheme on his behalf.

11. Interest receivable and similar income

	2022 £	*2021* *£*
Interest receivable	**15**	*11*
Fair value gain	**420,897**	-
	420,912	*11*

12. Interest payable and similar expenses

	2022 £	*2021* *(restated)* *£*
Bank interest payable	**14,105**	-
Other loan interest payable	**459,198**	-
Fair value loss	-	*160,000*
	473,303	*160,000*

13. Taxation

	2022 £	*2021* *£*
Corporation tax		
Current tax on profits for the year	-	*(19,718)*
	-	*(19,718)*
Total current tax	-	*(19,718)*
Deferred tax		
Total deferred tax	-	-
Tax on loss	-	*(19,718)*

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021: 19%)*. The differences are explained below:

	2022 £	*2021 £*
Loss on ordinary activities before tax	**(2,803,317)**	*(2,006,971)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**(532,630)**	*(381,324)*
Effects of:		
Fixed asset differences	**13,551**	*5,258*
Expenses not deductible for tax purpose	**118,351**	*22,348*
Additional deduction for R&D expenditure	**-**	*(11,155)*
Surrender of tax losses for R&D tax credit refund	**-**	*4,674*
Group income	**(47,500)**	*(76,000)*
Group relief surrendered	**102,435**	*46,501*
Adjustments to tax charge in respect of previous periods	**-**	*(4,656)*
Remeasurement of deferred tax for changes in tax rates	**(109,197)**	*(546,818)*
Movement in deferred tax not recognised	**454,990**	*921,454*
Total tax charge for the year	**-**	*(19,718)*

Factors that may affect future tax charges

On 24 May 2021, the main rate of corporation tax was increased to 25% with effect from 1 April 2023.

Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the period end of 25%.

14. Intangible assets

	Development expenditure £	Computer software £	Total £
Cost			
At 1 January 2022	**175,597**	**201,809**	**377,406**
Additions	**14,966**	**14,090**	**29,056**
Transfers	**(22,590)**	**22,590**	**-**
Disposals	**-**	**(50,215)**	**(50,215)**
At 31 December 2022	**167,973**	**188,274**	**356,247**
Amortisation			
At 1 January 2022	**-**	**85,650**	**85,650**
Charge for the year on owned assets	**70,785**	**53,964**	**124,749**
On disposals	**-**	**(50,454)**	**(50,454)**
At 31 December 2022	**70,785**	**89,160**	**159,945**
Net book value			
At 31 December 2022	**97,188**	**99,114**	**196,302**
At 31 December 2021	*175,597*	*116,159*	*291,756*

Development expenditure relates to the development of a mobile application to assist with customer bookings. The mobile application went live in 2021.

15. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	456,995	272,235	348,056	1,077,286
Additions	51,544	14,765	1,101	67,410
Disposals	(74,405)	(35,909)	(102,796)	(213,110)
At 31 December 2022	434,134	251,091	246,361	931,586
Depreciation				
At 1 January 2022	276,755	165,626	210,734	653,115
Charge for the year on owned assets	88,167	38,000	55,098	181,265
Disposals	(59,866)	(40,463)	(98,215)	(198,544)
At 31 December 2022	305,056	163,163	167,617	635,836
Net book value				
At 31 December 2022	129,078	87,928	78,744	295,750
At 31 December 2021	*180,240*	*106,609*	*137,322*	*424,171*

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	2,955,216
At 31 December 2022	2,955,216

16. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Spire Occupational Health Limited (formerly known as Maitland Medical Service Limited)	3 Dorset Rise, London, EC4Y 8EN	Ordinary	100%

Separate company financial statements are required to be prepared by law. Consolidated financial statements for Spire Healthcare Group plc are prepared and publicly available.

17. Stocks

	2022 £	*2021* *£*
Finished goods and goods for resale	**24,749**	*46,479*

18. Debtors

	2022 £	*2021* *£*
Due after more than one year		
Prepayments and accrued income	-	*40,415*
	-	*40,415*
Due within one year		
Trade debtors	**119,207**	*45,106*
Amounts owed by group undertakings	**1,273,853**	*-*
Other debtors	**295,991**	*93,305*
Prepayments and accrued income	**122,623**	*216,396*
Tax recoverable	**28,736**	*28,736*
	1,840,410	*423,958*

Amounts owed by group undertakings are interest free and repayable on demand.

19. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	128,502	544,824
	128,502	544,824

20. Creditors: Amounts falling due within one year

	2022 £	2021 (restated) £
Bank overdrafts	-	63,103
Trade creditors	207,269	301,639
Amounts owed to group undertakings	2,991,200	125,268
Other taxation and social security	243,626	182,724
Other creditors	307,813	685,446
Accruals and deferred income	727,540	647,885
Other loans	-	2,727,331
	4,477,448	4,733,396

Amounts owed to group undertakings are interest free and payable on demand.

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

	2022 £	2021 (restated) £
Other loans	-	-

Refer to details of prior period adjustment in note 28.

22. Loans

Analysis of the maturity of loans is given below:

	2022 £	*2021* *(restated)* *£*
Amounts falling due within one year		
Other loans	-	*2,727,331*
	-	*2,727,331*

Other loans is made up of the Future Fund loan. The 'Future Fund' was a government scheme to support UK-based companies ranging from £125,000 to £5 million, subject to at least equal matched funding from private investors. The scheme, alongside other Government support schemes, aimed to support companies facing financing difficulties due to the Coronavirus outbreak.

On 30 June 2022 the Company exercised its option to convert the Future Fund loan to equity. Prior to the conversion the Future Fund loan was fully drawndown. The loan had a maturity period of 36 months and interest applied at 8%. The loan had an option for it to be repaid at a redemption of 100% after 36 months, or for it to convert to a 20% discount on equity. The loan had been recognised and measured at fair value through profit or loss. Refer to note 23 for more detail on the conversion of the loan and note 28 regarding the prior period adjustment on the loan.

23. Share capital

	2022 £	*2021* *£*
Allotted, called up and fully paid		
901,657 *(2021:662,020)* A Ordinary shares of £0.100000 each	**90,166**	*66,202*
103,905 *(2021:103,905)* B Ordinary shares of £1.000000 each	**103,905**	*103,905*
9,549 *(2021:9,549)* C2 Ordinary shares of £0.100000 each	**955**	*955*
490 *(2021:490)* C1 Ordinary shares of £0.100000 each	**49**	*49*
713 *(2021:713)* Deferred shares of £0.100000 each	**71**	*71*
28,401 *(2021: 28,401)* D Ordinary shares of £0.000010 each	**-**	*-*
6,357 *(2021:6,357)* E1 Ordinary shares of £1.000000 each	**6,357**	*6,357*
6,357 *(2021: 6,357)* E2 Ordinary shares of £1.000000 each	**6,357**	*6,357*
6,357 *(2021:6,357)* E3 Ordinary shares of £1.000000 each	**6,357**	*6,357*
	214,217	*190,253*

On 30 June 2022, the Company allotted 239,637 A ordinary shares of £0.10 each.

During the year, 83,742 A ordinary shares were issued at £18 each to the shareholders of the Company prior to the acquisition by Spire Healthcare Limited. The total consideration amounted to £1,507,356 representing £8,374 in additional share capital and £1,498,982 in additional share premium.

As a result of the Future Fund loan being converted to equity, 155,895 A ordinary shares were issued for a total consideration amounting to £2,306,434 representing £15,590 in additional share capital and £2,290,844 in additional share premium. The total consideration of £2,306,434 was funded through a debt-to-equity conversion of the £2,000,000 Future Fund convertible loan (note 22) and the accrued interest of £306,434 on the Future Fund convertible loan.

24. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs. During the year, 239,637 A ordinary shares were issued resulting in the share premium account increasing by £3,789,826 from £9,387,292 to £13,177,118. Refer to note 23 for more details.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £77,513 (2021: £78,015). Contributions totalling £42,430 (2021: £25,565) were payable to the fund at the reporting date and are included in other creditors.

26. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 **£**	*2021* *£*
Not later than 1 year	**179,618**	*278,080*
Later than 1 year and not later than 5 years	**373,441**	*83,472*
	553,059	*361,552*

27. Ultimate parent company and controlling party

On 16 December 2022, Spire Healthcare Limited acquired 100% of the voting shares of The Doctors Clinic Group Ltd, who then became the immediate parent undertaking of The Doctors Clinic Group Ltd. The Company's ultimate parent undertaking is Spire Healthcare Group plc, a company registered in England and Wales. The largest and smallest group in which the results of the Company are consolidated is that held by Spire Healthcare Group plc. Copies of the consolidated financial statements of Spire Healthcare Group plc may be obtained from the Spire Healthcare website at www.spirehealthcare.com.

Prior to the acquisition by Spire Healthcare Limited, the directors considered that the company had no ultimate controlling party.

28. Prior period adjustment

Future Fund loan

During the year it was identified that the Future Fund loan was incorrectly recognised at amortised cost and determined the loan should be recognised at fair value through profit or loss due the nature of the loan. As the Future Fund loan is convertible to a variable number of shares at an unknown value the loan is considered to be a complex financial instrument. The fair value of the loan is determined by reference to the value of the conversion at the reporting date as management determined that the loan was likely to be converted and not repaid. The fair value of the loan was determined by conducting a valuation of the company at the end of the reporting period in order to determine the fair value of the conversion. The movement in the fair value is recognised in profit and loss. In prior years accrued interest was incorrectly recognised in accruals included in creditors amounts falling due in one year.

This resulted in an overstatement of the Profit and loss account at 1 January 2021 of £500,000, the understatement of Creditors: amounts falling due within one year balance at 31 December 2021 of £2,500,000 and the overstatement of Creditors: amounts falling due after more than one year balance at 31 December 2021 of £2,000,000. Management considers this to be a material error in line with FRS 102 Section 10 Accounting Policies, Estimates and Errors and have corrected the prior period in line with the requirements of the Standard.

As at 31 December 2021:

	2021 As originally stated £	Prior period adjustment £	2021 Restated £
Statement of financial Position:			
Fixed assets			
Intangible assets	291,756	-	291,756
Tangible assets	424,171	-	424,171
Investments	2,955,216	-	2,955,216
	3,671,143	**-**	**3,671,143**
Current assets			
Stocks	46,479	-	46,479
Debtors	423,958	-	423,958
Cash and cash equivalents	544,824	-	544,824
	1,015,261	**-**	**1,015,261**
Creditors: amounts falling due within one year	(2,233,396)	(2,500,000)	(4,733,396)
Net current liabilities	**(1,218,135)**	**(2,500,000)**	**(3,718,135)**
Total assets less current liabilities	**2,453,008**	**(2,500,000)**	**(46,992)**
Creditors: amounts falling due after more than one year	(2,000,000)	2,000,000	-
Net assets / (liabilities)	**453,008**	**(500,000)**	**(46,992)**
Capital and reserves			
Called up share capital	190,253	-	190,253
Share premium account	9,387,292	-	9,387,292
Profit and loss account	(9,124,537)	(500,000)	(9,624,537)
Total equity	**453,008**	**(500,000)**	**(46,992)**

28. Prior period adjustment (continued)

As at 31 December 2021:

	2021 As originally stated £	Prior period adjustment £	2021 Restated £
Statement of changes in equity:			
Called up share capital	190,253	-	190,253
Share premium account	9,387,292	-	9,387,292
Profit and loss account at 1 January 2021	(7,137,284)	(500,000)	(7,637,284)
Loss for the year	(1,987,253)	-	(1,987,253)
Total equity	**453,008**	**(500,000)**	**(46,992)**

As at 1 January 2021:

	2021 As originally stated £	Prior period adjustment £	2021 Restated £
Creditors: amounts falling due within one year	(2,650,594)	(2,500,000)	(5,150,594)
Creditors: amounts falling due after more than one year	(2,000,000)	2,000,000	-
Profit and loss account within the Statement of changes in equity	(7,137,284)	(500,000)	(7,637,284)