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Company Registration No. 08841773 (England and Wales)

THE DOCTORS CLINIC GROUP LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

THE DOCTORS CLINIC GROUP LTD

COMPANY INFORMATION

Directors	P J Corfield H S Samra D M Farrell	 (Appointed 9 May 2024)
Company Secretary	P W Davies	
Registered number	08841773	
Registered office	3 Dorset Rise London EC4Y 8EN	
Independent Auditor	Ernst & Young LLP R+, 2 Blagrave Street Reading Berkshire RG1 1AZ	

THE DOCTORS CLINIC GROUP LTD

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THE DOCTORS CLINIC GROUP LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors have pleasure in presenting their strategic report for the year ended 31 December 2023.

Principal activities
The principal activity of the Group is that of a healthcare provider. We specialise in General Practice (GP) services and occupational health within our wider offering.

Business Review
The Group saw a 10.2% increase in profit on the prior year. The Group's loss for the year was £2.5m (2022: £2.8m loss). Turnover was £13.1m (2022: £10.4m), 26.5% higher than the prior year. Operating profit for the year increased by £0.2m to a loss of £2.50m compared to prior year (2022: £2.7m loss).

The net profit margin reflects the impact that the increases in inflation, interest rates, and energy costs have had on the industry at large. However, demand for services continues to grow which is pleasing and this is reflected in the increase in turnover.

The Group remains focused on controlling overheads; however, some cost increases have been out of our control. For example, there is both a UK and global shortage of nursing and healthcare practitioners. Combined with the increase in the cost of living, this has driven up wages and salary costs. Staffing levels and operational efficiencies will continue to be key areas of focus during 2024 to further improve margins as the business grows.

Following the purchase of the Group by Spire Healthcare Ltd in December 2022, the current year includes, within administrative expenses, £375k of one-off exceptional costs as part of the ongoing restructure and alignment to the wider Spire Healthcare Group.

The net liability position of the Group is £2.9m (2022: £0.4m).

Current liabilities have increased by £2.8m. This is mainly due to the intercompany current account that it has with its parent, Spire Healthcare Ltd. This replaced the bank loan that the Group had prior to its acquisition by Spire Healthcare and has increased during the year to meet the Groups working capital requirements.

Key performance indicators – financial and non-financial

The Company's key financial and non-financial indicators are as follows:

	Financial	
	2023	**2022**
Turnover	£13.1m	£10.4m
Operating (Loss)	£(2.5)m	£(2.7)m
	Non-Financial	
	2023	**2022**
Average number of employees	154	140

Group strategy and outlook
The Group's strategy is to remain operating within the healthcare sector for the medium to long term. Staffing levels and operational efficiencies will continue to be key areas of focus during 2024 to further improve margins as the business grows.

Principal risks and uncertainties

Workforce
There is both a UK and global shortage of nursing and healthcare practitioners. We compete for talent in the UK and from international demand, and increasingly for non-clinical roles in a candidate driven marketplace. Our ability to attract and retain clinical and non-clinical colleagues has been affected by the following:

- The cost-of-living increase impacting all our employees. Those on the lower salary levels are more sensitive to inflationary pressures and may move to marginally higher payers, both within and outside of healthcare
- Increasingly, permanent colleagues are looking for more flexibility in their work environment and work life balance
- The candidate driven market which impacts salary expectations for key roles, and attraction of agency rates
- Growth of demand for healthcare services since the pandemic

We seek to mitigate this through a common purpose and a positive workplace culture, competitive pay and reward benefits and offering greater flexibility in colleagues roles.

Inflation and wage inflation
Inflation continues to fall in the UK, from its peak of 11.1% in October 2022, and it is now closer to the Bank of England target of 2%. Base lending rate is 4.75%. It had been forecast to increase further but with the expected fall in inflation in Q4 2023 and Q1 2024, our expectations became that base rates remain at c5% for much of 2024 with falls possibly in Q4 2024 to c4.5% (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 4.8% (July-September 2024).

Despite these inflationary headwinds the expectation is that the primary growth drivers for healthcare will remain medium term, namely record NHS waiting lists, stable/growing PMI lives covered and a self-pay market which is larger than pre-pandemic.

We seek to mitigate this through regular pay reviews and monitoring of other costs impacted by inflation to ensure an efficient cost base.

Climate change
Climate-related risks have been identified through the enterprise risk management process. In 2023, we have undertaken scenario analysis to identify our short, medium and long-term risks from climate change. Following the structure of the Taskforce on Climate-related Financial Disclosures (TCFD), we face risks and opportunities from the transition to a low carbon economy and physical risks from a warming climate. While TCFD is not directly applicable to the Group, this principal risk is an overarching description of those individual risks that are described in greater detail in the TCFD reporting of the wider Spire Healthcare Group on pages 75 to 80 of the Spire Healthcare Group plc Annual Report and Accounts 2023.

We may, in the medium to long term, be indirectly at risk from societal risks related to climate change, e.g., food security.

We seek to mitigate this through energy efficiency measures to reduce consumption and our energy hedging strategy which has seen all our current energy requirements secured until December 2024.

Information governance and security
As a healthcare organisation, we must manage and maintain a range of physical and digital data assets including patient records, commercial information and staff data. Our intelligence indicates that healthcare data remains highly valuable to criminal and hostile state operators. There is a risk that:

- We will not manage personal data in compliance with the principles set out in the Data Protection Act 2018 and the General Data Protection Regulations (GDPR)
- We will be subject to hostile and sophisticated cyber activity against our IT systems and applications

To mitigate this the data strategy, governance and security committee monitors the risk and mitigations for data governance and cyber security. The committee reports into the Spire Healthcare Group executive committee with a separate reporting line to the Spire Healthcare Group audit and risk committee. To support this governance structure, we have a range of policies and practices, and mandatory staff training covering data governance (e.g., central monitoring of compliance
with data subject access requests, data processing impact assessments and notifications to or from the Information Commissioners Office) and cyber security.

Digitalisation, automation and efficiency
We have authorised substantial investment to digitalise our patient experience as well as back-office processes. However, *despite our digitalisation programme there is a risk that:*

- The digital environment evolves requiring us to readjust or increase our investment to further retain or improve our position in the market
- We do not deploy new technologies with the support and training of our colleagues, thus undermining the potential for efficiency gains
- Loss of IT and other team members because of the competitive market for scarce talent which would hinder our progress and/or increase costs of implementation

To mitigate this the digital strategy focuses on an 18–24-month planning horizon to improve the predictability of investment and outcomes. This will enable us to adjust the priorities and speed of implementation in response to changes in the macro climate and competitive landscape

Brand reputation
Following the acquisition by Spire Healthcare Limited, our brand reputation is interconnected with several other principal risks, e.g. 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, recalls, inquests and associated press coverage
- Mishandling of patient data
- A breach of law or regulation

will have a more material impact on us.

Our primary mitigations against damage to our brand reputation is through the good management of our principal risks, in particular:

- Patient safety and clinical quality
- Cyber security and data protection
- Workforce

Government policy
There is a general risk that the government's economic, public spending and employment policies could have an impact on our sector.

In the near-term, should the government's elective recovery strategies and promotion of patient choice be successful in reducing waiting lists significantly, this could reduce demand for self-pay or private medical insurance.

Self-pay market dynamics
There is a risk that the self-pay market softens because of:

- A material lowering of waiting times for GP appointments reducing demand
- Affordability amongst our core target market decreases as inflation or higher tax take reduces disposable income
- Growth in the self-pay market is constrained by low growth in the UK economy
- New competitors price to secure market share

To mitigate this, we invest in high-quality patient care which we believe promotes an attractive service to self-pay patients and promotes our brand through word-of-mouth recommendations.

Major infrastructure failure
There is a risk that there is a failure of national infrastructure, e.g.:

- The national electricity grid
- Import channels for our UK-based suppliers
- Fuel distribution
- Access to NHS

The above risks are from a variety of causes including lack of resilience in national infrastructure, strike action, terrorist activity, international geopolitical tensions, and action by state governments wishing to harm the UK.

As international events in 2022 and 2023 have demonstrated, this risk can materialise unexpectedly and rapidly.

To mitigate this the Spire Healthcare Group chief operating officer chairs a regular multi-disciplinary winter planning meeting to co-ordinate response activities to any infrastructure failures.

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

- Clinical and non-clinical colleagues 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

We mitigate this through colleague induction, clinical competencies requirements and mandated training.

Expanding our proposition
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
- New digital healthcare services deliver lower margins and therefore contribution to existing services. In making new acquisitions, we may fail to derive the expected value from our acquisitions that will improve our return on capital employed as well as diversify our service offering

We mitigate this through acquisition due-diligence processes using appropriate third-party expertise and Board review and approval of acquisitions.

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
- Food
- Green energy supply
- Medical gases
- Oil and gas
- Electronic components for medical equipment

We will continue to monitor supply chain risks considering the continuing geopolitical volatility.

Antimicrobial resistance
Antimicrobial resistance (AMR) is a global health and development threat.

The World Health Organisation 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 Organisation.

We mitigate this through the requirement on clinicians to follow guidance in line with government guidelines on the prescribing of antibiotics and access to up-to-date antimicrobial prescribing via online systems and access to microbiologists at all sites.

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

Liquidity risk
The Group 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 wider Spire Healthcare Group maintains a financing credit facility, comprising a £100 million revolving credit facility (2022: £100 million) of which £60 million remains undrawn (2022: £100 million undrawn).

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 2023 Annual Report and Accounts of Spire Healthcare Group plc, which is available at www.spirehealthcare.com.

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, 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 maintaining 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 2023, the principal decisions of the Board that impacted on the future success of the Company and its stakeholders are set out below:

a. Digitalisation Plan
We have a structured digitalisation plan which will improve our interactions with patients, make life easier for our colleagues and practising consultants and remove costs. As we move into 2024, we will make further investments that deliver efficiencies both financially and in our working practices.

Further information is provided in the 2023 Annual Report and Accounts of Spire Healthcare Group plc, which is available at www.spirehealthcare.com.

b. Restructuring
A programme of restructuring has commenced to ensure that the Company leverages the efficiencies now available to it as part of the wider Spire Healthcare Group, as well as aligning processes to ensure smooth interaction across the Group.

This strategic report was approved by the Board on 4 December 2024 and signed on its behalf:

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H S Samra
Director

THE DOCTORS CLINIC GROUP LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The group directors are pleased to present their report and audited financial statements for the year ended 31 December 2023.

Future developments

The Group's future developments are set out in the Group strategy and outlook section of the Strategic Report on page 1 in accordance with s414C(11) of the Companies Act 2006 as the directors consider this to be of strategic importance to the Group Results and dividends.

Results and dividends

The results for the year are set out on page 13. The loss for the year, after taxation, amounted to £2.53m (2022: £2.81m).

No ordinary dividends were paid (2022: £nil). 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	
H S Samra	
C Barlow	(Appointed 24 July 2023 and resigned 18 April 2024)
D M Farrell	(Appointed 9 May 2024)
P W Davies	(Resigned 9 May 2024)
D R Mezher	(Resigned 26 April 2023)
M D Golding	(Resigned 31 July 2023)

Going concern

The Group operates as part of the Spire Healthcare Group ("PLC"). The day-to-day liquidity requirements of the Group are sourced either from within the Group or, where necessary, from the continued support of certain other entities within the PLC, such support having been confirmed in writing by Spire Healthcare Group plc as available until 31 December 2025.

The PLC assessed going concern risk for the period through to 31 December 2025. As at 30 June 2024 the PLC had cash of £43.0m and borrowings of £365m of which £325m is a Senior Loan Facility and £40m drawn Revolving Credit Facility (RCF). The PLC has access to an undrawn RCF of £60m. On 3 March 2023, the PLC exercised the option to extend the senior loan facility and RCF by a further year to February 2027. The financial covenants relating to this agreement are materially unchanged and there have been no modifications to the agreement terms.

The PLC 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 31 December 2025, together with their assessment of the planned mitigating actions being successful, the directors of the PLC have concluded it is appropriate to prepare the accounts on a going concern basis. In arriving at their conclusion, the directors of the PLC 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 PLC 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 27% 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 remain in a period of material geopolitical and macroeconomic uncertainty. Whilst the directors of the PLC 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.

THE DOCTORS CLINIC GROUP LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Auditor
The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

This report was approved by the Board on 4 December 2024 and signed on its behalf.

....
H S Samra
Director

THE DOCTORS CLINIC GROUP LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the Company and Group 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of The Doctors Clinic Group Ltd ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the group Statement of comprehensive income, the group and parent company statement of financial position, the group and parent Statement of changes in equity and the related notes 1 to 23, 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 group's and of the parent company's affairs as at 31 December 2023 and of the group's 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 group 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 group and parent company's ability to continue as a going concern for a period to 31 December 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 group's ability to continue as a going concern.

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 group and the parent 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 parent company 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 9, 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 group's and the parent 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 group or the parent 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.

Our approach was as follows:

- 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 group operates and the General Data Protection Regulations (GDPR).

- We understood how the Doctors Clinic Group Ltd is complying with those frameworks by designing our audit procedures to identify non-compliance with these laws and regulations and to respond to the assessed risks. Our procedures included verifying that material transactions are recorded in compliance with FRS 102 and, where appropriate, the Companies Act 2006. Compliance with other operational laws and regulations was covered through inquiry with management and the Directors, reading of board minutes and correspondence with relevant authorities with no indication of non-compliance identified.

- 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 Group has established to address the risk identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors 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 noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify non-compliance with such laws and regulations; enquiries of management; testing of manual journals identified by specific risk criteria.

- 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.

Signed by:

Ernst & Young LLP

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Makombe Chinodyaruswa (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
5 December 2024

THE DOCTORS CLINIC GROUP LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	4	13,136,066	10,380,873
Cost of sales		*(6,992,558)*	*(5,603,276)*
Gross profit		6,143,508	4,777,597
Administrative expenses		(8,313,357)	(7,478,367)
Exceptional items	5	(374,624)	-
Operating loss	5	(2,544,473)	(2,700,770)
Interest receivable and similar income	4	552	421,110
Interest payable and similar expenses	9	(175,973)	(534,924)
Loss before taxation		(2,719,894)	(2,814,584)
Tax on loss	10	193,853	3,005
Loss for the financial year and total comprehensive income for the year		(2,526,041)	(2,811,579)

All the loss for the period and other comprehensive income are attributable to the owners of the Parent Company.

The notes on pages 18 to 35 form part of these financial statements.

THE DOCTORS CLINIC GROUP LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Goodwill	12		2,150,458		2,474,196
Other intangible assets	12		124,544		196,302
Total intangible assets			2,275,002		2,670,498
Tangible assets	13		409,612		372,034
			2,684,614		3,042,532
Current assets					
Stocks	14	35,262		27,091	
Debtors	15	1,817,452		1,307,441	
Cash at bank and in hand	16	353,666		434,992	
		2,206,380		1,769,524	
Creditors: amounts falling due within one year	17	(7,779,138)		(4,947,423)	
Net current liabilities			(5,572,758)		(3,177,899)
Total assets less current liabilities			(2,888,144)		(135,367)
Provisions for liabilities					
Deferred tax liability	18	15,350		4,190	
Other provisions		-		237,896	
			(15,350)		(242,086)
Net liabilities			(2,903,494)		(377,453)
Capital and reserves					
Called up share capital	19		214,217		214,217
Share premium account			13,177,118		13,177,118
Profit and loss reserves			(16,294,829)		(13,768,788)
Total equity			(2,903,494)		(377,453)

The financial statements were approved by the board of directors and authorised for issue on 4 December 2024 and are signed on its behalf by:

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H S Samra

Director

Company Registration No. 08841773

The notes on pages 18 to 35 form part of these financial statements.

THE DOCTORS CLINIC GROUP LTD

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Investment in Subsidiaries	11		2,955,216		2,955,216
Other intangible assets	12		124,544		196,302
Total intangible assets			3,079,760		3,151,518
Tangible assets	13		334,697		295,750
			3,414,457		3,447,268
Current assets					
Stocks	14	25,892		24,749	
Debtors	15	2,560,309		1,840,410	
Cash at bank and in hand	16	178,545		128,502	
		2,764,746		1,993,661	
Creditors: amounts falling due within one year	17	(7,076,456)		(4,477,448)	
Net current liabilities			(4,311,710)		(2,483,787)
Total assets less current liabilities			(897,253)		963,481
Provisions for liabilities					
Deferred tax liability	18	10,387		-	
			(10,387)		-
Net liabilities			(907,640)		963,481
Capital and reserves					
Called up share capital	19		214,217		214,217
Share premium account			13,177,118		13,177,118
Profit and loss reserves			(14,298,975)		(12,427,854)
Total equity			(907,640)		963,481

The Parent Company has taken the exemption from preparing a separate profit and loss account as permitted under section 408 of Companies Act 2006.

The financial statements were approved by the board of directors and authorised for issue on 4 December 2024 and are signed on its behalf by:

....

H S Samra
Director
Company Registration No. 08841773

The notes on pages 18 to 35 form part of these financial statements.

THE DOCTORS CLINIC GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2022	190,253	9,387,292	(10,957,209)	(1,379,664)
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(2,811,579)	(2,811,579)
Shares issued during the year	23,964	3,789,826	-	3,813,790
Balance at 31 December 2022	214,217	13,177,118	(13,768,788)	(377,453)
Year ended 31 December 2023:				
Loss and total comprehensive income for the year	-	-	(2,526,041)	(2,526,041)
Balance at 31 December 2023	214,217	13,177,118	(16,294,829)	(2,903,494)

The notes on pages 18 to 35 form part of these financial statements.

No statement of cashflows has been presented for the Group as it has taken advantage of the exemption given in FRS 102.1.12 as a member of Spire Healthcare Group Plc.

THE DOCTORS CLINIC GROUP LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2022	190,253	9,387,292	(9,624,537)	(46,992)
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(2,803,317)	(2,803,317)
Shares issued during the year	23,964	3,789,826	-	3,813,790
Balance at 31 December 2022	214,217	13,177,118	(12,427,854)	963,481
Year ended 31 December 2023:				
Loss and total comprehensive income for the year	-	-	(1,871,121)	(1,871,121)
Balance at 31 December 2023	214,217	13,177,118	(14,298,975)	(907,640)

The notes on pages 18 to 35 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. Its registered office is located at 3 Dorset Rise, London, EC4Y 8EN.

2 Accounting Policies

2.1 Statement of compliance and basis of preparation of financial statements

The Group and separate financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Companies Act 2006. The consolidated and separate financial statements have been prepared on the historical cost convention unless otherwise specified within these accounting policies.

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

These financial statements include both the separate and consolidated financial statements of The Doctors Clinic Group Limited.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

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

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)
- the 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.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Accounting policies consistent with those of the parent are used and all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised as their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.4 Subsidiary exemption from audit

The following subsidiaries within the Group are exempt from the requirements of the Act relating to the audit of accounts under section 479A of the Companies Act 2006.

Group Subsidiary	Company Number
Spire Occupational Health Limited	04317901
Soma Health Limited	04201774

2.5 Going concern

The Group operates as part of the Spire Healthcare Group ("PLC"). The day-to-day liquidity requirements of the Group are sourced either from within the Group or, where necessary, from the continued support of certain other entities within the PLC, such support having been confirmed in writing by Spire Healthcare Group plc as available until 31 December 2025.

The PLC assessed going concern risk for the period through to 31 December 2025. As at 30 June 2024 the PLC had cash of £43.0m and borrowings of £365m of which £325m is a Senior Loan Facility and £40m drawn Revolving Credit Facility (RCF). The PLC has access to an undrawn RCF of £60m. On 3 March 2023, the PLC exercised the option to extend the senior loan facility and RCF by a further year to February 2027. The financial covenants relating to this agreement are materially unchanged and there have been no modifications to the agreement terms.

The PLC 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 31 December 2025, together with their assessment of the planned mitigating actions being successful, the directors of the PLC have concluded it is appropriate to prepare the accounts on a going concern basis. In arriving at their conclusion, the directors of the PLC 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 PLC 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 27% 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 remain in a period of material geopolitical and macroeconomic uncertainty. Whilst the directors of the PLC 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.

2.6 Turnover

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2.7 Intangible assets - goodwill

Goodwill represents the difference between the cost of a business combination and the Group's interest in the fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. After initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses (which are not reversed).

Goodwill can be subsequently adjusted for changes to estimates of contingent considerations given in a business combination.

Goodwill is amortised on a straight-line basis over its useful economic life. Management assess this individually for each acquisition, considering the period over which the Group expects to realise the synergies from the combination. In the rare situation that management cannot make a reliable estimate, the useful life would be set to ten years, but this does not apply at present.

2.8 Intangible assets - other

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.

Development expenditure	4 years
Computer software	4 years

2.9 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 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:

Leasehold improvements	Over the lease term
Motor vehicles	25% straight line
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.

2.10 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 to obtain benefits from its activities.

2.11 Impairment of fixed 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.

2.12 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.

2.13 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.

2.14 *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 its financial instruments.

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

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

Basic financial assets

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

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, because 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. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all its liabilities.

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied, and the hedge is a cash flow hedge.

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.

2.15 Equity instruments

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

2.16 Taxation

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

Current 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 based on 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

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.

2.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.18 Retirement benefits

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.

2.19 Operating leases: the Group as lessee

Rentals payable 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.

2.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2.21 Interest income

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

2.22 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.

2.23 Research and development

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.24 Exceptional costs

Where material costs are deemed to be one-off and not in the ordinary course of business they are shown as an additional line in the statement of comprehensive income and the nature of the exceptional costs are disclosed in the notes to the accounts.

3 Judgements and key sources of estimation uncertainty

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

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

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 several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. 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 is set out in note 2.9.

Fixed assets investments

Assessing whether 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 2023, the directors do not consider that any material impairment has arisen.

4 Turnover and other revenue

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

	2023	2022
	£	£
Healthcare Services	13,136,066	10,380,873

All turnover arose within the United Kingdom

	2023	2022
Other significant revenue	£	£
Interest income	552	421,110

5 Operating loss

	2023	2022
Operating loss for the year is stated after charging:	£	£
Amortisation of intangible assets (note 12)	413,136	412,189
Depreciation of owned tangible fixed assets (note 13)	239,776	213,151
Operating lease charges	893,265	756,488
Exceptional items	374,624	-

In December 2022, the Group was acquired by Spire Healthcare Ltd. The Group incurred exceptional costs of £375k due to the streamlining of their operations since acquisition which has resulted in redundancies.

6 Auditor's remuneration

	2023	2022
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	68,250	150,000

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.

7 Employees

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

	2023 Number	2022 Number
Group	154	140
Company	84	79

Their aggregate remuneration comprised:

Group	2023 £	2022 £
Wages and salaries	5,428,470	4,565,026
Social security costs	558,868	477,904
Pension costs (note 21)	145,295	117,198
	6,132,633	5,160,128

Company	£	£
Wages and salaries	3,243,936	3,096,428
Social security costs	362,974	350,319
Pension costs	84,608	77,513
	3,691,518	3,524,260

No staff costs were capitalised during the year (2022: £Nil).

8 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	363,678	297,000
Company pension contributions to defined contribution schemes	9,646	8,910
	373,324	305,910

During the year retirement benefits accrued to two directors (2022: two) in respect of defined contribution pension schemes.

Where Company Directors are also employees of other companies within the wider Spire Group, their emoluments are paid for by those fellow subsidiaries of Spire Healthcare Group plc. at no recharge, hence these Directors received no remuneration, including pension contributions (2022: nil), in respect of their services to the Company during the year as their services as Directors of the Company were incidental to other services within the Spire Group.

Emoluments of the highest paid director were £275,392 (2022: £195,000). Company pension contributions of £6,997 (2022: £5,850) were made to a pension scheme on his behalf.

9 Interest payable and similar expenses

Interest on financial liabilities measured at amortised cost:

	2023	2022
	£	£
Interest on bank overdrafts and loans	4	75,683
Other loan interest payable	175,969	459,241
	175,973	534,924

10 Taxation

Current tax	2023	2022
	£	£
UK corporation tax on profits for the current period	(205,013)	1,064
Deferred tax		
Origination and reversal of timing differences	11,160	(4,069)
Total tax credit	(193,853)	(3,005)

Factors affecting tax charge for the year

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the United Kingdom at 23.52% (2022: 19%). The differences are explained below:

	2023	2022
	£	£
(Loss) on ordinary activities before tax	(2,719,894)	(2,814,584)
Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022: 19%)	(639,719)	(534,771)
Tax effect of expenses that are not deductible in determining taxable profit	165,377	221,470
Tax effect of income not taxable in determining taxable profit	(22,824)	-
Group relief surrendered	-	(4,164)
Fixed asset differences	15,713	12,972
Capital Allowances for year in excess of depreciation	-	(696)
Group income	-	(47,500)
Movement in deferred tax not recognised	295,046	461,394
Remeasurement of deferred tax for changes in tax rates	(7,446)	(111,710)
Taxation on (loss)/profit on ordinary activities	(193,853)	(3,005)

Factors that may affect future tax charges

In 2021 an increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted. *The 23.52% rate used above reflects 9 months of this new rate and 3 months of the previous rate of 19%.* The 25% rate is used to measure UK deferred taxes in 2023 (and in 2022 to the extent the related timing differences were expected to reverse after 1 April 2023).

11 Fixed Asset Investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2023	2,955,216
At 31 December 2023	2,955,216

Subsidiary Undertakings

The following were subsidiary undertakings of the Company.

Name	Registered Office	Principal Activity	Class of shares	Holding
Spire Occupational Health Limited [2, 3]	3 Dorset Rise, London, EC4Y 8EN	Healthcare	Ordinary	100%
Soma Health Limited [1,2]	3 Dorset Rise, London, EC4Y 8EN	Healthcare	Ordinary	100%
The London Doctors Clinic Ltd	3 Dorset Rise, London, EC4Y 8EN	Dormant	Ordinary	100%

1. Acquired in Mar 2022.
2. The subsidiary has claimed the exemption from audit under s479A of the Companies Act 2006.
3. Formerly known as Maitland Medical Service Limited.

All the above subsidiaries are included in the consolidation.

Soma Health Limited was acquired by the Group in March 2022 and is included in the consolidation post-acquisition.

All investments are held directly except for Soma Health Limited which is held indirectly.

12 Intangible fixed assets

Group	Goodwill	Computer Software	Development Expenditure	Total
	£	£	£	£
Cost				
At 1 January 2023	3,237,384	188,275	167,973	3,593,632
Additions	-	17,640	-	17,640
At 31 December 2023	3,237,384	205,915	167,973	3,611,272
Amortisation and impairment				
At 1 January 2023	763,188	89,161	70,785	923,134
Amortisation charged for the year (note 5)	323,738	48,773	40,625	413,136
At 31 December 2023	1,086,926	137,934	111,410	1,336,270
Carrying amount				
At 31 December 2023	2,150,458	67,981	56,563	2,275,002
At 31 December 2022	2,474,196	99,114	97,188	2,670,498

Amortisation and impairment of intangible assets is charged to administrative expenses.

Company	Computer Software	Development expenditure	Total
	£	£	£
Cost			
At 1 January 2023	188,274	167,973	356,247
Additions	17,640	-	17,640
At 31 December 2023	205,914	167,973	373,887
Amortisation and impairment			
At 1 January 2023	89,160	70,785	159,945
Amortisation charged for the year	48,773	40,625	89,398
At 31 December 2023	137,933	111,410	249,343
Carrying amount			
At 31 December 2023	67,981	56,563	124,544
At 31 December 2022	99,114	97,188	196,302

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

THE DOCTORS CLINIC GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Tangible fixed assets

Group	Leasehold Improvements	Motor Vehicles	Office Equipment	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2023	94,457	30,323	407,539	434,133	289,448	1,255,900
Additions	-	-	66,564	148,308	62,482	277,354
At 31 December 2023	94,457	30,323	474,103	582,441	351,930	1,533,254
Depreciation and impairment						
At 1 January 2023	79,743	30,323	267,931	305,055	200,814	883,866
Depreciation charged in the year (note 5)	8,640	-	67,247	92,671	71,218	239,776
At 31 December 2023	88,383	30,323	335,178	397,726	272,032	1,123,642
Carrying amount						
At 31 December 2023	6,074	-	138,925	184,715	79,898	409,612
At 31 December 2022	14,714	-	139,608	129,078	88,634	372,034

Company	Office Equipment	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2023	251,092	434,133	246,361	931,586
Additions	49,492	148,308	43,009	240,809
At 31 December 2023	300,584	582,441	289,370	1,172,395
Depreciation and impairment				
At 1 January 2023	163,164	305,055	167,617	635,836
Depreciation charged in the year	46,589	92,671	62,602	201,862
At 31 December 2023	209,753	397,726	230,219	837,698
Carrying amount				
At 31 December 2023	90,831	184,715	59,151	334,697
At 31 December 2022	87,928	129,078	78,744	295,750

14 Stocks

	2023 £	2022 £
Finished goods and goods for resale	35,262	27,091

Stock comprises medical supplies.

There are no inventories pledged as security for liabilities.

The Company had finished goods and goods for resale stock of £25,892 (2022: £24,749).

15 Debtors

Amounts falling due within one year:	*Group* 2023 £	*Group* 2022 £	*Company* 2023 £	*Company* 2022 £
Trade debtors	1,029,791	755,860	164,342	119,207
Corporation tax recoverable	184,940	56,882	121,036	28,736
Other debtors	314,388	307,844	297,710	295,991
Prepayments and accrued income	288,333	186,855	192,807	122,623
Amounts owed by group undertakings	-	-	1,784,414	1,273,853
	1,817,452	1,307,441	2,560,309	1,840,410

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

16 Analysis of changes in net funds

	1 January 2023 £	Cash Flows	31 December 2023 £
Group			
Cash at bank and in hand	434,992	(81,326)	353,666
Company			
Cash at bank and in hand	128,502	50,063	178,565

17 Creditors

Amounts falling due within one year	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	632,705	258,059	536,773	207,269
Amounts owed to group undertakings	5,355,920	2,985,039	5,548,750	2,991,200
Corporation tax	-	48,165	-	-
Other taxation and social security	877,651	468,954	385,495	243,626
Other creditors	216,886	355,142	142,577	307,813
Accruals and deferred income	695,976	832,064	462,861	727,540
	7,779,138	4,947,423	7,076,456	4,477,448

18 Deferred taxation

Group

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon:

Balances:	**Liabilities 2023 £**	**Liabilities 2022 £**
Fixed asset timing differences	40,308	3,484
Provisions	(24,958)	706
	15,350	4,190

Movements in the year:	**2023 £**	**2023 £**
Liability at 1 January 2023	4,190	8,259
Charge/(credit) to profit or loss	11,160	(4,069)
Liability at 31 December 2023	15,350	4,190

The Company has a deferred tax provision of £10,387 (2022: £nil).

19 Share capital	**2023**	**2022**	**2023**	**2022**
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary 'A' Shares of 10p each	901,657	901,657	90,166	90,166
Ordinary 'B' Shares of £1 each	103,905	103,905	103,905	103,905
Ordinary 'C2' Shares of 10p each	9,549	9,549	955	955
Ordinary 'C1' Shares of 10p each	490	490	49	49
'C2' Shares of 10p each	713	713	71	71
Ordinary 'D' Shares of 0.001p each	28,401	28,401	-	-
Ordinary 'E1' Shares of £1 each	6,357	6,357	6,357	6,357
Ordinary 'E2' Shares of £1 each	6,357	6,357	6,357	6,357
Ordinary 'E3' Shares of £1 each	6,357	6,357	6,357	6,357
	1,063,786	1,063,786	214,217	214,217

20 Related party transactions

Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed.

21 Pension Commitments

Defined contribution schemes	**2023** £	**2022** £
Charge to profit or loss in respect of defined contribution schemes (note 7)	145,295	117,198

The Group operates a defined contribution pension scheme for the benefit of the employees and directors. It also contributes to certain staff and directors' personal pension plans. The assets of the scheme are administered by an independent pensions provider. The pension charge represents the amounts payable by the company to these funds in respect of the period. Contributions totalling £64,853 (2022: £56,124) were payable to the fund at the reporting date and are included in other creditors.

22 Operating lease commitments

Lessee
At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Group	**2023** £	**2022** £
Not later than 1 year	178,648	252,118
Later than 1 year and not later than 5 years	301,742	415,733
	480,390	667,851

Company	**2023** £	**2022** £
Not later than 1 year	136,357	179,618
Later than 1 year and not later than 5 years	301,742	373,441
	438,099	553,059

The operating leases are for commercial properties (offices and healthcare facilities) in England. The lease terms are up to four years.

23 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.