

Registered No: 06995585

Circle Hospital (Reading) Limited

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

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COMPANIES HOUSE

Circle Hospital (Reading) Limited

Company Information

Directors

Steve Melton
Massoud Fouladi
Michael Denning
Adrian Peake

Company secretary

Shane Cobb

Independent auditors

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

Bankers

Barclays plc
Level 27
1 Churchill Place
London
E14 5HP

Solicitors

Capsticks
77-83 Upper Richmond Road
London
SW15 2TT

Registered office

32 Welbeck Street
London
W1G 8EU

Circle Hospital (Reading) Limited

Strategic report for the year ended 31 December 2013

Principal activity and review of the business

The principal activity of the Company during the year was the provision of medical services. The Company operates a private hospital in Reading which opened in August 2012.

The hospital in Reading is a state-of-the-art new-build and was opened on time and on budget, with accreditation by regulatory authorities and insurers. The hospital has delivered an improvement to patient experience and the quality of care in the Reading region, achieving high levels of patient satisfaction, with an average recommendation of 99% in 2013 (2012: 99%).

CircleReading completed its first full year of operations and consequently patient volumes grew to 50,215; with total patient numbers in the last quarter of 2013 up 57.3% on 2012. The strong volumes have resulted in the hospital generating revenues of £14,608,000 (2012: £3,221,000) predominately from privately-insured and self-pay patients, with the NHS side of the business showing strong growth.

An operating loss of £6,971,000 (2012: £7,477,000) was recorded for the year. The hospital has yet to reach full capacity for treating patients and revenue is expected to grow further during 2014 achieving EBITDA breakeven.

CircleReading is supporting local NHS hospitals with their capacity problems and has seen its proportion of the local orthopaedic market increase to circa 20%, making it the leading provider of orthopaedic care in the area.

Key performance indicators (KPIs)

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

Results and dividends

The loss for the financial year amounted to £7,607,000 (2012: £7,719,000). The Directors do not recommend the payment of any dividends (2012: £nil).

Principal risks and uncertainties

Medical service risk

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

Local governance committees work to a rigorous assurance framework, manage day to day clinical risks through a risk register, provide appropriate training to staff and consultants and report their findings to the Circle Health Limited group's Integrated Governance Committee. A summary of the relevant findings is in turn presented to the two principal shareholders of Circle Health Limited, Circle Holdings plc (50.1%) and Circle Partnership Limited (49.9%).

Circle Hospital (Reading) Limited

Strategic report

for the year ended 31 December 2013 (continued)

Government policy and regulatory risk

There are risks that political or policy changes mean that the number and size of service contracts awarded to the Company are diminished and that fewer services provided by the Company are contracted. New regulations may be introduced which could have an adverse effect on the Company's operational and compliance costs. In addition, the Company relies on the ability and willingness of government-funded bodies such as Clinical Commissioning Groups ('CCGs') and NHS Trusts to pay for the Company's services.

Risk to reputation

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



Steve Melton, Director
9 May 2014

Circle Hospital (Reading) Limited

Directors' report

for the year ended 31 December 2013

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2013 for Circle Hospital (Reading) Limited (the 'Company' or 'CircleReading'). The Company forms part of a group whose ultimate parent company is Circle Holdings plc (the 'Circle Holdings group').

Future developments

The Company intends to continue developing the hospital into a world class facility treating both private patients and NHS patients as capacity allows. Operationally, the intention during the coming year is to increase the patient volumes treated at CircleReading by growing the number of specialties offered and by the recruitment of new consultants, to continue to deliver a high quality of care and to improve clinical outcomes.

Financial risk management

The Company's operations expose it to a variety of financial risks. The immediate parent undertaking of the Company, Circle Holdings plc has in place a group risk management programme that seeks to limit the adverse effects on the financial performance of the Circle Holdings group by monitoring levels of debt finance and the related finance costs. Details of the risk management policy are included on pages 11 to 12 of the Circle Holdings group financial statements.

Going concern

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

The Directors have prepared cash flow forecasts for a period of not less than 12 months from the date of signing the financial statements for the year ended 31 December 2013. The Board believes that, following the completion of the fundraising in January 2014, the Group will have sufficient funding to carry out its current business plans. Based on this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The ultimate parent, Circle Holdings plc, has provided a letter of support accordingly.

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

Events after the balance sheet date

There are no events subsequent to balance sheet date which would have a material effect on the Company's financial statements at 31 December 2013.

Directors

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

Massoud Fouladi

Steve Melton

Michael Denning (appointed 28 April 2014)

William Rowberry (resigned 4 April 2014)

Adrian Peake

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

Circle Hospital (Reading) Limited

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

Donations

The Company did not make any charitable donations during the year, nor was any donation made to any political party registered in the UK under the Political Parties, Elections and Referendums Act 2000 by either the Company or its subsidiaries (2012: none).

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each of the Directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

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

By order of the Board



Steve Melton, Director
9 May 2014

Circle Hospital (Reading) Limited

Independent auditors' report to the members of Circle Hospital (Reading) Ltd

Report on the financial statements

Opinion on financial statements

In our opinion the financial statements, defined below:

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

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

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by Circle Hospital (Reading) Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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

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

What an audit of financial statements involves

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

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

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

Circle Hospital (Reading) Limited

Independent auditors' report to the members of Circle Hospital (Reading) Ltd

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



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

Circle Hospital (Reading) Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	14,608	3,221
Cost of sales		<u>(10,950)</u>	<u>(3,057)</u>
Gross profit		3,658	164
Administrative expenses before exceptional items		(10,629)	(4,453)
Exceptional operating items	3	-	(3,188)
Total administrative expenses		<u>(10,629)</u>	<u>(7,641)</u>
Operating loss	3	(6,971)	(7,477)
Interest payable and similar charges	6	(636)	(242)
Loss on activities before taxation		<u>(7,607)</u>	<u>(7,719)</u>
Tax on loss on ordinary activities	7	-	-
Loss for the financial year	16	<u>(7,607)</u>	<u>(7,719)</u>

The activities of the Company relate to continuing operations.

The Company has no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above (2012: no difference), and their historical cost equivalents.

Circle Hospital (Reading) Limited

Balance sheet as at 31 December 2013

		2013	2012
	Note	£'000	£'000
Fixed assets			
Tangible fixed assets	8	6,151	7,353
Current assets			
Stock	9	532	458
Debtors	10	6,731	4,579
Cash at bank and in hand	11	376	563
		<u>7,639</u>	<u>5,600</u>
Creditors - amounts falling due within one year	12	<u>(22,297)</u>	<u>(12,609)</u>
Net current liabilities		<u>(14,658)</u>	<u>(7,009)</u>
Total assets less current liabilities		<u>(8,507)</u>	<u>344</u>
Creditors - amounts falling due after more than one year	13	<u>(6,819)</u>	<u>(8,063)</u>
Net liabilities		<u><u>(15,326)</u></u>	<u><u>(7,719)</u></u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	(15,326)	(7,719)
Total shareholders' deficit	17	<u><u>(15,326)</u></u>	<u><u>(7,719)</u></u>

The financial statements on pages 10 to 22 were approved by the Board of Directors on 9 May 2014 and were signed on its behalf by:



Steve Melton, Director
Circle Hospital (Reading) Limited

Registered No: 06995585

Circle Hospital (Reading) Limited

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

1 Accounting policies

Basis of preparation

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

Going concern

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

Cash flow statement

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

Related party transactions

The Directors have taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with other members of the Circle Holdings plc group with which the Company is a constituent of a 100% group.

Tangible fixed assets and depreciation

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

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

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

Circle Hospital (Reading) Limited

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

1 Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

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

Stock

Consumable stock is stated at the lower of cost and net realisable value. Cost comprises purchase price less trade discounts and is determined on a first-in, first-out basis. Net realisable value means estimated selling price (net of trade discounts), less all costs incurred in marketing, selling and distribution. Obsolete stock is provided for through the profit and loss account. Where title never transfers to the Company, consignment stock is held off balance sheet.

Cash at bank and in hand

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

Trade debtors

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

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised at cost.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

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

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

Circle Hospital (Reading) Limited

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

1 Accounting policies (continued)

Pensions

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

Turnover

Turnover represents the total amount earned by the Company in the ordinary course of business for services rendered for the provision of healthcare services. Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and is measured at the fair value of the consideration received, for activity performed. Turnover from the provision of medical services is recognised once the patient has been discharged.

Finance and operating leases (as lessee)

Where substantially all the risks and rewards of ownership of the leased item are transferred to the Company, the lease is classified as a finance lease and capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum future lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the profit and loss account.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Where the Company does not retain substantially all the risks and rewards of ownership of the asset, leases are classified as operating leases. Operating lease rental payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Exceptional items

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2 Turnover

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

Circle Hospital (Reading) Limited

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

3 Operating loss

Operating loss is stated after charging:	2013	2012
	£'000	£'000
Depreciation of tangible fixed assets:		
- owned assets	43	87
- leased assets	1,411	472
Operating lease charges:		
- plant and machinery	9	13
- other	4,690	1,994
Exceptional operating items:		
CircleReading pre-opening expenses	-	1,069
Impairment of property, plant and equipment	-	2,119
	-	3,188

The auditors' remuneration of £35,000 (2012: £21,000) payable to PricewaterhouseCoopers LLP in relation to the provision of audit services was borne by Circle Holdings plc, the ultimate Parent of the company. No non-audit services were provided during the year (2012: none).

4 Employee Information

Staff costs were as follows:	2013	2012
	£'000	£'000
Wages and salaries	4,364	1,715
Social security costs	400	164
Other pension costs (note 19)	219	30
	4,983	1,909

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

	2013	2012
	Number	Number
Clinical staff	88	74
Administrative staff	78	71
	166	145

Average number of employees in 2012 are from August, the month which CircleReading commenced operations.

Circle Hospital (Reading) Limited

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

5 Directors' emoluments

	2013 £'000	2012 £'000
Aggregate emoluments	<u>739</u>	<u>616</u>
Highest paid Director	<u>348</u>	<u>286</u>

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

Directors' emoluments in 2013 were paid and expensed in Circle Health Limited, Nations Healthcare Limited and Circle Hospital (Reading) Limited. Of the total aggregate Director emoluments £118,000 were paid and expensed in Circle Hospital (Reading) Limited (2012: £93,000).

Circle Hospital (Reading) Limited made contributions on behalf of the Directors during the year to a defined contribution pension scheme of £8,000 (2012: £10,000).

6 Interest payable and similar charges

	2013 £'000	2012 £'000
Finance lease interest	<u>636</u>	<u>242</u>

7 Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2013 £'000	2012 £'000
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

Circle Hospital (Reading) Limited

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

7 Tax on loss on ordinary activities (continued)

(b) Factors affecting the current tax for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£'000	£'000
Loss on ordinary activities before taxation	(7,607)	(7,719)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(1,769)	(1,891)
Effects of:		
Expenses not deductible for tax purposes	2	244
Depreciation in excess of capital allowances	41	18
Unrelieved tax losses	1,110	1,629
Group relief surrendered for nil payment	616	-
Current tax charge for the year (note 7 (a))	-	-

(c) Factors affecting future tax charges

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

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

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

(d) Deferred taxation

The deferred tax asset is as follows:

	Unrecognised	
	2013	2012
	£'000	£'000
Depreciation in excess of capital allowances	74	14
Unrelieved tax losses	2,290	1,530
Short term timing differences	2	-
	2,366	1,544

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

Circle Hospital (Reading) Limited

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

8 Tangible fixed assets

	Leasehold improvements £'000	Clinical equipment £'000	Fixtures, fittings and office equipment £'000	Computer software £'000	Total £'000
Cost					
At 1 January 2013	1,917	6,230	1,175	709	10,031
Additions	-	235	17	-	252
At 31 December 2013	1,917	6,465	1,192	709	10,283
Accumulated depreciation and impairment					
At 1 January 2013	1,915	406	312	45	2,678
Depreciation charge for the year	-	1,121	192	141	1,454
At 31 December 2013	1,915	1,527	504	186	4,132
Net book amount					
At 31 December 2013	2	4,938	688	523	6,151
At 31 December 2012	2	5,824	863	664	7,353

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

	2013 £'000	2012 £'000
Clinical equipment	4,938	5,711
Furniture, fittings and office equipment	1,020	1,496
	5,958	7,207

9 Stocks

	2013 £'000	2012 £'000
Consumables	532	458

At 31 December 2013, the consignment stock which is held off balance sheet, amounted to £1,141,000 (2012: £1,156,000).

Circle Hospital (Reading) Limited

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

10 Debtors

	2013 £'000	2012 £'000
Trade debtors	2,988	1,229
Amounts owed by group undertakings	321	-
Other debtors	-	95
Prepayments and accrued income	3,422	3,255
	<u>6,731</u>	<u>4,579</u>

Amounts owed by group undertakings are unsecured and interest-free.

11 Cash at bank and in hand

	2013 £'000	2012 £'000
Cash at bank and in hand	<u>376</u>	<u>563</u>

12 Creditors – amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	1,406	1,057
Amounts owed to group undertakings	18,768	9,971
Secured finance lease creditor	1,312	1,167
Other creditors	317	87
Accruals and deferred income	494	327
	<u>22,297</u>	<u>12,609</u>

Amounts owed to group undertakings are unsecured and interest-free.

13 Creditors - amounts falling due after more than one year

	2013 £'000	2012 £'000
Secured finance lease creditor	4,650	5,806
Accruals	2,169	2,257
	<u>6,819</u>	<u>8,063</u>

During 2013 CircleReading entered a new three year finance lease agreement with Close Leasing Limited to finance the purchase of clinical equipment.

Circle Hospital (Reading) Limited

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

14 Finance leases

	2013 £'000	2012 £'000
Gross finance lease liabilities - minimum lease payments:		
No later than 1 year	1,838	1,792
Later than 1 year and no later than 5 years	5,368	6,993
	<u>7,206</u>	<u>8,785</u>
Future finance charges on finance leases	(1,244)	(1,812)
Present value of finance lease liabilities	<u>5,962</u>	<u>6,973</u>

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

	2013 £'000	2012 £'000
Secured finance lease creditor:		
– Less than one year	1,312	1,167
– In more than one year but no more than two years	1,445	5,806
– In more than two years but no more than five years	3,205	-
	<u>5,962</u>	<u>6,973</u>

15 Called up share capital

	2013 £'000	2012 £'000
Authorised		
100 (2012: 100) ordinary shares of £1 each	<u>-</u>	<u>-</u>
Allotted and fully paid		
1 (2012: 1) ordinary share of £1 each	<u>-</u>	<u>-</u>

16 Profit and loss account

	2013 £'000
At 1 January 2013	(7,719)
Loss for the financial year	(7,607)
At 31 December 2013	<u>(15,326)</u>

Circle Hospital (Reading) Limited

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

17 Reconciliation of movement in shareholders' deficit

	2013	2012
	£'000	£'000
Opening shareholders' deficit	(7,719)	-
Loss for the financial year	(7,607)	(7,719)
Closing shareholders' deficit	<u>(15,326)</u>	<u>(7,719)</u>

18 Capital commitments

At 31 December 2013, the Company had no capital commitments.

19 Pension commitments

The Company participates in a group personal defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions for the year were £219,000 (2012: £30,000). There were no outstanding or prepaid contributions as at 31 December 2013.

20 Operating lease commitments

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

	Land and Buildings	
Expiry date:	2013	2012
	£'000	£'000
After more than five years	4,976	4,831
	<u>4,976</u>	<u>4,831</u>

21 Related party transactions

The Company has taken advantage of the exemptions conferred by FRS 8 'Related Party Disclosures' from the requirement to make disclosures concerning transactions with members of wholly owned group companies. There were no other related party transactions.

22 Events after balance sheet date

There are no events subsequent to balance sheet date which would have a material effect on the Company's financial statements at 31 December 2013.

23 Ultimate parent undertaking and controlling party

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

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